

# Corporate responsibility report

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# CORPORATE RESPONSIBILITY REPORT

**Blue Finance's long-term success is dependent on the actions that are taken right now.**

Our corporate responsibility strategy is built on six pillars: people, community, responsible lending, ethics, environmental management, and corporate governance. These pillars are essential for good business practices and maintaining a positive reputation.



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# An overview of Blue Finace's material issues

## People

We value diversity, inclusion, and engagement high on our people management. Good work-life balance keeps our employees motivated and happy at work. [Read more on page 5](#)

## Community

We use a solution-oriented approach to solving customer problems. We strive to increase our customers' financial know-how by sharing information regarding financial management in our social media channels. [Read more on page 7](#)

## Responsible lending

We seek to reduce over-indebtedness by developing our customer-specific risk analysis tools and by emphasizing the importance of reading the credit agreements carefully. [Read more on page 8](#)

## Ethics

The privacy of our customers is important for us and we respect it. Communicating with customers is always based on mutual trust and understanding. [Read more on page 9](#)

## Environmental management

We encourage our employees to travel to the workplace as ecologically as possible. We keep our office electricity consumption low and we prefer renewable energy sources. [Read more on page 10](#)

## Corporate governance

Ethical governance is at the heart of our business. We are actively working to prevent money laundering and terrorist financing. [Read more on page 11](#)



# People



The success of Blue Finance's people management is based on diverse employee structure and keeping employees motivated.

## We cherish individual strengths

As a workplace, Blue Finance is always thinking its employees as individuals. Each having their own individual strengths and talents. We seek to cherish and use these strengths to offer our employees meaningful and motivating tasks.

We improve employee training at regular training days and we maintain a good working atmosphere during the recreation days. Talented workers have the freedom to choose the best possible company to benefit their career the most. To have the talents stay in our company, we also offer opportunities to progress through promotions and exchange of roles within our company.

## Engagement

In the event of a problem, our employees may rely on the assistance to be close. If any problem seems too hard to handle, it can always be brainstormed together with the rest of the office. We feel that mistakes teach the most, so an incentive for error lies with our basic principles.

We encourage our employees to bring their ideas into consideration, regardless of whether others think they are good or bad.

Our wage structure is competitive and we reward meeting of our return expectations by getting our employees through incentives such as profit-dependent seasonal bonuses.

A low hierarchy between management and employees ensures open communication and the working environment to be easy to approach.

## Diversity and inclusion

Equality is important for us. The gender distribution of our employees in November 2018 was 10 men and 6 women. We offer equal chances for success and career advancement regardless of gender or sexual orientation.

The hierarchical structure between the workforce and the employees is open to communication. Our employees can always highlight issues related to leadership and tell about their concerns that affect their work. Feedback from employees regarding the company's operations is always openly received and changes to company practices are ready to be made based on the feedback - as needed.

## Health, safety and wellbeing

The office has modern electrically-operated desks that allow work both sitting and standing. While sitting, ergonomic work chairs ensure ergonomic work. There is also a separate space for spending coffee and food breaks in a quiet environment.

The location of the office is central, allowing for smooth and safe travels from Turku and the surrounding areas. The office is equipped with appropriate smoke detectors and fire extinguishers. The use of the emergency exits has been clearly instructed and their locations have been shown to employees. The accessibility and the route of emergency exits is regularly ensured by the management.

We promote well-being at work by supporting our employees' physical activity. For a number of years, our employees have had the opportunity to play sports once a week at the expense of the company.

We offer the opportunity to do remote work – if needed. Remote working reduces our carbon footprint and provides flexibility in challenging timetables and life situations.

The age of Blue Finance's employees is 23-50 years. The broad age structure guarantees the work community fresh ideas and years of experience. Our work often requires co-operation between several departments, in which good team spirit is very important. Teamwork guarantees seamless co-operation and maintains a good working atmosphere.



# Community



## Financial education

In social media, we regularly publish personal financial management tips and saving tips. We activate customers to think about their personal financial management through competitions and queries.

In our communications, we emphasize the importance of careful reading of loan agreement so that the customer understands what he or she is about to agree on. We also remind customers to evaluate their own repayment ability before applying for a loan.

## Communication with new and existing customers

We respect customers in our communications and by our customer service regardless of the situation. Our aim is to understand customers as individuals with individual needs and worries. We strive to solve the customer's problem as smoothly as possible, saving the customer's time and call costs. Even negative and aggressive customer situations are always addressed in a solution-oriented manner. We do not delay billing for an unnecessarily long period of time. The withdrawal of the credit and its conditions are clearly stated to the customer.

In case our customer faces sudden payment difficulties, this is handled by transferring the next due date or by formulating, together with the customer, a satisfactory payment plan for both parties. In the case of one-off loans, it is also possible to get a payment free month every two months if necessary.

The customer has the right to obtain a marketing and credit ban upon request. We take the customer's social barrier into account (sudden unemployment, disability, etc.) and flex the credit repayment schedule if a customer's social barrier causes a sudden and sharp decline in income.

We require a strong authentication when applying for a loan (online banking authentication). Information on the loan will never be released without strong identification. We do not release any information about our borrowers for third parties – excluding debt collection agencies and government authorities. We do not ask borrower questions that are irrelevant to the loan. We keep the borrower's information as required by law (Prevention of Terrorist Financing Act) - application data for 2 years and credit information for 7 years after granting credit.

# Responsible lending



## Promoting responsible lending and economic prosperity

We create the terms and conditions of our credit agreements within the limits of the local law. The loan repayment schedule is reasonable and the problem situations are solved in the customer's best interest.

We measure the solvency of borrowers by requesting information from customers about outstanding open credits and customer income data at the time of the application. The customer's income level is compared with the amount of credit applied for, and the application is rejected if the customer's income level is not enough to repay the credit. We do not lend to payment default applicants.

The first loan we grant is always small in amount and the credit limit is raised if the client demonstrates that he or she is performing the repayment properly according to the credit agreement. If the applicant has previously received credit from Blue Finance, our system will investigate the repayment history of paid credits in order to determine whether he or she is likely to repay the requested credit.

We have a modern algorithm that indicates the risk of over-indebtedness and customer risk behaviors - such as a lot of gambling and alcohol consumption in relation to the monthly income level. In our algorithm, we emphasize the actual disposable income of our customers i.e. money available after ordinary living expenses instead of e.g. net salary.

The customer has the right to transfer the loan for voluntary debt collection without losing his or her credit status. Involuntary debt collection, the customer is able to increase the number of installments even beyond the payment plan proposed by Blue Finance. We constantly monitor the quality of service and responsible practices of the debt collection company we use. We always ensure that the interests of our customers are also run by the debt collecting company.

## Product pricing and product information

Our product portfolio does not include consolidation loans that irresponsibly accumulate a big debt burden for consumers and increase the risk of over-indebtedness significantly. We priced our products competitively. Our products do not include hidden costs - all the costs are clearly mentioned in the credit agreement and the consumer price list. All our products are priced according to interest rate legislation and always comply with current legislation regarding the pricing of credit products.

In addition to loan products, we have a large amount of informative content on our website to promote the financial know-how of our customers. Our site also provides a detailed explanation of the content of our credit agreement that helps to understand the credit agreement.



# Ethics



## Our code of ethics

We respect the principles of equality in marketing and communication and do not discriminate against customer groups because of sexual orientation, social class or ethnic background. Our marketing materials avoid sensitive issues such as the refugee crisis, income disparities or political movements.

Our policy is not to share the confidential information of our employees or our customers to third parties – excluding debt collection agencies and government authorities. We also protect the privacy of our employees and do not tell information that enables harassment of our employees by any customer. Blue Finance complies with the GDPR guidelines and the latest security standards. We keep customer information and credit information on secure servers.

Our operations are honest and fully transparent, and our marketing does not mislead customers. We inform our customers about any breaks and problems that may arise from our service, always in a timely and truthful manner. We will report changes to our service and changes to our service agreement to all customers as quickly and clearly as possible.

We stick to the agreements we make and follow the service promises we give. We only select ethically active companies as partners and ensure that the values and principles of our partners are in line with ours.

## Focus on ethical communication

Blue Finance's customer service knows the products well and can advise our customers on the use of our services. Our customer service can be reached by a call, via e-mail, via our website chat service, or by connecting our Facebook page. Multichannel support gives the customer the freedom to always choose the easiest way possible to contact us.

Our website is extensive and informative. Our website does not open directly to the loan application form – it gives the customer enough time to get acquainted with our products before making a purchase decision. Our price list can be found on the website and includes sample calculations according to the loan amount. The updates that affect the use of our service are run at night so that the disruption to our service will remain as minor as possible.

Blue Finance's marketing is not targeted at minors. In our advertising, we avoid vigorous incitement for borrowing. An advertising agency, publisher or other service providers for marketing communications on behalf of Blue Finance must ensure that laws and Blue Finance's own principles of responsibility are respected. Our social media focus is customer-oriented. We do not collect customer information from social media for our own marketing purposes without customer's permission to do so.

# Environmental management



## The carbon footprint from commuting to work

We regularly carry out a commute survey within the office to measure the CO<sub>2</sub> emissions from commuting. In November 2018, the questionnaire was answered by all regularly commuting employees.

The survey found that the total commuting distance is 2000km per month. 320km (16%) of these are driven by own car, 720km (36%) by bus and 960km (48%) on foot or by bicycle.

Our office's carbon emissions in 2018 were approximately 1080kg of co<sub>2</sub>. Commuting by own car accounted for 614kg co<sub>2</sub> (56.84%) and commuting by bus accounted for 467kg co<sub>2</sub> (43.16%).

In 2019, we commit to a 10% emission reduction by increasing remote working days and by encouraging the use of public transport. According to our calculations, adding one remote-day a week would reduce our carbon emissions by -8.63% per year.

## The carbon footprint from electricity use

Our electricity consumption was about 4124 kWh this year. The main purpose of our electricity consumption is lighting and information technology required to run our daily operations. For heating in winter, our office uses district heating. Over the past year, our energy consumption resulted in carbon emissions of about 804kg co<sub>2</sub>.

We commit ourselves to significantly reduce the carbon dioxide emissions from electricity consumption by switching our energy supply to renewable energy sources.

## Carbon emission reduction by office practices

Our office has the practice of closing the lights and electronic devices for the night. We choose energy-efficient LED luminaires for lighting and close the lights in the kitchen, lobby and toilet facilities when they are not in active use. We consume as little paper as possible and choose only environmentally-friendly goods to use in our office.

Our business is digital and does not produce physical goods. We choose our electronic devices according to their electricity consumption, preferring energy-friendly devices. The space of our office has been efficiently utilized – leaving as little empty space as possible.

# Corporate governance



## About Blue Finance

Blue Finance is a Finnish limited liability company in which the duties and responsibilities of the executive bodies are determined in accordance with the laws of Finland. We recognize that we are somewhat unique private company due to our large number of shareholders (1881 shareholders in November 2018), and as such have undertaken to adopt some of the corporate governance principles more common with public or listed companies.

The board of directors is responsible for providing governance and oversight over the strategy, operations and management of Blue Finance. The primary mission of the Board is to represent and protect the interests of our shareholders. Decision-making and corporate governance are in compliance with the Finnish Limited Liability Companies Act and Company's Articles of Association.

## Core governing principles

### Accountability

The Board communicates to the company's shareholders and other stakeholders, at regular intervals, a fair, balanced and understandable assessment of how the company is achieving its business purpose and meeting its other responsibilities.

### Sustainability

The Board guides the business to create value and allocate it fairly and sustainably to reinvestment and distributions to stakeholders, including shareholders, directors, employees, and customers.

### Integrity

The Board leads the company to conduct its business in a fair and transparent manner that can withstand scrutiny by stakeholders. We make financial information available to our shareholders and general public on a regular basis via our investor portal at [osinkotuottoa.fi](https://osinkotuottoa.fi). Key financial performance indicators with explanatory notes are published monthly. Profit and loss statement, and balance sheet is published quarterly. Financial statement including auditor's reports is published annually.

## Fight against illegal financing

We regard our obligation to combat money laundering and terrorist financing as a moral imperative. But by doing so we also:

- Comply with regulations to monitor customers and transactional activity and to report suspicious activity.
- Protect our brand reputation and shareholder value from being associated with criminal elements such as organized crime; human, drug or arms trafficking; and government corruption.
- Avoid disruptions to business as usual, as well as civil and criminal penalties, because of noncompliance or negligence.
- Reduce the amount of capital reserved for risk exposure.

Cornerstones of our approach are customer identification program/know your customer (KYC), compliance with sanctions imposed by authorities as well as dedicated detection, alert management and case management treatment for money laundering, fraud or cyberattacks.

“Blue Finance’s policy for anti-money laundering and terrorist financing” provides detailed guidelines on how relevant statutes in this field are implemented throughout the Company.





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