

## REPORT REVIEW

# Pepper Money Limited Sustainability Bond Allocation and Impact Report

29 August 2025

## VERIFICATION PARAMETERS

<b>Type(s) of reporting</b>	<ul style="list-style-type: none"><li>▪ Sustainability Bond Allocation and Impact Report</li></ul>
<b>Relevant standard(s)</b>	<ul style="list-style-type: none"><li>▪ Harmonised Framework for Impact Reporting for Social Bonds, ICMA, September 2024</li></ul>
<b>Scope of verification</b>	<ul style="list-style-type: none"><li>▪ Pepper Money Limited's (Pepper Money) Sustainability Bond Allocation and Impact Report (as of August 12, 2025)</li><li>▪ Pepper Money's Social Bond Framework (as of April 26, 2022)</li><li>▪ Bond(s) identification: ISIN, maturity date and issuance amounts are displayed in the appendix</li></ul>
<b>Lifecycle</b>	<ul style="list-style-type: none"><li>▪ Post-issuance verification</li><li>▪ Third year of reporting on Social Bond<sup>1</sup></li></ul>
<b>Validity</b>	<ul style="list-style-type: none"><li>▪ As long as no changes are undertaken by the Issuer to its Sustainability Bond Allocation and Impact Report (as of August 12, 2025)</li></ul>

<sup>1</sup> The previous year's Report Review delivered by ISS-Corporate, [see weblink](#).

## CONTENTS

---

SCOPE OF WORK.....	3
PEPPER MONEY OVERVIEW .....	3
ASSESSMENT SUMMARY.....	4
REPORT REVIEW ASSESSMENT.....	5
PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL BOND FRAMEWORK .....	5
PART II: ASSESSMENT AGAINST THE HARMONISED FRAMEWORK FOR IMPACT REPORTING.....	6
PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS.....	10
ANNEX 1: Methodology .....	14
ANNEX 2: Quality management processes .....	15
APPENDIX: Bond identification.....	16
About this Report Review .....	17

## SCOPE OF WORK

Pepper Money Limited (“the Issuer”) commissioned ISS-Corporate to provide a Report Review<sup>2</sup> on its Sustainability Bond Allocation and Impact Report by assessing:

1. The alignment of Pepper Money’s Sustainability Bond Allocation and Impact Report with the commitments set forth in Pepper Money’s Social Bond Framework (as of April 26, 2022).<sup>3</sup>
2. Pepper Money’s Sustainability Bond Allocation and Impact Report, benchmarked against the Harmonised Framework for Impact Reporting for Social Bonds, ICMA, September 2024.
3. The disclosure of proceeds allocation and soundness of reporting indicators — whether the impact metrics align with best market practices and are relevant to the social bond issued.

## PEPPER MONEY OVERVIEW

Pepper Money Limited engages in the provision of home loan, car loan, and personal loan solutions for borrowers. It operates through the following business segments: Mortgages, Asset Finance and Loan, and Other Servicing. The Mortgages segment includes both residential mortgages in Australia and New Zealand. The Asset Finance and Loan segment comprises of the the income and expenses associated with the origination and ongoing ownership of loans secured over a range of assets, including used and new cars, caravans, motor bikes and boats, and equipment finance. The Loan and Other Servicing segment consists of the income and expenses associated with the servicing of loan portfolios for third parties, and for pepper money controlled limited recourse funding vehicles. Its services include lending, asset finance, third party servicing, debt investor, and broker portal. Pepper Money was founded by Michael Culhane on August 30, 2000 and is headquartered in North Sydney, Australia.

<sup>2</sup> A limited or reasonable assurance is not provided on the information presented in Pepper Money’s Sustainability Bond Allocation and Impact Report. A review of the use of proceeds allocation and impact reporting is solely conducted against ICMA’s Standards (Social Bond) core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. Pepper Money is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter is free from material misstatement.

<sup>3</sup> The Framework was assessed as aligned with the Social Bond Principles as of May 19, 2022

## ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p><b>Part I</b></p> <p><b>Alignment with the Issuer’s commitments set forth in the Framework</b></p>	<p>Pepper Money’s Sustainability Bond Allocation and Impact Report meets the commitments set forth in its Social Bond Framework.</p>	<p><b>Aligned</b></p>
<p><b>Part II</b></p> <p><b>Alignment with Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB)</b></p>	<p>The Sustainability Bond Allocation and Impact Report is in line with ICMA’s HFIRSB. The Issuer follows core principles and, where applicable, recommendations.</p> <p>The Issuer has reported the bond allocation on an annual basis and disclosed the amount of proceeds allocated, target population, sector-specific core indicators and social impact, in line with the recommendations of the HFIRSB.</p>	<p><b>Aligned</b></p>
<p><b>Part III</b></p> <p><b>Disclosure of proceeds allocation and soundness of reporting indicators</b></p>	<p>The allocation of the bond’s proceeds has been disclosed, as proposed in the Framework.<sup>4</sup></p> <p>The Pepper Money’s Sustainability Bond Allocation and Impact Report has adopted an appropriate methodology to report the output and impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices.</p>	<p><b>Positive</b></p>

<sup>4</sup> The assessment is based on the information provided in the Issuer’s report. The Issuer is responsible for the preparation of the report, including the application of methods and procedures designed to ensure that the subject matter is free from material misstatement.

## REPORT REVIEW ASSESSMENT

### PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL BOND FRAMEWORK<sup>5</sup>

The following table evaluates the Sustainability Bond Allocation and Impact Report against the commitments set forth in Pepper Money’s Framework, which are based on the core requirements of the Social Bond Principles and best market practices.

SOCIAL BOND PRINCIPLES	OPINION	ALIGNMENT WITH COMMITMENT
<b>Process for project evaluation and selection</b>	<p>Pepper Money confirms to follow the process for project evaluation and selection described in Pepper Money’s Social Bond Framework. The Issuer applied the eligibility criteria set in the Framework to determine whether projects fit within the defined categories.</p> <p>ESG risks associated with the project categories are identified and managed appropriately, as defined in the Framework.</p>	✓
<b>Management of proceeds</b>	<p>Pepper Money confirms to follow the management of proceeds described in Pepper Money’s Social Bond Framework.</p> <p>The proceeds collected are equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked appropriately and attested in a formal internal process. Furthermore, all proceeds have been fully allocated.</p>	✓
<b>Reporting</b>	<p>The report is in line with the initial commitments set in Pepper Money’s Social Bond Framework.</p> <p><i>Further analysis of this section is available in Part III.</i></p>	✓

<sup>5</sup> Pepper Money’s Social Bond Framework was assessed as aligned with the SBP (as of June, 2021) as of May 19, 2022.

## PART II: ASSESSMENT AGAINST THE HARMONISED FRAMEWORK FOR IMPACT REPORTING

### FOR SOCIAL BONDS

Reporting is a core component of the Social Bond Principles, and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of annual reporting. Social bond issuers are required to report on both the use of social bond proceeds and the social impacts at least annually until full allocation. The HFIRSB has been chosen as the benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Pepper Money’s Sustainability Bond Allocation and Impact Report against the HFIRSB.

CORE PRINCIPLES		
HFIRSB	Sustainability Bond Allocation and Impact Report	ASSESSMENT
Reporting on an annual basis	Pepper Money has reported within one year of issuance and thereafter within one year of the last report. The report will be available on Pepper Money’s <a href="#">website</a> .	✓
Formal internal process to allocate proceeds	All proceeds allocated to social projects as of the Sustainability Bond Allocation and Impact Report August 12, 2025 have only been allocated to projects that meet the Framework’s eligibility criteria.  The Issuer confirms that the verification of social project eligibility for proceeds allocation is integrated into the regular lending/investment operations.	✓
Allocation of the proceeds to social project categories	In accordance with the criteria established in the Framework and the Social Bond Principles, Pepper Money has allocated the net proceeds of the bond issued under this Framework to existing eligible assets within the category: Australian owner-occupied mortgage loans to an underserved and undervalued population.  The Issuer reports on the notes paid down based on the cash flows generated by the pool of residential mortgage loans.	✓

	The Issuer identifies alignment of the project categories with market-wide social or development objectives.	
Target population(s) identified	The Issuer defined targeted populations for the respective project category as Australian owner-occupied mortgage loans to an underserved and undervalued population. This includes borrowers with complex income situations, credit impairments or previous bankruptcies. <sup>6</sup>	✓
Output, outcome and/or impact of projects at project or portfolio level	The Issuer referred to existing indicator lists and catalogs from Annex III of the HFIRSB (i.e., Number of beneficiaries: During the issuance of Pepper Social Trust No. 1 in 2022, 668 underserved borrowers were served and they continue to assist 191 current borrowers).  A detailed analysis of reporting indicators is available in Part III.	✓
Illustrating of the social impacts or outcomes	The Issuer displays the expected social impact enabled by the projects using quantitative indicators.  The assessment and measurement of the impacts generated by Pepper Money's social bonds covered the following areas: <ul style="list-style-type: none"> <li>▪ Number of beneficiaries (underserved borrowers) receiving a loan</li> </ul> Issuer reports annual actual impacts (ex-post).  The Issuer also discloses the method used for estimating the impacts. More information can be found in Part III.	✓

<sup>6</sup> "Complex income situations" refers to underserved and undervalued populations, typically made up of applicants with who are self-employed (i.e., sole traders operating under an Australian Business Number) or 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, fails to qualify for a major bank product due to minor issues, has suffered a life event resulting in a significant credit event or has a limited history of self-employment.

Bankruptcy is a legal status that indicates an applicant is unable to repay debts and has been formally declared bankrupt by a court. Pepper Money undertakes extensive credit checks on all applicants and obtains Equifax reports for all parties to a loan. Where past bankruptcy has occurred, the Equifax report is used to evidence discharge.

Prorated share of the overall impact results of the projects or portfolio of projects	The Issuer does not report the prorated share of the overall impact results of the projects or portfolio of projects as there is only one category financed.	✓
ESG risk management	The Issuer has a system to identify and manage ESG risks related to the financed projects.  The Issuer confirms that no negative effects have been identified in relation to the financed projects.	✓

**RECOMMENDATIONS**

HFIRSB	Sustainability Bond Allocation and Impact Report	ASSESSMENT
Report at project or portfolio level	Reporting was conducted on a portfolio basis, whereby proceeds from all of Pepper Money's outstanding social bonds funded a portfolio of projects.	✓
Define and disclose period and process for including/removing projects in the report	All of proceeds have been allocated to social assets. The Issuer confirms that no modification (removal or additional projects) of the portfolio is planned except for the loan repayments of the borrowers.	✓
Disclose a detailed description of the projects	The Issuer provides details of the projects (e.g., context, region, target population and definition of the target population).	✓
Disbursement reporting	The Issuer reports on the number of loans disbursed and there are no stages involved.	-
Indicate the total signed amount and the amount of social bond proceeds allocated	Pepper Money indicates the total signed amount and the amount of social bond proceeds allocated to eligible disbursements.  Signed amount: AUD 299,999,873.72	✓

to eligible disbursements

Allocated amount: AUD 299,999,873.72

Report on relevant sector-specific core indicators

Issuer is financing Australian owner - occupied mortgage loans to an underserved and undervalued population category, the Issuer reports on the indicators as Number of beneficiaries (underserved borrowers) receiving a loan as other indicators highlighted in the HFIRSB.



The HFIRSB currently only defines core indicators for affordable housing. For the other categories, the Issuer refers to the output indicators in Annex III of the HFIRSB.

Disclose the methodology and the assumptions used for the calculation of impact indicators

The Issuer reports on actual absolute output indicators and does not disclose qualitative impact indicators. The Issuer confirms regularly tracking these indicators on a monthly basis. These monthly reports are regularly published on Pepper Money's website.

N/A

Reporting on the overall impact and the prorated share of the overall results

The Issuer does not report the prorated share of the overall impact results of the projects or portfolio of projects as there is only one category financed.

N/A

Projects with partial eligibility

All projects are 100% eligible for financing.

N/A

Reporting on the estimated lifetime impacts and/or project economic life in years

There is no estimation of lifetime impacts, nor is the project's economic life in years reported.

-

OPINION

*Pepper Money follows HFIRSB's core principles and key recommendations. The Issuer provides transparency on the level of expected reporting and on the frequency, scope and duration, aligned with best market practices. The Issuer has reported the bonds allocation on an annual basis. Pepper Money has disclosed the amount of proceeds allocated, target population, sector specific core indicators and social impact, in line with the recommendations of the HFIRSB.*

## PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

### Use of proceeds allocation

Use of proceeds allocation reporting contextualizes impacts by presenting the number of investments allocated to the respective use of proceeds category.

Allocation reporting occurred within one year of issuance, after full allocation of the proceeds.

This is the third year of allocation reporting and 100% of the bond proceeds were allocated into the eligible pool, consisting of social notes, Non Conforming loans and Prime Loans. As of today ~230million of social notes has paid off Non Conforming Loans and Prime Loans, with 69.7 million remaining in the pool (an outstanding 23.24% allocation from the Social Notes Subscription, compare with the 35.39% of allocation in 2024. The use of proceeds allocation reporting occurred within the regular annual cycle after the issuance.

### Proceeds allocated to eligible assets

The allocation of proceeds towards the portfolio of eligible of assets is broken down at the portfolio level, by type of beneficiary of the loan. The Issuer has provided details about the funds allocated by beneficiary type and the number of beneficiaries at allocation and observation date.

The allocation reporting section of Pepper Money's Sustainability Bond Allocation and Impact Report aligns with best market practices by providing information on:

- Net proceeds raised from each Pepper Money social bond
- Aggregate of funds drawn against each Pepper Money social bond eligible portfolio

**Output reporting indicators**

The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome and/or impact of projects/assets using indicators.

ELEMENT	ASSESSMENT
<p><b>Relevance</b></p>	<p>The impact indicator chosen by the Issuer for this bond is the following:</p> <ul style="list-style-type: none"> <li>▪ Number of beneficiaries (underserved borrowers) receiving loan</li> </ul> <p>This indicator is qualitative and material to the use of proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics for Green Building Projects by the HFIRSB. This aligns with best market practices.</p>
<p><b>Data sourcing and methodologies of quantitative assessment</b></p>	<p>For its impact indicator, the Issuer uses the number of loan beneficiaries, in line with the core indicator proposed by the HFIRSB.</p> <p>Pepper Money confirms that it conducts extensive credit checks on all applicants. External Equifax reports are obtained for all parties to a loan. Upon applying, every applicant is allocated a distinct and exclusive customer ID. Internally, the Issuer utilizes this ID to identify borrowers and assess loan characteristics, ensuring compliance with social criteria. The Issuer confirms that there are no risks associated with the reliability or misstatement of data.</p>
<p><b>Baseline selection</b></p>	<p>The impact data is not compared with any baseline.</p>
<p><b>Scale and granularity</b></p>	<p>The impact data is presented at the use of proceeds category level for the indicator.</p>

### High-level mapping of the impact indicators with the U.N. Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the Issuer’s Sustainability Bond Allocation and Impact Report, the impact indicator adopted by Pepper Money for its social bond can be mapped to the following SDGs, according to ISS ESG’s SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer’s product or services on the U.N. SDGs.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Australian owner-occupied mortgage loans to an underserved and undervalued population</b></p>	

### OPINION

*The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown of the portfolio of eligible assets for eligible asset categories as proposed in the Framework. The Sustainability Bond Allocation and Impact Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices. In addition, the impact indicators used align with best market practices using the HFIRSB’s recommended metrics.*

**DISCLAIMER**

1. Validity of the External Review ("External Review"): Valid as long as the Pepper Money's Sustainability Bond Allocation and Impact Report a remains unchanged.
2. ISS Corporate Solutions, Inc. ("ISS-Corporate"), a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues External Reviews, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
3. External Reviews are based on data provided to ISS-Corporate by the contracting party and may change in the future, depending in part on the development of market benchmarks and ISS-Corporate's methodology. ISS-Corporate does not warrant that the information presented in this External Review is complete, accurate or up to date. ISS-Corporate will not have any liability in connection with the use of these External Reviews, or any information provided therein. If the External Review is provided in English and other languages, in case of conflicts, the English version shall prevail.
4. Statements of opinion and value judgments given by ISS-Corporate are not investment recommendations and do not in any way constitute a recommendation for the purchase or sale of any financial instrument or asset. In particular, the External Review is not an assessment of the economic profitability and creditworthiness of a financial instrument, but refers exclusively to social and environmental criteria.
5. This External Review, certain images, text, and graphics contained therein, and the layout and company logo of ISS-Corporate, are the property of ISS-Corporate (or its licensors) and are protected under copyright and trademark law. Any use of such ISS-Corporate property requires the express prior written consent of ISS-Corporate. The use shall be deemed to refer in particular to the copying or duplication of the External Review wholly or in part, the distribution of the External Review, either free of charge or against payment, or the exploitation of this External Review in any other conceivable manner.

© 2025 | ISS Corporate Solutions, Inc.

## ANNEX 1: Methodology

### Review of the post-issuance reports

The ISS-Corporate Report Review provides an assessment of labeled transactions reporting against international standards using ISS-Corporate's proprietary [methodology](#).

### High-level mapping to the SDGs

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary methodology based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent the Issuer's reporting and project categories contribute to related SDGs is identified.

## ANNEX 2: Quality management processes

### ISSUER'S RESPONSIBILITY

The Issuer's responsibility was to provide information and documentation on:

- Sustainability Bond Allocation and Impact Report
- Social Bond Framework
- Proceeds allocation
- Reporting impact indicators
- Methodologies and assumptions for data gathering and calculation
- ESG risk management

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent Report Review has been conducted by following ICMA's Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with Pepper Money took place in August 2025.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## APPENDIX: Bond identification

ISIN	MATURITY DATE	VOLUME (IN AUD)
AU3FN0068565	September 2063	80,000,000
AU3FN0068573	September 2063	145,000,000
AU3FN0068581	September 2063	43,200,000
AU3FN0068599	September 2063	11,100,000
AU3FN0068607	September 2063	7,500,000
AU3FN0068615	September 2063	5,400,000
AU3FN0068623	September 2063	2,400,000
AU3FN0068631	September 2063	2,400,000
Not Applicable (Class G1 Notes)	September 2063	1,500,000
Not Applicable (Class G2 Notes)	September 2063	1,500,000

## About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses the alignment of the Issuer's report with external principles (e.g., the Green/Social Bond Principles), assesses the alignment of the Issuer's report against the commitments in the respective Framework, and analyzes the disclosure of proceeds allocation, data source and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review so investors are as well-informed as possible about the proceeds allocation and the impact of the sustainable finance instrument(s).

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For information on Report Review services, please contact [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com).

### Project team

#### Project lead

Sakshi Gharat  
Analyst  
Sustainable Finance Research

#### Project support

Nishigandha Patil  
Junior Analyst  
Sustainable Finance Research

#### Project supervision

Marie-Bénédicte Beaudoin  
Executive Director  
Head of Sustainable  
Finance Research