

peppermoney

Environmental, Social
and Governance Report 2024



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Acknowledgement of Country

Pepper Money acknowledges Australia's First Nations people as the Traditional Custodians of the land and their continuing connection to country, sea and water. We pay respect to their Elders past and present.

Chair's Letter

Dear Shareholder,

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.

Over CY2024 we strengthened the Pepper Money Board's oversight and commitment to Environmental, Social and Governance (ESG) considerations with the establishment of the Board Environmental, Social and Governance Committee (BESG Committee), with a stated objective of ensuring good governance of our sustainability initiatives and providing an end-to-end oversight, review and Board accountability for ESG strategy, objectives, target setting, monitoring and reporting. We do this in line with existing and emerging ESG considerations including mandatory climate-related financial and other reporting requirements.

The BESG Committee works in conjunction with the Board Audit and Risk Committee (BARC) and the Board Remuneration and Nomination Committee (RemCo) on relevant ESG issues.

Environmental

CY2025 sees the introduction of the *Australian Sustainability Reporting Standard – AASB S2 – Climate-related Disclosures*. Pepper Money is well advanced in our efforts to meet the requirements to ensure effective adoption of the Standard. We are also acting to ensure that material climate-related matters are embedded in Pepper Money's strategy and that effective risk and governance frameworks are in place to monitor, assess and manage climate-related risks.

Social & Governance

In addition to climate related risks and opportunities, Pepper Money's ESG initiatives focus on customer wellbeing, contributions to and investment in the communities in which we operate, responsible business practices and governance to protect all our stakeholders as well as employee engagement and inclusion. We are currently further developing a detailed framework for each of these areas of focus.

We also consider Pepper Money's broader sustainability-related strategies and policies as we continue to innovate and collaborate with our employees and partners to drive sustainable growth and create lasting value for all our stakeholders. Our journey towards a more sustainable future is ongoing, and we are excited about the opportunities that lie ahead.



Justine Turnbull
Chair
Board Environmental,
Social and Governance Committee



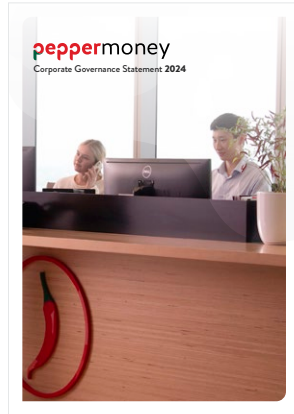
Therese McGrath
Chair
Management Environmental,
Social and Governance Committee



Introduction

Pepper Money Limited's (Pepper Money's) 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 CY2024 Annual Report and the Pepper Money CY2024 Corporate Governance Statement. These reports can be found at: www.peppermoney.com.au/about/



Important Notice and Forward-Looking Statement

Forward-looking statements

This report may contain forward-looking statements or opinions including statements regarding our intent, belief or current expectations with respect to the Group's business operations, market conditions, results of operations and financial condition, capital management, sustainability objectives or targets, specific provisions and risk management practices. Those matters are subject to risks and uncertainties that could cause the actual results and financial position of the Group to differ materially from the information presented herein. When used in the report, the words 'forecast', 'estimate', 'goal', 'target', 'indicator', 'plan', 'pathway', 'ambition', 'modelling', 'project', 'intend', 'anticipate', 'believe', 'expect', 'may', 'probability', 'risk', 'will', 'seek', 'would', 'could', 'should' and similar expressions, as they relate to the Company and its Management, are intended to identify forward-looking statements or opinions. There can be no assurance that actual outcomes will not differ materially from any forward-looking statements or opinions contained herein. Also refer to Section 8 of the Operational and Financial Review – **"Risk Management Framework, Material Risks and Business Uncertainties"** on pages 54-61 in relation to risks that may affect forward-looking statements, and the 'Key Judgements and Estimates' identified in various places in the Annual Report. Those statements are usually predictive in character; or may be affected by inaccurate assumptions or unknown risks and uncertainties or may differ materially from results ultimately achieved. As such, these statements should not be relied upon when making investment decisions. These statements only speak as at the date of publication and no representation is made as to their correctness on or after this date. No member of the Group undertakes any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Climate-related information

This report also contains climate-related statements. Those statements should be read with the important notices in relation to the uncertainties, challenges and risks associated with climate-related information in our 2024 Climate Statement.

Our Approach To ESG

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 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 and driving positive outcomes for 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.

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"**.

Australia's mandatory climate reporting regime was legislated in September 2024. It requires entities meeting certain size thresholds to disclose their climate related risks and opportunities. Pepper Money will approach climate reporting as a strategic opportunity to demonstrate the value and the resilience of its business. Pepper Money is committed to being a responsible and sustainable business that supports our people, customers and communities. Since 2021, Pepper Money has taken active steps to enhance ESG governance and continues to embed ESG considerations into our strategy, risk, and business management practices.

Our committees

ESG Working Group

In 2022, Pepper Money formed an **ESG Working Group** comprised of senior leaders from across the business. The purpose of the ESG Working Group is to establish, develop, and monitor Pepper Money's ESG Framework. The ESG Working Group is sponsored and led by Pepper Money's Chief Financial Officer (CFO) and meets on a fortnightly basis.

Since its establishment, the ESG Working Group has driven key ESG developments such as the establishment of Management level and Board level ESG Committees, drafted annual Sustainability Reports, developed and tracked ESG metrics, and remained actively engaged in regulatory updates.

The ESG Working Group is currently focussed on:

- understanding Pepper Money's carbon footprint;
- identifying gaps in data, processes, and capabilities;
- assessing assurance and/or verification options noting upcoming mandatory assurance requirements;
- identifying climate-related risks and opportunities;
- developing a climate strategy and transition plan to manage climate risks; and
- developing and communicating ESG reporting.

Our Approach To ESG

ESG Committee

Pepper Money has an established Management level committee, the **Management ESG Committee**, which considers and makes recommendations to the BESG Committee (established 2024) 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 Management ESG Committee took on the responsibilities of the previous Green, Social & Sustainability Bonds Investment Forum to ensure a consistent approach to ESG governance and decision making. The Management ESG Committee is Chaired by the CFO and comprises of Executives from across the business. The Management ESG Committee meets at least four times annually.

BESG Committee

In 2024, Pepper Money established a BESG Committee.

The BESG Committee assists the Pepper Money Board in fulfilling their obligations and responsibilities, in respect to ESG, by providing oversight of Pepper Money’s initiatives to advance on existing and emerging environmental, social, and governance objectives. The BESG Committee has the responsibility for oversight, review and endorsement of Pepper Money’s ESG approach, objectives and performance, including ESG targets.






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

Pepper Money’s Governance Framework








ESG Roles and Responsibilities

At Pepper Money, we collaborate to achieve our ESG strategy and objectives. We recognise that different functions of the business play an integral role in meeting ESG requirements. The following **Table of ESG Roles and Responsibilities** provides a snapshot of the roles and responsibilities of each business function involved in furthering Pepper Money's ESG strategy and initiatives.

Function	Governance 	Programs 	People & Process 	Technology & Data 	Change Management 
Board	Oversight, review and approval of the ESG vision and strategy, objectives and performance, including ESG targets.	Prioritise ESG program initiatives as key value drivers.	Set remuneration targets linked to ESG initiatives and considerations.	Awareness of investments in ESG technology. Oversight of data governance.	ESG tone from the top.
Executives	Set the overall ESG vision and strategic priorities. Ensure accountability and oversight over the ESG Framework.	Approve key ESG programs and initiatives. Allocate required resourcing for ESG activities across functions.	Lead by example in embedding ESG values. Promote a culture of ESG awareness.	Approve investments in ESG technology and data systems. Ensure robust data governance for ESG reporting.	Drive organisational commitment to ESG. Act as champions for transformational change across the business.
ESG Working Group (Organisation-wide cross functional team)	Set ESG strategy and governance standards. Monitor progress across functions.	Design and coordinate overarching ESG programs. Develop metrics for ESG performance tracking.	Establish ESG training and communications for employees. Guide each function in adopting ESG practices. Facilitate cross-functional ESG initiatives.	Oversee ESG data analytics and tracking systems. Ensure data accuracy and transparency across ESG reporting.	Monitor change impact and adaptation across teams. Adjust strategies based on feedback.
Mortgages / Asset Finance Business Units	Oversee ESG guidelines for lending policies and decision-making. Implement ESG risk assessments.	Develop ESG lending programs. Assess portfolio alignment with ESG goals.	Train staff on ESG principles for lending. Implement ESG screening in lending processes.	Use available ESG risk assessment tools for portfolio management and credit assessment. Collect and analyse data on loan impacts to support ESG metrics.	Adapt lending policies to align with ESG strategy.
Treasury	Oversee ESG-related funding programs.	Explore ESG funding opportunities and initiatives.	Increase awareness of Pepper's ESG initiatives.	Provide any specific data requirements for funders.	Adapt funding and investment strategy / policies.
Human Resources	Support governance through policies on diversity, equity, and inclusion (DEI), employee well-being, and conduct. Ensure compliance with Workplace Gender Equality Agency (WGEA). Compliance with physical security and Workplace Health and Safety (WHS).	Develop programs for DEI, employee wellness, and social responsibility. Promote a sustainable work culture. Develop committee action plans. Provide legislative updates and education.	Lead ESG-related training programs. Integrate ESG in recruitment and performance management. Learning through education, Safetrac and Learning@pepper.	Facilitate access to ESG e-learning and training platforms. Track employee engagement and ESG data and insights.	Drive cultural shifts toward sustainability. Facilitate change in employee behaviour, through education and communications. Equip leaders with the skills to take ownership and have a positive impact on ESG.

Our Approach To ESG

Function	Governance 	Programs 	People & Process 	Technology & Data 	Change Management 
Investor Relations	Develop and communicate ESG public statements				
Marketing & Brand / Corporate Development	Develop and communicate ESG brand and public statements.	Lead awareness and external engagement initiatives. Develop campaigns promoting ESG goals.	Support ESG training and communications for employees. Define external communication protocols.	Work with Technology to manage ESG-related data for accurate external reporting. Use data insights to enhance customer engagement strategies.	Coordinate ESG messaging in internal and external channels. Support change initiatives.
Legal / Risk and Compliance	Ensure governance frameworks include ESG compliance. Address ESG risks in corporate governance.	Advise on ESG-related policies, particularly risk and compliance. Monitor and report on ESG risks.	Embed ESG standards in risk management processes. Update risk training to include ESG criteria.	Support compliance tracking systems for ESG reporting. Manage data for ESG-related risk assessments and compliance.	Manage legal and compliance changes.
Finance	Oversee ESG-related financial disclosures and regulatory compliance. Ensure integration with financial governance frameworks.	Manage ESG budgeting and funding programs. Track financial impacts of ESG initiatives.	Implement ESG financial standards and controls. Train finance staff on ESG reporting.	Integrate ESG criteria in financial systems and reporting tools. Use data analytics to assess financial risks and opportunities linked to ESG.	Embed ESG in financial decision-making processes. Adapt funding and investment strategy / policies.
Technology	Work with relevant business areas to implement necessary system changes, data capture, and reporting mechanisms for ESG obligations. Assist with integrating ESG requirements into existing processes to define, prioritise, build, test, and deliver required outcomes. Support business-as-usual processes, data flows, and systems to ensure reliable and routine ESG reporting.				
Procurement	Establish policies for responsible sourcing and supply chain transparency. Enforce ESG vendor criteria.	Implement vendor screening for ESG compliance.	Train procurement team on ESG supplier standards. Include ESG criteria in vendor assessments.	Use technology to assess suppliers' ESG compliance. Track and analyse ESG-related supplier data for reporting.	Promote supplier engagement in ESG initiatives.

Our Stakeholders

Pepper Money's pillars for success of **"Experience, Performance and Brand"** link our vision and mission to our strong values and culture. These pillars are designed to have a positive impact on our stakeholder groups. We recognise 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. We will continue to engage with our stakeholders and respond to their evolving needs in developing our ESG strategy and initiatives.

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.

Stakeholders

Our customers

530,000+ Customers Helped

16 Home Loans NPS

39 Asset Finance NPS



Customers are at the heart of how we do business given our mission to "help people succeed". In support of our strategic pillar of "Experience" over 2024 we embarked on a business-wide effort to define and deliver consistently exceptional experiences to all our customers – unlocking the **"X" Factor**, to build experience excellence into every part of our ecosystem including our customers.

The success of the work to date is delivering results – with our annual **Customer Net Promoter score (NPS) Survey**¹ seeing significant increases in advocacy across all core Pepper Money products, when compared to the total market.

Our people

75 Employee Engagement² Score

86 Manager Impact³ Score



Our employees are our biggest asset and key to building a strong business. Our Employee Engagement Survey shows high levels of engagement across the organisation, with a combined⁴ score of 75. This is supported by the results of the Manager Impact Survey at 86.

We have always fostered a diverse and inclusive culture through education and celebration, maintaining high female representation at all levels with 55% of our workforce and 46% of our senior leadership roles being held by women⁵.

Our investors

100+ Debt Investors

3,000+ Equity Investors



Our 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.

Our four public securitisation programs – PRS and Pepper Prime⁶, SPARKZ⁷ and Pepper Social⁸ – are supported by over 100 investors and Pepper Money is proud to say that since commencing our securitisation program in 2003, we have called every securitisation at the first available date.

In May 2024, following the maturity and repayment of our Corporate Debt Facility (CDF), we entered a new syndicated 3-year revolving credit facility. Demand for the facility was positive – allowing us to upsize the facility from \$200 million to \$270 million, with three of the four major Australian banks participating.

Our approach to capital management is also focused on providing returns to our shareholders. At the half year in 2024 we declared a fully franked interim dividend of 5.0 cents per share, reflecting a 47.5% on Pro-forma NPAT for the six months to 30 June 2024, up from 30.0% for CY2023 interim. In declaring a dividend our Board always strives to balance the needs and interests of all of our stakeholders with our potential growth opportunities.

1. Survey conducted by RFI Global – Pepper Money NPS measurement and tracking, September 2024.

2. Annual Employee Engagement Survey conducted by VIVA Glint from 16-27 September 2024. Represents a combined score for Australia, New Zealand and the Philippines.

3. Manager Impact Survey conducted by VIVA Glint from 01-12 July. Represents a combined score for Australia, New Zealand and the Philippines.

4. The combined score for Pepper Money Australia, New Zealand, and the Philippines.

5. Reported as at 31 December 2024.

6. PRS and Pepper Prime – Pepper Money's Residential Mortgage-Backed Securitisation (RMBS) programs.

7. SPARKZ- Pepper Money's Asset-Backed Securitisation (ABS) program.

8. Pepper Social – are Social Bonds that provide Pepper Money with funding to finance loans that deliver positive social outcomes.

Our Approach To ESG

Our community

30+ Charities Supported

\$200k Donated



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.

In November 2024, Pepper Money was announced as the major sponsor for the West Tigers NRL Club from the 2025 season. As part of the three-year deal, Pepper Money will partner with “West Tigers Empower”, the West Tigers community engagement arm. Pepper Money intends to enhance community initiatives and bring fans closer to the action than ever before.

Our partners

Brokers, Aggregators and Consultants

35 Broker NPS⁹

27 Introducer NPS¹⁰



At Pepper Money, we value positive and collaborative relationships with key partners and suppliers to make a positive impact on the environment and society. We invest in our partner experience to deliver on our service promise of being “**People’s first choice non-bank**”.

Our Asset Finance Solana originations platform supports partners and customers through automation and API connections, achieving high auto-approval rates for Tier A and Novated Lease customers.

In Mortgages, we have invested in digital tools like the Pepper Product Selector (PPS), which integrates with aggregators’ CRMs to provide real-time credit assessment, product selection, and approval. This tool saves brokers time and increases customer choice and transparency. A successful pilot of PPS led to a 29% volume increase for a major aggregator, with plans to expand to other aggregators in 2025.

We are committed to making on-time payments to small suppliers. We transparently report our payment terms and practices through the Payment Times Reporting Scheme.

Industry bodies and associations



Pepper Money is an active member of a range of industry bodies and associations.

We strive to work with industry bodies and associations to provide meaningful input and assistance to our industry.

Pepper Money’s CEO, Mario Rehayem, is the current Chair of the Board of the Australian Finance Industry Association (AFIA). Mario plays a key role in furthering AFIA’s important work in championing a thriving finance industry into the future by acting in the interests of Australian customers and communities.

Pepper Money’s CRO, Michael Vainauskas, currently sits on the General Committee of Risk Management Association Australia (RMA). RMA provides a forum for risk professionals to develop their professional growth, increase awareness of emerging risks, and support education in best practices in risk management.

Regulators and government bodies



Pepper Money recognises the importance of having a trusted and transparent relationship with regulators and government bodies. This commitment is fundamental to our operations and ensures that we adhere to the high standards of compliance and ethical conduct. By fostering open communication and collaboration with regulatory authorities, we aim to build a foundation of trust and accountability.

We believe that maintaining transparency in our dealings not only helps us meet regulatory requirements but also enhances our reputation as a responsible financial institution. This approach allows us to navigate the complex regulatory landscape effectively, ensuring that we remain compliant with all relevant laws and regulations.

9. Survey conducted by Pepper Money NPS Research – Q4 2024

10. Survey conducted by Pepper Money NPS Research – Q4 2024

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.

Developing Our Material Themes

In CY2021, Pepper Money undertook an initial materiality assessment in accordance with the Global Reporting Initiative 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 where Pepper Money can make the greatest impact.



Defining Our Material Themes

These five focus areas identified under our material themes are further defined as follows.



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 & Opportunities



We recognise the importance of making positive changes to how we run the business to 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 & 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 & 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 make a difference in areas of the community that are underserved by traditional support structures.



Proposed Candidate Measures

We have taken these five focus areas and began developing a governance framework and identifying candidate measures for each of these focus areas.

ESG

Material Topics & KPIs

Business



Board composition

Remuneration

Compliance

Conduct

Privacy

Supplier, brokers and introducers

Climate



Physical risk exposure

Transitional risk exposure

Climate-related opportunities exposure

Capital deployment to climate exposure

Exposure to weather-related catastrophes

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

These candidate measures reveal our areas of focus in ESG across 2024. Continuing to make progress across these metrics remains our goal in 2025.

Environmental

Climate Statement

Pepper Money Limited is committed to supporting the Australian Government in achieving its ambition to reach net zero greenhouse gas emissions by 2050.

CY2025 sees the introduction of *Australian Sustainability Reporting Standard – AASB S2 – Climate-related Disclosures*. Pepper Money is well advanced in our efforts to meet the requirements to ensure effective adoption of the Standard. Pepper Money is reviewing policies to support our ambition and to identify pathways to effectively manage greenhouse gas emissions. We are committed to disclosing, monitoring and controlling our climate footprint to ensure a positive legacy for our communities. We are also acting to ensure that material climate-related matters are embedded in Pepper Money's strategy and that effective risk and governance frameworks are in place to monitor, assess and manage climate-related risks.

Our areas of strategic focus

We aim to:

1. **Deliver** tailored customer solutions and explore opportunities as we transition to a lower carbon economy that meet our mission to “help people succeed” while supporting their financial goals.
2. **Identify and integrate** the climate-related risks and opportunities presented by climate change and climate policy in our way of doing business by using relevant data and analysis, including scenario analysis, to inform our decisions.
3. **Engage** with our stakeholders in our business model and value chain to better understand and support their disclosure and management of the risks and opportunities presented by climate change and climate policy.
4. **Disclose publicly** our plans for, the actions we have taken, and the progress we have made in addressing climate-related risk and investing in climate-related opportunities.

Managing the journey

As we build out the pathways to deliver on our climate commitments we recognise and will seek to manage for the following:

1. **Transition risk** – the structural changes required to move from a high-carbon to a low-carbon economy which could result in a reassessment of the value of a range of assets. This could be driven by higher explicit or implicit carbon prices because of tighter environmental regulations, the adoption of energy-efficient and disruptive technologies, or market changes.
2. **Physical risk** – more frequent and severe climate events, as well as longer-term shifts in climate patterns, could result in the devaluation of assets due to physical damage to property and facilities, disrupted global supply chains and reduced access to natural resources.
3. **Climate opportunities** – at an operational level, companies can benefit from efficiency and cost savings associated with reducing greenhouse-gas emissions. There is also a growing market for existing and new technologies to mitigate the impact of climate change. We will seek to identify and integrate climate-related risks and opportunities into our product development.

Progress to date:

We are well-progressed in our assessment of material climate-related risks and opportunities:

1. We have reviewed the taxonomy of risks and opportunities (Strategic, Financial, Compliance and Operational) applying the lens of climate change.
2. We have analysed corporate climate disclosures and are investigating approaches to climate resilience assessment, scenario analysis, and metric setting.



Customer Wellbeing

At Pepper Money, we not only provide tailored financial solutions to our customers in line with our mission, we also prioritise the financial wellbeing of our customers by providing helpful resources to improve their financial literacy. Listening to our customers is critical for us to understand their changing needs and find opportunities for improvements.

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

Customer NPS

Our annual Customer NPS Survey¹¹ results across all three product categories exceeded the market with a greater ratio of promoters.

Our NPS have exceeded industry average as customers are at the forefront of how we do business. At the end of 2024 Pepper Money has now helped 530,304 customers¹² and has an aspiration to have helped more than 1 million customers by the end of 2029¹³.

Mortgage

+16

vs industry -5



Asset Finance

+39

vs industry +16



Personal Loans

+65

vs industry +18



Our customers are the core of what we do. We are working hard to provide new opportunities to “**help people succeed**” in 2025 through **Project X** and our customer engagement programs.

Project X

Project X is an ongoing business-wide effort to define, deliver and operationalise consistent exceptional experiences to all current and future Pepper Money customers.

In support of our “Experience” strategic pillar, over 2024 we set out to understand the end-to-end customer journeys and map the key experience moments and value drivers to design “X Factor” experiences. This has seen all areas of the business working together across our people, processes, systems and communications to deliver real improvements.

CY2024 initiatives delivered:

- Formal in-house customer experience research program established
- Customer engagement, onboarding and retention journeys mapped across the end-to-end experience
- Customer contact centre training refreshed with launch of new soft skills program across person-to-person, email and online channels addressing empathy, active listening, tone of voice and use of everyday language
- Escalation processes refreshed to enable rapid triaging and accelerate resolution capability

11. Survey conducted by RFI Global – Pepper Money NPS measurement and tracking, September 2024.

12. Cumulative number of customers from 2004 to 31 December 2024.

13. Cumulative number of customers from 2004 to 31 December 2029.



Customer Wellbeing (cont.)

Customer Support Hub

To support our customers, we offer dedicated digital resources and tools with the aim to uplift and enhance their financial literacy and online security awareness. Our updated Financial Support Hub was launched in July 2024, combining contact details for customers in hardship, access to external support services, FAQs around hardship, as well as more information around Statement of Financial Position, and Comprehensive Credit Reporting.

46,000 views in CY2024 from more than 26,000 users, significantly **up from 27,000 views** from more than 15,000 users in CY2023.

Security Hub

Our Security Hub was also enhanced during the year with four new articles published. This hub focuses on keeping our customers safe and secure online. The section includes information on all types of security including the latest security alerts, staying safe online, who to contact in case of emergency, and access to several external cyber security resources.

874 views in CY2024 from 684 users, **up from 357 views** from 233 users in CY2023.

Customer Stories Program

To educate and inspire the broader community we brought to life the stories of our customers whom we were able to offer tailored financial solution that met their financial needs in order to succeed. In 2024, we delivered 20 new customer story clips from Pepper Money customers and these were leveraged across our website and social media channels.

7,000 website views from 5,500 users across Australia, and 300,000 impressions and 78,000 reached across social media channels in CY2024.

Customer Resource Articles

We publish insightful written and video content to our website throughout the year to improve financial literacy of the Australian community so they can better understand their options and how Pepper Money may be able to help. Educational resource articles published include: 'Understanding Home Loan Fees', 'Types of Home Loans', 'Principal and Interest versus Interest Only Repayments', 'How to Buy a Second Home', and 'Low Deposit Home Loans'. Educational videos published include: 'Interest Rates', 'Banks versus Non-Banks', and 'Understanding the RBA's role in your home loan rates'.

266,000 views from 178,000 users in CY2024.



Employee Engagement & Inclusion

At Pepper Money, we acknowledge that an engaged and diverse workforce leads to positive outcomes and enhanced overall performance. We are dedicated to creating an environment that promotes diversity and inclusion while upholding our commitment to a high-performance culture.

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

Engagement

The strength of our employee engagement is a testament to the capability of our leaders and the culture we have built, which is underpinned by our Values of:

Can do



Balanced



Real



Our annual employee engagement¹⁴ score remains strong at 75, with a favourability score of 74%. Our high participation rate of 88% demonstrates our employees are confident that their voice will be heard and their feedback and suggestions will lead to meaningful change.

In 2024, we launched our inaugural Manager Impact Survey¹⁵, seeking feedback from employees on their leader's effectiveness. Our Manager Impact score was strong at 86, demonstrating that most employees are satisfied with their leader.

We complement these surveys with our annual Technology Customer Satisfaction Assessment Tool (CSAT) survey, that helps identify opportunities to improve our digital workplace and drive efficiencies, and our annual Diversity Survey which provides us with key information on the demographic profile of our workforce and feedback on the equity and inclusivity of our culture as seen through the eyes of our employees.

We are committed to building on our high levels of engagement in 2025.

Diversity, Equity and Inclusion

Pepper Money fosters an environment that values diversity at all levels through a conscious desire to achieve understanding, respect, inclusion and continuous learning. We recognise that a diverse workforce accurately reflects the communities we serve and brings a wealth of perspectives and ideas that drive innovation and high performance amongst our workforce and enhances our ability to serve our customers effectively.

Our diversity, equity and inclusion strategy is underpinned by our guiding principles of **Allyship, Celebrate and Educate (ACE)**. Our leaders are supported to ensure they are making equitable and fair decisions relating to their people. Our Diversity, Equity and Inclusion team, comprised of volunteers from across the business, lead numerous initiatives and events to raise awareness across a variety of diversity streams including gender, ethnicity, disability and sexual orientation.

It is through these initiatives that our employees are encouraged to be themselves and reach their potential at Pepper.

14. Annual Employee Engagement Survey conducted by VIVA Glint from 16 - 27 September 2024. Represents a combined score for Australia, New Zealand and the Philippines.

15. Manager Impact Survey conducted by VIVA Glint from 01 - 12 July. Represents a combined score for Australia, New Zealand and the Philippines.



Employee Engagement & Inclusion (cont.)

Diversity, Equity and Inclusion (cont.)

As at December 2024:

- Our workforce was **55% female, 45% male**
- **46%** of senior management roles were held by female
- **45%** of our succession and key talent pool were female

Our commitment to promoting an inclusive workplace is demonstrated through feedback from employees in the CY2024 annual Employee Engagement survey:

- **Inclusion:** Diverse perspectives are valued at Pepper Money – 80
- **Equal Opportunity:** Regardless of background, everyone at Pepper Money has an equal opportunity to succeed – 80
- **Fair Treatment:** I am treated fairly at Pepper Money – 80

Additionally, feedback from our annual Diversity Survey¹⁶ tells us that **82% of employees** feel that diverse perspectives are valued at Pepper Money, **84%** feel comfortable being themselves at work, and **81%** feel that we treat each other with respect.

Investment in our People

In 2024, we continued to invest in our people through leadership development, regular performance check-ins, reward and recognition programs, and upskilling initiatives.

In line with enhancing the experience for Pepper Money customers, Project X also aims to enhance the experience of our people. Initiatives delivered in 2024 included:

- AI enabled across Pepper speeding content creation and knowledge navigation
- Revamped our reward and recognition program to provide a greater focus on recognising employees who are providing positive experiences to their customers
- Facilitated leadership forums for senior leaders to collaborate on strategic and operational solutions
- Learning opportunities for personal development and career growth
- Empathy training and support for our customer facing employees
- Updated onboarding program to support the long-term success for new employees
- The creation of our Women at Pepper networking forums, which are dedicated to supporting and developing our key female talent

Wellness

We remain committed to promoting and maintaining a safe and inclusive culture that supports our employees to succeed. Our wellbeing programs continued to promote a healthy workplace where our employees are supported to manage their mental health and physical wellbeing. Our programs include:

- 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 and mental health, including yoga, weekly sport, and corporate massages
- Launch of office social groups to drive connection
- Continued promotion of our Employee Assistance Program (EAP)

16. Diversity Survey conducted by VIVA Glint from 18-22 March 2024.



Community Contribution & Investment

Pepper Money’s mission to “help people succeed” drives our investments in our local community. Community program selection and investment execution are made by the **Pepper Giving Committee** in accordance with **Pepper’s Giving Framework**.

We recognise the importance of supporting and building resilient communities

Pepper Giving

The **Giving Committee** empowers employees from across Pepper Money to give back to our local communities, either financially or through volunteering opportunities. The committee allocates resources through four programs: **Big G**, **Medium G**, **Small G**, and **Volunteering Opportunities**.

- 1 **Big G:** this program sees Pepper Money partner with a charitable organisation to provide support and funding via a large annual donation. In 2024 we partnered with the Women’s and Girls’ Emergency Centre (WAGEC).
- 2 **Medium G:** employees are given three opportunities throughout the year to vote for a charity to receive a generous donation. Donation recipients in 2024 covered a wide range of causes, including Youth off the Streets, Lifeline, Aboriginal Legal Service (NSW/ACT), and the National Breast Cancer Foundation.
- 3 **Small G:** this program empowers employees to apply for a financial contribution to a charity or cause that is important to them. Through this program, we donated to 28 causes across Australia and the Philippines in 2024.
- 4 **Volunteering Opportunities:** we leverage the power of our people to give back to the community through regular volunteering opportunities. In 2024, we gave back in numerous ways including:
 - tree planting at the La Mesa Ecopark
 - gardening days with Greater Sydney Landcare
 - assembling festive season hampers for WAGEC clients
 - making sandwiches for children experiencing food insecurity through Our Big Kitchen
 - providing employees with 242 hours of volunteer leave to allow them to donate their time to a cause that is important to them

The following financial support was provided to communities and organisations through our CY2024 Pepper Giving program¹⁷:

CY2024 Pepper Giving Support	\$'000
Domestic violence and child protection	82
Youth support and education	72
Medical support and mental health	23
Community contributions	13
Volunteering enablement	8
Animal welfare	2
Environmental Sustainability	1
Total¹⁸	200

17. Including all donations made in Australia, Philippines, and New Zealand denominated in Australian dollars.

18. Sum of all categories does not equal total due to rounding.



Community Contribution & Investment (cont.)

Other Initiatives

Blood Drive: Pepper Money has continued to partner with Australian Red Cross Lifeblood on a blood drive initiative where our employees volunteered and donated whole blood, plasma and platelets. To date these blood donations will be used to save 213 lives and we hope this number will increase as we continue to participate in the 'Lifeblood Financial Services Blood Challenge'.

Panthers on the Prowl: In 2024, Pepper Money donated \$50,000 to the Panther's on the Prowl **Building Young Men Project**. This project pairs a young man with a mentor and promotes self-confidence, resilience, and psychological wellbeing. The positive impact of the program is illustrated in the testimonials below:

General Manager: "... I know I have expressed this in the past, but the Pepper contribution to this program is so very significant..."

For many of the boys making their transition in to manhood, this was a very memorable and impactful moment for them, and a sign that they are a very valuable member of the community. It is these tangible differences that are so rewarding to see, thanks to the continued support and sponsorship of Pepper Money."

Parent #1: "The program has been an outstanding success for our son. May it continue long into the future."

Parent #2: "This is a fantastic program. I hope it continues to grow for young men around the area."

Parent #3: "A brilliant program so desperately needed in this day and age."

Interest Free Financing: Pepper Asset Finance worked with KC Equipment Sales, Tropical Fruit World, and QPF Finance Group to provide interest free financing of a new tractor for the Cabarita Beach Surf Life Saving Club.

Tigers Sponsorship: In December 2024, Pepper Money entered a three-year deal with West Tigers starting from the commencement of the 2025 NRL season. This will see us partner with "West Tigers Empower" to uplift their community engagement initiatives.



Responsible Business

Pepper Money conducts business 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.

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

Disclosure framework

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**.

Doing the right thing

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 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.

Pepper Money's Conflicts of Interest Policy sets out our approach to identifying and managing actual, potential and perceived conflicts of interest.

Under the *Australian Modern Slavery Act (2018)*, Pepper Money is required to prepare an annual statement describing the risks of modern slavery across our operations and supply chain, and the actions taken to address the risks. **Pepper Money's 2023 Modern Slavery Statement** was published in June 2024.

Pepper Money's policies in respect to the above can be found at: www.peppermoney.com.au/about/corporate-governance



Responsible Business (cont.)

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.

Pepper Money's Continuous Disclosure Policy can be found at:

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

Risk Management

At Pepper Money, we understand the importance of continuing to invest and mature our 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 BARC, BESG Committee, Executive Committee (Management), Executive Risk Committee (Management), Credit Committee (Management), Environmental, Social and Governance Committee (Management), Product and Pricing Committee (Management) and Asset and Liability Committee (Management).

Pepper Money operates in adherence to its Risk Management Framework, 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 oversee 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 above. 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.



Responsible Business (cont.)

Privacy and Safeguarding Information

Pepper Money seeks to protect the personal information and privacy of our customers. We have implemented robust security and privacy controls around the collection and handling of personal information, in accordance with our Privacy Policy, which we continue to monitor and evolve. This policy outlines the methods and practices we use to collect, handle, and protect personal information. Pepper Money's Privacy Policy can be found at: www.peppermoney.com.au/about/corporate-governance

For suppliers who collect or handle personal customer information on our behalf, we adopt a risk-based approach to due diligence assessments. This involves a review of their data and privacy governance, policies, and incident response capabilities to ensure they align with our standards and responsibilities. We acknowledge that the challenges of keeping our data and customers safe are continually evolving, and we strive to meet both regulatory and customer expectations.

We recognise that the nature of information we hold increases the likelihood of targeted cyber-attacks. As cyber threats continue to rise and escalate, maintaining strong cyber security and privacy measures is of paramount importance to us. Cyber security, particularly system-level resilience to minimise disruptions and enhance the protection of customer and employee information, remains one of our priorities.

To keep pace with regulatory and technological advances, we continuously review and evolve our internal processes, policies, and security tools. We periodically engage external firms and subject matter experts to review and provide feedback on our cyber strategic priorities. Our security team is dedicated to understanding the evolving threat environment, identifying our own strengths and weaknesses and implementing effective measures and tools to protect the Pepper business and our customer data.

Our commitment to cyber security and privacy is on-going and we are constantly striving to enhance our defences and safeguard the trust our customers place in us.

Tax

We strive to maintain transparent and collaborative relationships with tax authorities. This involves open communication and cooperation to ensure that our tax affairs are managed responsibly and in accordance with the law. We believe that by doing so, we contribute positively to the societies in which we operate, supporting public services and infrastructure that benefit everyone.

Our commitment to responsible tax management is an integral part of our broader corporate responsibility strategy.

By aligning our tax practices with our values and strategic goals, we aim to support sustainable growth and create long-term value for our stakeholders, including our customers, employees, and the communities we serve.

Our Ongoing Commitment to ESG

Pepper Money's commitment to ESG initiatives remains steadfast as we continue to integrate sustainable practices into our business. The work we have completed in 2024 has contributed significantly to achieving our core mission to **"help people succeed"**.

We are committed to fostering a culture of innovation and collaboration, working closely with our dedicated employees and valued partners. By leveraging our collective expertise and resources, we aim to drive sustainable growth and generate lasting value for all our stakeholders. Our journey towards a more sustainable future is a continuous process and we are enthusiastic about the opportunities that lie ahead.



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