

peppermoney

CY2023 Environmental, Social
and Governance Report



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Pepper Money Limited CY2023 ESG Report



Pepper Money has been built on a mission to “**help people succeed**”. As we deliver on our mission and continue to build on our strategy, we seek to create sustainable value for our customers, employees, the communities in which we work, and for our shareholders.

Pepper Money continues to build on its support in the community, embedding strong, transparent corporate governance, and ensuring we lend responsibly to our customers.

Pepper Money has commenced developing its **Environmental, Social and Governance (“ESG”) Framework** to provide a quantifiable guide for our employees and stakeholders on the standards that we seek to uphold. Pepper Money is committed to being a responsible and sustainable business that supports our people, customers and communities. We recognise that we operate in an environment of rapidly changing economic conditions, societal and geo-political shifts, cyber security uncertainty, and the increasing impacts of climate change, but we remain committed to being a **responsible and sustainable business** that supports our people, customers and communities through our commitment to **financial inclusion**.

The Board and Executives recognise that Pepper Money’s ongoing success and sustainability rests on **understanding and meeting both the current and future expectations** of a range of key stakeholders.

Pepper Money will continue to focus on being a **sustainable** and resilient business which brings long-term value to those around us.

Therese McGrath

Chair

*Environmental, Social and Governance
Management Committee*



Introduction

This Pepper Money Limited (“Pepper Money”) Environmental, Social and Governance (“ESG”) Report outlines how Pepper Money manages its ESG commitments, including the risks and opportunities across ESG factors identified as material to the business.

This Report should be read in conjunction with Pepper Money’s Remuneration Report, contained within the CY2023 Annual Report, and Pepper Money’s CY2023 Corporate Governance Statement. These reports can be found at:

www.peppermoney.com.au/about/corporate-governance

Our Approach to ESG

Pepper Money continues to embed ESG considerations into our strategy, risk and business management practices. Pepper Money strives to have a positive impact for our customers, shareholders, employees, and the communities in which we operate.

Pepper Money’s approach to ESG aligns with our mission to **“help people succeed”** by supporting their financial needs, through our focus on providing innovative home loan and asset finance solutions to customers who are typically underserved by traditional lenders.

Our approach to ESG is closely linked to our strategy and purpose. Pepper Money recognises that embedding good corporate governance and lending responsibly are fundamental to our ability to manage ESG risks and opportunities in our operating environment and is crucial to the achievement of our strategy and purpose. Our ability to deliver on our ESG commitment requires the Company to have the right skills, and we seek to build these through ongoing development of our core competencies, which are underpinned by our commitment to deliver the best outcomes for our stakeholders. We strive to ensure that our mission, values, our competencies work together to support us on the journey to be a sustainable business.



Engaging the right people

We ensure we recruit people that fit the values and culture of Pepper Money. Alongside this, we use best practice processes to ensure we hire the skills and competencies required for our roles.



Being smart about risk

We treat all our financial activities in the same way – whether for customers or our business – with care and diligence and within an ethical risk management framework. Expertise in risk management is one of Pepper Money’s defining characteristics.



Teamwork

Great ideas and innovation are not the result of individual endeavours. They come from groups whose diverse experiences and thinking come together in harmony. Bringing these fresh ideas to life requires exceptional skills and teamwork, trusting each other’s abilities, a deep commitment to delivering on your part, always taking our passes, covering each other’s moves and respecting the ongoing learning that comes from feedback.



Understanding our customers

We work hard to establish relationships where our customers help us keep it real – giving us honest feedback on how we are doing for them and calling it out if we need to improve. When we perform research, we make sure we are asking the right questions and actively listening to and understanding the needs and drivers behind the answers.



Finding win-win outcomes

We excel at problem solving – cultivating techniques and situations that will help us see things in fresh ways and learn new things. Our focus is on setting people up to succeed. This demands outcomes that serve diverse stakeholder interests with integrity, transparency and decency.



Creating the right environment

We live the values that create our culture. They are embedded in everything we do. We work to create the conditions for people to succeed by making sure our people know what Pepper Money stands for and the role of their contribution to our mission. Pepper Money takes responsibility and encourages feedback. We are honest if we need to step up and celebrate when we are doing well. Ours is a world of opportunities, support and continuous learning where even facing serious challenges we never lose our ability to be positive.

Pepper Money's ESG Governance Framework

Pepper Money remains committed to good governance, transparency, and ensuring accountability is aligned across the business. Pepper Money has always recognised the need to embed strong corporate governance and to ensure we lend responsibly, as these principles are fundamental to our ability to achieve our strategy and deliver on our mission.

Our approach to governance is underpinned by the **ASX Corporate Governance Principles and Recommendations**, which promote value creation for our shareholders and support our people, customers and communities in our mission to “**help people succeed**”.

The composition of our Board, governance committees and executive structure is aligned to our strategy and purpose. We continue to evolve our governance structure to define and assign responsibility across our ESG Framework and expand capabilities and capacity.

In CY2023, Pepper Money established a new Management level committee – the **ESG Committee** which considers and makes recommendations to the Pepper Money Board on:

- Pepper Money's performance with respect to ESG strategy, opportunities, issues and targets;
- compliance with ESG-related laws, regulations and government policies;
- the social, environmental, and ethical impact of Pepper Money's business activities;
- potential green, social or sustainable products and investments;
- major corporate responsibility, ESG initiatives and changes in policy; and
- stakeholder communication about Pepper Money's corporate responsibility and ESG.

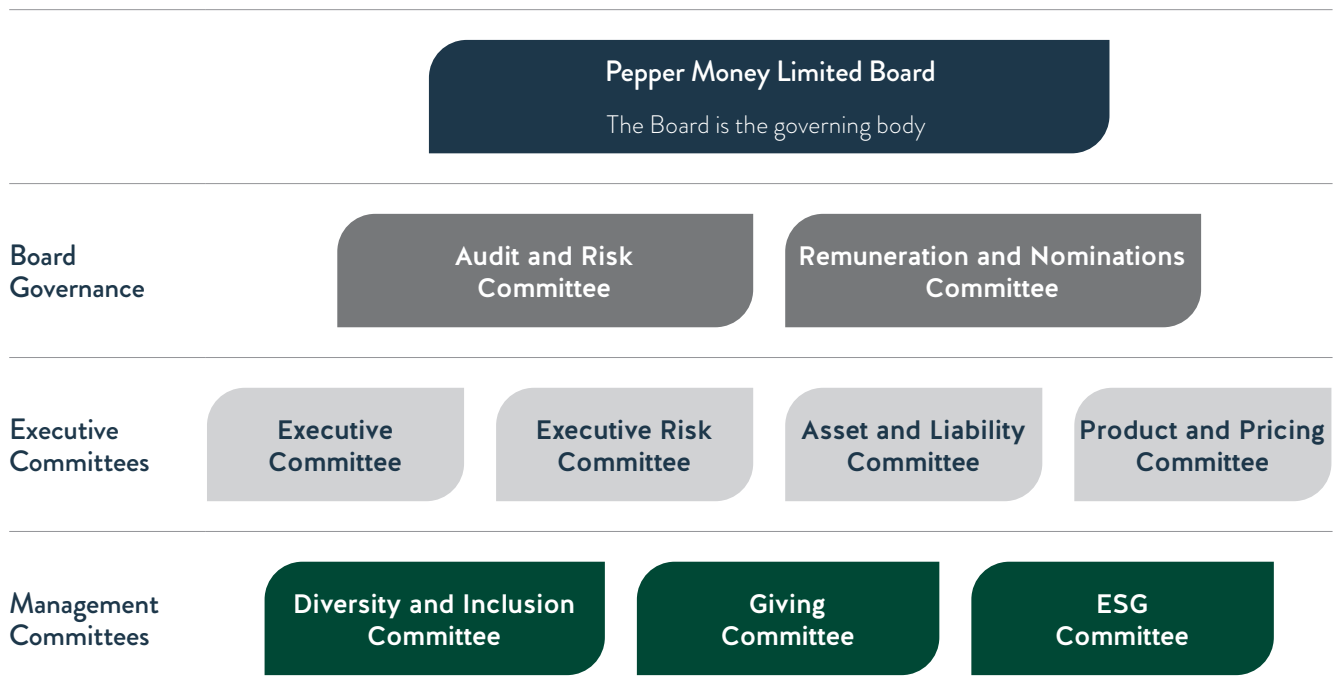
The ESG Committee has taken on the responsibilities of the Green, Social & Sustainability Bonds Investment Forum to ensure a consolidated and consistent approach to ESG governance and decision making.

The role of the ESG Committee will be to assist the Board to effectively discharge its responsibilities by providing oversight and guidance on Pepper Money's strategies and initiatives on environmental, social and governance matters.

To support the implementation of the mandatory ESG reporting regime effective from the 2025/2026¹ reporting period, Pepper Money will establish a Board level ESG Committee in the second half of 2024, to which the ESG Management Committee will report.

1. Entities that report under Chapter 2M of the Corporations Act meet specified criteria (revenue, assets, number of FTEs) will need to adopt the report standards to be issued by the AASB (ASRS Standards (ED SR1)) which are closely aligned to the requirements in IFRS S1 and S2 from the 2024-25 financial year. Pepper Money meets Group 1 criteria for reporting entities.

An overview of Pepper Money’s current approach to ESG governance is detailed in the diagram below.



Identifying our material themes

Pepper Money focuses on creating **financial inclusion**, by challenging the way loans are designed and distributed. **Our values** provide the guide to how we do business and how we interact with **all our stakeholders**. By linking ESG to our **strategy, mission and purpose**, we recognise that our ability to manage ESG risks and opportunities in our operating environment is critical to the achievement of our strategy and purpose.








In CY2021, Pepper Money undertook an initial materiality assessment in accordance with the Global Reporting Initiative (“GRI”) to identify areas where Pepper Money could have the most meaningful positive impact for our stakeholders. We sought to engage with our stakeholders to identify topics with the potential to most impact our people, communities and environment.

As part of this process Pepper Money engaged with internal and external stakeholders to inform our identification of ESG opportunities and risks. Strategic risks were considered alongside regulatory developments, peer reviews and industry trends. We sought input from institutional investors (both equity and debt), brokers and introducers, community partners and our employees. One on one interviews were conducted with external stakeholders, a gap analysis was performed, and employee input was sought via a survey. Our stakeholders raised several sustainability areas for us to consider across the ESG factors. These were consolidated and prioritised to obtain the five focus areas that stakeholders identified where Pepper Money can have the greatest positive or negative impact.

We have taken these five focus areas and began developing a governance framework and identifying candidate measures for each of these focus areas. This process was guided by external frameworks and resources, such as the Sustainability Accounting Standards Board, the International Integrated Reporting Framework and Australian Institute of Company Directors (“AICD”) papers.

Pepper Money published its inaugural Sustainability Report for CY2022 in February 2023. This report outlined how Pepper Money manages sustainability, including the risks and opportunities across the ESG factors identified as material to the business. Over CY2023, we matured our ESG framework by identifying meaningful and impactful metrics and targets appropriate to the business within each focus area.

Pepper Money will continue to develop and refine the candidate measures and metrics in light of evolving regulation and community expectations.

FOCUS AREAS	E/S/G	DEFINITION
Customer Wellbeing		We are focused on doing the right thing for our customers, providing innovative and affordable lending solutions that meet their financial needs and reflect responsible lending principles. Our policies and procedures are designed so that customers understand their lending commitments, understand our decisions and pricing, and have access to the right resources and support when they need it.
Responsible Business		We are committed to responsible business practices. Our system of governance is designed to foster a culture that values accountability, ethical behaviour and protects our stakeholders’ interests at all times. Our code of conduct and our values set the standard of how we do business and interact with our stakeholders.
Climate Risks and Opportunities		We recognise the importance of making positive changes to how we run the business can reduce our impact on the environment. We are committed to assisting our customers reduce their impact on the environment by providing finance for the construction of, modification to, or purchase of more energy efficient homes, and clean transportation.
Employee Engagement and Inclusion		We recognise the positive outcomes and better overall performance that can be achieved via an engaged and diverse workforce. We are committed to fostering an environment that supports diversity and inclusion whilst maintaining a commitment to a high performance culture.
Community Contribution and Investment		Aligned with our purpose to help people succeed, we recognise the importance of supporting and building resilient communities. We partner with community-based organisations that share our values of diversity and inclusion and that make a difference in areas of the community that are under served by traditional support structures.

Candidate measures identified for baseline reporting

ESG

Material Topics & KPIs

Business



Board composition

Remuneration

Compliance

Conduct

Privacy

Supplier, brokers and introducers

Climate



Physical risk

Transitional risk

Climate-related opportunities

Capital deployment

Internal carbon prices

Exposure to 100-year flood zone

Exposure to weather-related catastrophes

Expected loss and loss given default

Scope 1, 2, 3 emissions

Customer



Number of customers helped

Number of underserved customers

Customer education

Employee



Gender diversity

Gender pay equity

Employee engagement

Consultation regarding gender diversity

Sexual harassment training

Community



Employee volunteering

Community contributions

Community organisations supported

CY2023 Initiatives and Achievements

Over CY2023 the initiatives undertaken, and outcomes achieved under each focus area are set out below:



Customer Wellbeing

We provide innovative and affordable lending solutions to meet our customers' needs.

Customer Wellbeing:

Listening to our customers is critical to ensuring that Pepper Money deeply understands the changing needs of our customers and to find opportunities for improvement. We regularly monitor what customers tell us they need by listening through various Customer Effort Score (“CES”) and Net Promoter Score (“NPS”) surveys, monitoring of operational metrics such as call centre wait times, time-to-yes-loan approvals, system outages and by actively managing complaints, identifying patterns and taking active steps to resolve issues.

Customers are at the forefront of how we do business given our mission “**to help people succeed**” – and customer wellbeing must form part of this mission. It was important to us to find ways to help our customers navigate increasingly difficult economic conditions - which we all experienced over CY2023 as both interest rates and inflation rose.

The diligence that Pepper Money applies to the credit process helps to protect customers from over-committing. Pepper Money has now helped 455,248¹ customers cumulatively since we started the business over 23 years ago.

To support customers we offer dedicated digital resources and tools with the aim to uplift and enhance financial literacy and online security awareness:

- **Customer Support Hub:** 27,000 views from more than 15,000+ users in CY2023
- **Security Hub:** 357 views from 233 users in CY2023
- **Lending educational videos series:** 800,000 views across Pepper Money social media channels
- **Money Mindset reports:** research published in over 30 media publications with a reach of over 22 million views
- **Customer stories program:** over 22,000 views from nearly 19,000 users in CY2023
- **Financial hardship and money management articles:** over 3,000 views from 2,700 users in CY2023

Our annual Customer NPS Survey² saw increases in product advocacy across all core Pepper Money products with results considerably ahead of total market

- **Asset Finance** NPS of 50 (+27 points vs industry average);
- **Home Loans** NPS of 6 (+9 points vs industry average);
- **Personal Loans**³ NPS of 66 (+44 points vs industry average).

1. Cumulative number of customers from 2004 to 31 December 2023. Includes HSBC New Zealand residential mortgage customers who transferred on acquisition of the portfolio.

2. Survey conducted by RFI Global – Pepper Money NPS measurement and tracking, September 2023.

3. Personal loans – credit is provided by Now Finance Group Pty Ltd, Australian Credit Licence Number 425142 as agent for NF Finco 2 Pty Limited ACN 164 213 030.



Employee Engagement & Inclusion

We foster a positive environment to support an engaged and diverse workforce.

Employee Engagement and Inclusion:

Engagement: The strength of Pepper Money’s employee engagement is driven by our culture and supported by our values of **Can Do, Balanced and Real**. In CY2023, our overall engagement score remains strong at 75⁴⁺, placing Pepper Money in the top 10% of high performing companies globally.

Diversity: Diversity and inclusion are core values of Pepper Money and we are committed to creating an environment which values diversity at all levels through a conscious desire to achieve understanding, respect, inclusion and continuous learning. Pepper Money recognises that this commitment to diversity and inclusion will enhance the customer experience and improve employee satisfaction levels, both of which are key to the success and sustainability of our business.

Our diversity, equity and inclusion strategy is underpinned by our guiding principles of **Allyship, Celebrate and Educate (“ACE”)**.

As at December 2023:

- Our team was 55% female, 45% male.
- Females hold 45% of senior management roles – compared to 38% in the Financial Services and Insurance sector in Australia.⁵

Inclusion: Our commitment to promoting an inclusive workplace is demonstrated through feedback from employees in the CY2023 annual Employee Engagement survey.

- Fairness: *“Everybody is treated fairly at Pepper”* – 85th percentile.
- Personal Expression: *“People with different ideas are valued at Pepper”* – 84th percentile.
- Trust: *“There is an atmosphere of trust at Pepper”* – 92nd percentile.

Initiatives that supported our CY2023 strategy included:

- **Investment in our people** through regular performance check-ins, engagement surveys, upskilling initiatives and leadership development. Where possible, our focus is to promote our people from within, and we encourage employees to have meaningful development discussions with their leaders through our Personal Development Plan program.
- **Investment in uplifting the capability of our Leaders** to promote a high performance culture and real conversations that drive the right behaviours. Initiatives included:
 - Anti sexual-harassment and domestic violence training for managers, and inclusive language awareness.
 - Launched **Leadership Principles** which underpin the behaviours we expect our leaders to role model to ensure the business achieve its strategic goals.



Wellness: Pepper Money is committed to promoting and maintaining a safe, positive and inclusive culture that supports our employees to succeed. Our CY2023 wellbeing program continued to promote a mentally healthy workplace where our employees are supported to manage their mental health and to respond to mental ill health. Our programs included:

- Mental Health first aid program, with employees from across the business trained to act as first point of contact for employees experiencing mental health challenges.
- Online tools and resources to support overall wellness.
- Activities to support employees physical health.
- Continued to promote our Employee Assistance Program.

4. Pepper Money Limited CY2023 Employee Engagement Survey conducted by Custom Insights, 11 September – 22 September 2023. Results for Australia and New Zealand. Pepper Money Manila Employee engagement under the same survey saw response rate of 99% and a score of 81.
 5. Workplace Gender Equality Agency: WGEA Financial and Insurance Services Industry snapshot 2022-2023. Senior Manager as at 31 March 2023.



Community Contribution & Investment

We recognise the importance of supporting and building resilient communities.

Community contribution and investment:

Pepper Giving: is the program that brings to life Pepper Money's community and charitable initiatives. The program is run by a group of passionate employees who volunteer their time to form the Pepper Giving Committee. The Committee is governed by the Pepper Giving policy framework. Pepper Giving is made up of four main activities: Big G, Medium G, Small G and Volunteering.

1. **Volunteering** – Pepper Money leverages the power of employees to give back to the community through regular volunteering opportunities. Some examples include gardening days at Women's and Girls' Emergency Centre ("WAGEC"), making festive season hampers for WAGEC clients and making sandwiches for children experiencing food insecurity through "Eat Up Australia" initiative.
2. **Big G** – this program sees Pepper Money partner with a charitable organisation to provide support and funding via a large annual donation. In 2023, WAGEC benefitted from our Big G program.
3. **Medium G** – staff are given three opportunities throughout the year to vote for a charity to receive a generous donation. Donation recipients in 2023 covered a wide range of causes.
4. **Small G** – this program empowers employees to apply for a financial contribution to a charity or cause that is important to them at any time of the year.

The following support was donated to communities and organisations through our CY2023 Pepper Giving program⁶:

CY2023 Pepper Giving Support	\$000
Domestic violence and child protection	\$81.2
Youth support and education	\$50.0
Community contributions	\$39.0
Housing and welfare	\$30.6
Medical support and mental health	\$18.2
Animal welfare	\$10.5
Volunteering enablement	\$2.9
Total	\$232.4

Other initiatives:

Blood Drive: In CY2023 Pepper Money partnered with Australian Red Cross Lifeblood on a blood drive initiative where our employees volunteered and donated whole blood, plasma and platelets. These blood donations will be used to save 360 lives. For our efforts in promoting blood donations Pepper Money was awarded the 'Lifeblood Financial Services Blood Challenge Engagement Award'. We aim to continue this initiative in CY2024.

6. Including donations in Australia, Philippines and New Zealand represented in AUD.



Climate Risks & Opportunities

We aim to reduce our impact on the environment.

Climate risks and opportunities:

Our position on climate and the environment has been complemented by initiatives implemented over the past few years in response to climate challenges.

Electric Vehicle (“EV”):

Our forefront position in EV lending has seen the business finance 8,986 electric vehicles⁷ in Australia since we commenced this program in 2015. Based on average vehicle distance travelled and lifecycle emissions⁸ we have saved in excess of 39,000 tonnes of carbon emissions in 2023 and will offset up to 236,000 tonnes of carbon emissions over the lifetime of these vehicles.

To better support our customers in making the transition to electric vehicles, we partnered with Evie Networks to make EVs more affordable by providing them with complementary access to Evie’s public fast charging network for up to 12 months, or 2,000 kWh (this program finished 31 December 2023). Pepper Money continues to grow its share of EV financed in Australia, our share of total EV financed in CY2023 was 5.3%, up from 3.9% in CY2022.

Green Bond:

Pepper Money is actively assisting customers to achieve a lower carbon footprint by funding the construction and purchase of more energy efficient and low carbon homes.

In 2018, Pepper Money established a Green Bond Framework (updated in 2019 and again in 2022) which is based on the *International Capital Market Associations’ Green Bond Principles* (“GBP”).

All bonds issued by Pepper Money under the **Green Bond Framework** are subject to a second party opinion provided by Sustainalytics. Sustainalytics also conducts an annual review on the Bonds issued under Pepper Money’s Green Bond Framework.

Please refer to: www.peppermoney.com.au/about/debt-investors for Pepper Money’s **Green Bond Framework**; the second-party opinion by Sustainalytics and Pepper Money’s last Green Bond Annual Review.

A healthier planet

Since mid-2021, Pepper Money has commissioned **7 hectares of forest - a total of approximately 16,300 trees**, which is expected to remove about 7,000 tonnes of CO₂ from the atmosphere after 50 years⁹. The trees program was developed to support the future of our local communities and their environment in partnership with Greenfleet (Australia), Trees That Count (New Zealand) and Haribon Foundation (Philippines) as part of Pepper Money’s 21st birthday. All local seed harvesting, and tree planting has concluded with ongoing restoration and protection in place to ensure a continuing legacy of environmental hope well into the future.

In the **Philippines, 2,500 trees were planted** across CY2021 with the seedlings coming from community-based nurseries, which in turn supports community livelihood incentives.

In **New Zealand, 2,800 trees were planted** across CY2021 – 2023 all locally sourced through the Aotea Nursery Trust as part of native canopy and giant tree sustainability programs on the Great Barrier Island and in the South Island.

7. Count of electric vehicles only – excludes hybrids

8. Calculation based on lifecycle emissions reduction of electric vehicles relative to average ICE lifecycle emission and annual distance travelled (source: Electric Vehicle Council) assuming vehicle lifetime of 15 years (source: ABS)

9. Models used in carbon calculators are based on a number of growth models and allometric equations developed for a particular region’s native trees and shrubs. The actual amount of carbon sequestered by any particular stand can vary from calculator predictions and are dependent on-site quality, stand characteristics and management. Refer www.toolkit.tanestrees.org.nz/carbon-calculator/

Climate risks and opportunities continued

In **Australia, four hectares of forest**, with between **2,000 and 5,000 stems** in each hectare, or around 10,000 tree seedlings have been planted. The Pepper Money Ngulambarra forest is on Dja Dja Wurrung Country in Central Victoria, protected for 100 years. This forest is now growing over 20 different native species, which are making significant impact on restoring biodiverse ecosystems and re-connecting habitat for wildlife, including many endangered species.

The final nursery project, for indigenous trees in Newcastle, NSW, **delivered 1,000 seedlings** in CY2023 to landholders and local community groups for planting in bushfire affected areas for regeneration.

By planting the equivalent of seven rugby fields with native trees and seedlings, this initiative is our way to contribute to a healthier planet and provide a successful future for everyone.



Responsible Business

We commit to responsible business practices and governance to protect our stakeholders.

Responsible Business:

Good governance

Pepper Money's Board is committed to conducting the business of Pepper Money in accordance with high standards of corporate governance and with a view to creating and delivering value for Pepper Money's shareholders. To this end, Pepper Money has adopted a system of internal controls, risk management processes and corporate governance policies and practices which are designed to support and promote the responsible management and conduct of the business.

Pepper Money's public disclosure framework is comprised of a suite of documents, covering our strategy, risk management and corporate governance frameworks, as well as Pepper Money's financial, non-financial and sustainability performance. Transparent reporting is a key pillar of Pepper Money in communicating to shareholders and other key stakeholders. Pepper Money continually evolves the report suite to align with best practice, feedback from our stakeholders, legislation and frameworks. These reports include the Annual Report which contains the **Remuneration Report** and **Operational and Financial Review**, Pepper Money's Corporate Governance Statement and this ESG Report.

We are committed to achieving the highest possible standards of ethical behaviour and best practice in corporate governance. Accordingly, Pepper Money has adopted a formal **Code of Conduct** which outlines standards expected of its employees, contractors and directors and is intended to guide them in relation to their business conduct and behaviour in the workplace.

Pepper Money has a **Whistleblower Protection Policy** to encourage all employees to feel safe in reporting suspected misconduct and provide a mechanism whereby incidents of suspected or actual misconduct (reportable conduct) can be reported anonymously without fear of reprisal, dismissal or discriminatory treatment.

Pepper Money always seeks to conduct business activities in an ethical, lawful and socially responsible manner, and in accordance with the laws and regulations of the countries in which we operate.

Our reputation as an ethical business organisation is fundamental to our ongoing success. Engaging in bribery and corrupt conduct is contrary to this commitment and constitutes a serious offence with criminal and civil penalties. **Pepper Money's Anti-Bribery and Corruption Policy** applies to all employees, officers, directors and in certain circumstances, consultants, secondees, contractors, agents, partners and intermediaries representing us.

**Responsible Business
continued**

Regulatory oversight and reporting

Pepper Money operates within regulated markets that are subject to a range of legislative and compliance requirements. In both Australia and New Zealand, Pepper Money must comply with statutory obligations in relation to, among other things, licensing, responsible lending, anti-money laundering, counter terrorism financing, privacy, customer identification, credit reporting, unfair contract terms and disclosures to customers and investors. Pepper Money's Compliance function, in conjunction with Pepper Money's Legal team, provides independent advice, oversight and challenge on regulatory compliance as well as providing advice to individual business divisions to assist with the implementation of regulatory change.

Pepper Money is committed to complying with its disclosure obligations under the Corporations Act and the ASX Listing Rules to keep the market fully informed of information which may reasonably be expected to have a material effect on the price or value of Pepper Money's securities. We have adopted a **Continuous Disclosure Policy** which establishes procedures to ensure that Directors and employees are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

Risk management

At Pepper Money, we understand the importance in continuing to invest and deliver increasingly mature risk management policies, frameworks and practices. Risk management is an integral part of our business model. We recognise that risk management drives sustainable customer and business outcomes and is core to Pepper Money delivering on its strategy, mission and purpose.

Pepper Money has established a risk governance framework through a comprehensive committee structure to support the management of risk, including the Audit and Risk Committee (Board), Executive Risk Committee (Management), Credit Committee (Management), Product and Pricing Committee (Management) and Asset and Liability Committee (Management).





Pepper Money operates in adherence to its Risk Management Framework ("RMF"), which provides an effective and efficient approach to govern and oversee Pepper Money. This includes identifying, monitoring and mitigating risks to allow the business to deliver its strategy and to overseas business activities.




Pepper Money's Board has the ultimate accountability for risk management in the organisation, including setting the risk appetite of the business (documented in the Risk Appetite Statement). Day-to-day responsibility for risk management is cascaded through the delegation of individual accountability, with reporting and escalation facilitated through the Risk Governance structures outlined below. Policies, procedures, and limits are defined to ensure activities remain within an understood and appropriate level of risk. Pepper Money continues to evolve our approach to risk management, given the ever-changing needs of the business and our customers.

Our Stakeholders

Pepper Money recognises the importance of establishing and integrating stakeholder engagement into strategic and operational governance and decision-making processes in relation to ESG.

Our ESG strategy is informed by input from our stakeholders, as well as consideration of the external, regulatory environment in which we operate. Pepper Money has engaged with, and will continue to engage with, the following internal and external key stakeholders in further developing our ESG strategy and initiatives:

Stakeholder	Why they're important to us?
<p data-bbox="146 851 399 907">Our Customers</p> 	<p data-bbox="399 851 1487 907">Customers are at the heart of everything we do at Pepper Money. Our mission is to help people succeed and we do this by focusing on the underserved and undervalued segments. We partner with customers to build long term relationships and enrich communities by providing a range of financial solutions to meet their evolving needs.</p>
<p data-bbox="146 1131 399 1187">Our People</p> 	<p data-bbox="399 1131 1487 1187">Pepper Money's employees are our biggest asset and key to building a strong business.</p>
<p data-bbox="146 1411 399 1467">Our Investors</p> 	<p data-bbox="399 1411 1487 1467">Pepper Money's debt and equity investors provide the funds that support our innovative products and initiatives that support our mission to "help people succeed" through financial inclusion.</p>
<p data-bbox="146 1691 399 1747">Industry bodies and associations</p> 	<p data-bbox="399 1691 1487 1747">Pepper Money is an active member of a range of industry bodies and associations. Pepper Money strives to work together with industry bodies and associations to provide meaningful input and assistance to our industry.</p>

Stakeholder	Why they're important to us?
<p>Regulators and government bodies</p> 	<p>Pepper Money recognises the importance of having a trusted and transparent relationship with regulators and government bodies.</p>
<p>Suppliers (including brokers, aggregators, consultants)</p> 	<p>Having positive and collaborative relationships with our key partners and suppliers allows Pepper Money to share values and support each other to make a positive impact on the environment and society. We seek to ensure that our partners and suppliers align with the values of Pepper Money, and with Pepper Money's Diversity and Inclusion and ESG requirements.</p>
<p>Our Community</p> 	<p>Pepper Money, through its community partners, is committed to continuing to find ways to improve the well-being of the wider community within which we operate.</p>

Pepper Money understands that what is **important to our stakeholders** will **change over time** and so will periodically engage stakeholders to reassess the ESG areas and themes that are important to our business, our people and the community.

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