


peppermoney

Social Bond Annual Review
Sustainability Bond Allocation and Impact Report 2025





Contents	Page
Pepper Money’s approach to Sustainability	4
Pepper Money’s Social Bond Annual Review	5
Allocation Report	6
Impact Report	9
Disclaimer	10

Pepper Money Limited

**CY2025 Social Bond
Annual Review-
Sustainability Bond
Allocation and Impact
Report**

Pepper Money's approach to Sustainability

Pepper Money Limited (“**Pepper Money**”) strives to have a positive impact for our customers, shareholders, employees, and the communities in which we operate.

Pepper Money continues to embed Environmental, Social and Governance (ESG) considerations into our strategy, risk, and business management practices.

Pepper Money's approach to ESG aligns with our mission to “**help people succeed**” by focusing on meeting the needs of our customers, partners, employees and shareholders. We continue to be a leader in the non-bank sector with a broad range of customer solutions spanning residential home loans, mortgages to Self-Managed Super Funds (SMSF), asset finance, commercial real estate loans and loan servicing.

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 and are crucial to the achievement of our strategy and purpose. Our ability to deliver on our ESG commitment requires 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, and our competencies work together to support us as we continue to lead in the industry.

Pepper Money identified the following five key ESG focus areas through a materiality assessment guided by the Global Reporting Initiative, engaging stakeholders to understand where it can make the greatest impact. These areas align with our mission to drive financial inclusion and embed sustainability into our strategy and operations.



Pepper Money's Social Bond Annual Review

Pepper Money developed a **Social Bond Framework (Framework)** in April 2022 to issue Social Bonds. This Framework is aligned to the International Capital Market Associations' Social Bond Principles (SBP).

Pepper Money undertook its first Social Bond transaction for A\$300 million on 1 June 2022 - reinforcing one of the fundamental principles of our business, which is to drive financial inclusion through innovation and to seek to lead the industry in making a positive contribution to society.

This report marks Pepper Money's third **Annual Review** of its Social Bond. Pepper Money considered the ICMA's Harmonized Framework for Sustainability Bond Allocation and Impact Reporting for Issuing Social Bonds published by ICMA when undertaking the Annual Review. Additionally, Pepper Money referenced the illustrative impact indicators categorised in its own Social Bond Framework. This report also aligns with specific social categories of the United Nations Sustainable Development Goals (UN SDGs).

This **Social Bond Annual Review - Sustainability Bond Allocation and Impact Report** should be read in conjunction with Pepper Money's Remuneration Report, contained within our Annual Report, Corporate Governance Statement and Sustainability Report which can be found at:

www.peppermoney.com.au/about/shareholders



Allocation Report

Pepper Money has been built on discovering new ways to finance ambition with a mission to “**help people succeed**”. Pepper Money has built strong foundations of supporting the community, embedding good corporate governance, and lending responsibly to our customers.

Use of Proceeds

Pepper Money utilised the net proceeds from Pepper Social Trust No.1 issuance to fund the acquisition of pre-existing owner-occupied mortgage loans originated by Pepper Homeloans Limited, specifically targeting underserved borrowers. Pepper Money committed to a maximum amount of each loan in the pool, which was A\$1.25m at issuance.

The Pepper Social Trust No. 1 was a closed pool of mortgage loans which were chosen in adherence to our predefined eligibility criteria and the 4 core aspects, including:

1. the use of proceeds;
2. project evaluation and selection process;
3. management of proceeds, and
4. reporting

as stipulated in the Social Bond Framework dated April 2022.

The validity and alignment of this Framework were verified by ISS ESG, who provided a Second Party Opinion on 19 May 2022, in accordance with the Social Bond Principles (SBP).

The initial A\$300 million proceeds raised from issuance of the Pepper Social Trust No.1 notes have been fully allocated to eligible projects and remains eligible. The notes will be paid down based on the cash flows generated by the pool of residential mortgage loans and there will be no additional notes issued in the closed pool.

Characteristics of the Pepper Social Trust No. 1 are summarised below:

Characteristics Pepper Social Trust No. 1

	Class A1-s Notes	Class A1-a Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class G1 Notes	Class G2 Notes
Denomination	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Aggregate Initial Invested Amount	AUD80,000,000	AUD145,000,000	AUD43,200,000	AUD11,100,000	AUD7,500,000	AUD5,400,000	AUD2,400,000	AUD2,400,000	AUD1,500,000	AUD1,500,000
% of the total Aggregate Initial Invested Amount of all Offered Notes and Class G Notes	26.67%	48.33%	14.40%	3.70%	2.50%	1.80%	0.80%	0.80%	0.50%	0.50%
Issue price	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Interest frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Interest Payment Dates	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)	The 24 th day of each calendar month provided that the first Payment Date occurs on 25 July 2022 (subject to the Business Day Convention)
Interest Rate	Bank Bill Rate (1 month) + Note Margin	Bank Bill Rate (1 month) + Note Margin	Bank Bill Rate (1 month) + Note Margin	Bank Bill Rate (1 month) + Note Margin	Bank Bill Rate (1 month) + Note Margin	Bank Bill Rate (1 month) + Note Margin	Bank Bill Rate (1 month) + Note Margin	Bank Bill Rate (1 month) + Note Margin	Bank Bill Rate (1 month) + Note Margin	Bank Bill Rate (1 month) + Note Margin
Note Margin	1.00%	1.60%	2.15%	2.50%	2.75%	3.15%	5.15%	7.15%	As notified by the Trust Manager to the Trustee on or prior to the Closing Date	As notified by the Trust Manager to the Trustee on or prior to the Closing Date
Day count	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365
SKP	AAA(sf)	AAA(sf)	AAA(sf)	AA(sf)	A(sf)	BBB(sf)	BB(sf)	B+(sf)	Not rated	Not rated
Maturity Date	September 2063	September 2063	September 2063	September 2063	September 2063	September 2063	September 2063	September 2063	September 2063	September 2063
Governing law	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales	New South Wales
Clearance	Austraclear / Euroclear / Clearstream, Luxembourg	Austraclear / Euroclear / Clearstream, Luxembourg	Austraclear / Euroclear / Clearstream, Luxembourg	Austraclear / Euroclear / Clearstream, Luxembourg	Austraclear / Euroclear / Clearstream, Luxembourg	Austraclear / Euroclear / Clearstream, Luxembourg	Austraclear / Euroclear / Clearstream, Luxembourg	Austraclear / Euroclear / Clearstream, Luxembourg	Not applicable	Not applicable
ISIN	AU3FN0068565	AU3FN0068573	AU3FN0068581	AU3FN0068599	AU3FN0068607	AU3FN0068615	AU3FN0068623	AU3FN0068631	Not applicable	Not applicable
Common Code	247782770	247782788	247782796	247782800	247782818	247782826	247782834	247782842	Not applicable	Not applicable

The issuance of Pepper Social Trust No. 1 has provided **668 underserved borrowers** with the opportunity to realise their dream of home ownership. The initiative has facilitated loans totaling A\$275 million for Non-Conforming (NC) borrowers – those borrowers with complex income situations, credit impairments or previous bankruptcies¹, encompassing both Full Documentation and Alternative Documentation Loans. Additionally, Prime loans amounting to A\$24.9 million have also been extended through this project to borrowers with complex income situations.

At issuance cut-off date: 31 March 2022

Eligible Assets	Non Conforming Loans		Prime Loans		Social Notes Subscribed
	Owner Occupied income situation Impaired or prior bankruptcy Full Doc	Complex Credit Full Doc	Owner Occupied income situation Impaired or prior bankruptcy Alt Doc	Complex Credit Alt Doc	
	A		B		C
\$299,999,874	\$140,248,882		\$134,836,823		\$24,914,169
					\$300,000,000

¹ Complex income situation refers to underserved and undervalued population, typically made up of applicants with complex income situations such as self-employed (i.e. sole traders operating under an Australian Business Number) who are unable to provide the necessary financial information (e.g. tax returns or a minimum of two years' worth of financial statements) for income verification purposes traditionally required by banks in Australia. Credit impairments refers to a situation where an applicant has a less-than-ideal credit history or credit score, applicant who fail to qualify for a major bank product due to minor issues or applicant who have suffered a life event resulting in a significant credit event or have a limited history of self-employment. Bankruptcy is a legal status that indicates an applicant is unable to repay their debts and has been formally declared bankrupt by a court. Pepper undertakes extensive credit checks on all applicants and obtains Equifax report for all parties to a loan. Where past bankruptcy has occurred, Equifax report is used to evidence discharge.

Pepper Social Trust No.1 pool characteristics are subject to monthly reporting.

Pepper Money affirms that, as at 30 June 2025, the pool fully satisfies the eligibility criteria established in the Social Bond Framework.

As of June 30 2025					
Eligible Assets	Non Conforming Loans		Prime Loans		Social Notes Subscribed
	Owner Occupied income situation Impaired or prior bankruptcy Full Doc	Complex Credit Impaired or prior bankruptcy Alt Doc	Owner Occupied income situation Impaired or prior bankruptcy Full Doc	Complex Credit Impaired or prior bankruptcy Alt Doc	
	A	B	C		
\$70,899,813.25	\$37,516,114.94	\$27,074,725.22	\$6,308,973.09		\$69,718,895.46

Impact Report



UN Sustainable Development Goals

Over the past two decades, from 1999/2000 to 2019/2020, the proportion of Australian households owning their homes, whether with or without a mortgage, has declined from 71% to 66%². Pepper Money is committed to fostering positive social impacts among a specific group of Australians who currently face challenges in accessing vital financial services and encounter disparities in asset ownership and control. The primary objective of Pepper Money in respect to social impacts is to directly tackle the social issue of enabling home ownership for borrowers characterised by intricate income patterns or a history of unfavourable credit. This demographic has been underserved by conventional banks that adhere to specific approaches in their loan processing methods. Pepper Money is adopting a more inclusive approach to the underserved borrowers.

The issuance of Pepper Social Trust No. 1 afforded 668 underserved borrowers with the chance to achieve home ownership and continues to assist 191 borrowers as at 30 June 2025, enabling loans amounting to A\$64.6 million for borrowers with complex income situations, credit impairments or past bankruptcies, spanning across both Full Documentation and Non-Conforming (NC) loans. The project also enables Prime loans, with a total extension of A\$6.3 million.

Pepper Social Trust No.1 was issued on 9 June 2022, encompassing eligible assets totaling A\$299.99 million. These funds have been allocated to address the housing needs of underserved owner-occupants with complex income scenarios, thereby contributing to a more equitable landscape. The issuance of Pepper Social Trust No. 1 is anticipated to sustain its support for underserved borrowers throughout the duration of the transaction, up to the projected Call Option Date. This date is determined as the earlier of the Payment Date scheduled in May 2027 or the Payment Date when the combined Invested Amount of the Social Notes Outstanding³ falls below 15% of the total issued Social Notes Subscribed⁴.

At issuance cut-off date: 31 March 2022

Eligible Assets	Non Conforming Loans		Prime Loans		Social Notes Subscribed
	Owner Occupied income situation Impaired or prior bankruptcy Full Doc	Complex income situation Credit Impaired or prior bankruptcy Alt Doc	Owner Occupied income situation Impaired or prior bankruptcy Full Doc	Complex income situation Credit Impaired or prior bankruptcy Alt Doc	
	A	B	C		in AUD equivalent
\$299,999,874	\$140,248,882	\$134,836,823	\$24,914,169		\$300,000,000

² Bureau of Statistics (2022) Housing Occupancy and Costs <https://www.abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/2019-20>

³ Social Notes Outstanding refers to Closing Invested Balance that remains once principal and interest payments have been deducted from the corresponding Opening Invested Balance. For detailed information regarding monthly reports for debt investors, please visit www.peppermoney.com.au/about/debt-investors

⁴ Social Notes Subscribed refers to initial A\$300.0m issuance notes of Pepper Social Trust No. 1. For detailed information regarding monthly reports for debt investors, please visit <https://www.peppermoney.com.au/about/debt-investors>

As of June 30 2025				
Eligible Assets	Non Conforming Loans		Prime Loans	Social Notes Subscribed
	Owner Occupied income situation Impaired or prior bankruptcy Full Doc	Complex income situation Impaired or prior bankruptcy Alt Doc	Owner Occupied income situation Impaired or prior bankruptcy Alt Doc	
	A	B	C	
\$70,899,813.25	\$37,516,114.94	\$27,074,725.22	\$6,308,973.09	\$69,718,895.46

Disclaimer

notice. After the date of this Social Bond Annual Review, Pepper Money does not assume any obligation to update or revise its contents or any of the statements or opinions contained herein, regardless of whether such statements and opinions are impacted by future events, newly available information or otherwise.

Nothing contained herein shall form the basis of any contract, agreement, or obligation, whatsoever.

This Social Bond Annual Review is provided for information purposes only and does not constitute, or form part of, any offer or invitation to purchase, underwrite, subscribe for or otherwise acquire or dispose of, or any solicitation of any offer to purchase, underwrite, subscribe for or otherwise acquire or dispose of, any debt or other securities ("securities") of Pepper Money and/or its affiliates and is not intended to provide the basis for any credit or any other third-party evaluation of securities. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation (the "Offering Documents") and any decision to purchase or subscribe for any securities pursuant to such offer or invitation should be made solely based on such Offering Documents.

This Social Bond Annual Review may contain forward-looking statements. These forward-looking statements are not statements of historical fact, and instead represent Pepper Money's and its management's beliefs regarding future events. Such statements may include, without limitation, the words 'expect', 'estimate', 'seek', 'may', 'aim', 'target', 'anticipate' and similar expressions or variations on these expressions, or future or conditional verbs such as 'should', 'would', 'could' or 'will'. Forward-looking statements are based on current and future expectations and are subject to risks, uncertainty and changes in circumstance which are beyond Pepper Money's control. Such risks, uncertainties and changes in circumstance are inherent in the running of Pepper Money's business and it is possible that Pepper Money's actual results may differ, possibly materially, from expectations indicated in any forward-looking statements.

Accordingly, anyone using this Social Bond Annual Review is cautioned not to place undue reliance on forward- looking statements, which are only representative of Pepper Money's and its management's expectations as of the date they are made. You should consult further disclosures Pepper Money may make in future filings of information, such as Pepper Money's Annual Report.

This Social Bond Annual Review should not be considered as a recommendation that any investor should subscribe for or purchase any securities, nor as an assessment of the economic performance and/or creditworthiness of the securities. Prospective investors should make their own enquiries for the purposes of determining whether invest in a Pepper Money Social Bond. It should be noted that there is currently no clearly defined definition (legal, regulatory, or otherwise), nor market consensus, as to what constitutes a "social" or equivalently labelled project. No assurance is given by Pepper Money that the use of such proceeds of a Social Bond will satisfy, in whole or in part, any present or future investor expectations or requirements about any investment criteria or guidelines by which the investor is bound pertaining to "social" projects or otherwise, whether by its own governing rules, investment requirements or by current or future applicable law or regulation.

Investors should consult the Offering Documents for information relating to the characteristics of any Social Bond and any other relevant information. Pepper Money accepts no responsibility for any damages, direct, indirect, or otherwise, arising from the use of or reliance on this Social Bond Annual Review by any investor or anyone else who may seek to rely upon information contained herein.

Pepper Money accepts no liability for the wrongful use of this Social Bond Annual Review. Persons who come into possession of this Social Bond Annual Review must make all relevant enquiries as to any applicable jurisdictional restrictions and comply with them.