

# Aldermore Group Principles for Responsible Banking

## Self-Assessment Report

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March 2024

Data classification: Public

The Aldermore logo features the brand name in a bold, sans-serif font, with the letter 'o' in 'more' highlighted in yellow.

PRINCIPLES FOR  
RESPONSIBLE  
BANKING



# Introduction and context

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In October 2020, FirstRand Limited (FirstRand) became a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (the Principles).

In October 2022 Aldermore Group, FirstRand's UK franchise also became signatories. Aldermore is one of 320+ global banks to sign up to the initiative to date.

The following pages detail our self assessment, as we continue the journey to reduce our negative impact, and use core business operations for good, benefitting our wide range of stakeholders.

The Principles, launched in September 2019, are designed to provide a universal framework for sustainable banking practices and encourage the banking industry to demonstrate how it makes a positive contribution to society. The group believes the intended application of the Principles

provides an important underpin to the way financial services can deliver better and more sustainable outcomes for broader society. The Principles reinforce Aldermore's stated purpose of 'backing people to go for it, in life and business' – creating societal and financial value using our core business activities.

As specialist lender, with deep expertise across Property Finance, Business Finance, Motor Finance and Savings, Aldermore can meaningfully contribute to and learn from this global coalition, as support these industries as they embark on their journeys to greener and more socially impactful futures. Aldermore has four years to reach full compliance with the Principles. The following table sets out the group's response to the reporting and self-assessment requirements for signatories of the Principles. It reflects progress made in the first 18 months since becoming a signatory.

## **This is Aldermore Group's inaugural report for the Principles for Responsible Banking, which outlines our self assessment of our progress and implementation of the six principles:**

1. Alignment
2. Target setting
3. Clients and customers
4. Stakeholders
5. Governance and culture
6. Transparency and accountability

# Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<b>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</b>	<p>Aldermore is a UK bank that was founded amid the global financial crisis in 2009, where small businesses were underserved and struggling to gain credit to fuel their growth. Aldermore emerged to serve the underserved, which has remained a key tenet of our purpose and strategy ever since.</p> <p>As a multi-product specialist lender, we provide straightforward lending and savings products to small and medium-sized enterprises (SMEs), homeowners, landlords and individuals.</p> <p>Aldermore's purpose is to 'back more people to go for it, in life and business'. This guides everything we do and extends beyond just the products and services we offer. To ensure this purpose remains central to all activity, it sits at the heart of what we call our 'Blueprint', bringing together the 'what' and the 'how' to make it happen</p> <p>Aldermore Group is made up of two operating companies, Aldermore Bank PLC and MotoNovo Finance Limited and is part of FirstRand Group, the largest financial services group in Africa by market capitalisation. We have over 2,500 employees across five UK locations, all working towards supporting the needs of our 825,000+ customers across four different business lines: Property Finance Business Finance Motor Finance Savings</p> <p>Aldermore Group PLC is regulated by the Prudential Regulation Authority and the Financial Conduct Authority and is registered under the Financial Services Compensation Scheme.</p>	<p><a href="#">Aldermore Website</a></p> <p><a href="#">Aldermore Annual Report</a></p> <p><a href="#">Aldermore Report to Society 2023</a></p>

# Principle 1: Alignment

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</b></p>	<p>Aldermore Group has always been a purpose led organisation, seeking to serve the underserved, this is evident in our group purpose blueprint.</p> <p>We believe that purpose-led business can play an important part in driving the change we need across the country. In our inaugural Report to Society in 2022, we provided a view of how we align our activities to the United Nation's Sustainable Development Goals. While we still recognise their alignment to our strategy, we have opted since to focus on reporting to the more regionally focused UK Purpose Goals. The Purpose Goals cover key life stages as well as the main barriers that stand in the way of opportunity and were developed by the Purpose Coalition which is led by Justine Greening, the former International Development Secretary for the UK. Through our work with The Purpose Coalition, we highlight best practice and develop collaborative solutions to the challenges that the country is facing. We have assessed our activity against a set of 14 Purpose Goals and are aligned with the 7 where we can make the most difference.</p> <p>The financial services sector has a key role to play in this work and our report to society showcases how Aldermore is actively leading the way in making a tangible social impact. Our purpose is very clear in everything we do – to back more people to go for it, in life and business. Underpinning our work is a commitment to four areas of impact:</p> <ul style="list-style-type: none"><li>• Financial inclusion</li><li>• Financial wellbeing</li><li>• Climate impact</li><li>• Economic transformation</li></ul> <p>These are critical challenges that society needs to address if we are to become more financially and stimulate economic growth as a country. These four areas have also been identified through our impact assessment as the areas where we believe we can have the most material impact and will work to ensure all impact is as positive as possible.</p>	<p><a href="#">Page 11 - Aldermore Report to Society 2022</a></p> <p><a href="#">Page 16 - Aldermore Report to Society 2023</a></p> <p><a href="#">Our purpose – Aldermore website</a></p>

# Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>2.1 Impact Analysis</b></p> <p><b>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</b></p> <p><b>a) Scope:</b> The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p>	<p>As a UK focused bank, we understand that our impact largely lies in the products and services we provide, and stake holders we choose to engage with both up and downstream of these products and services and our business culture, and how we go about our core business activities.</p> <p>Aldermore Group has identified areas of greatest materiality where it can both positively and negatively impact society, these areas are aligned to the sustainable development goals and form the basis of our sustainability strategy, and social reporting through our annual report to society.</p> <p>Our impact analysis informed our focus areas of:</p> <p><b>Financial wellbeing:</b> Empowering society to feel more confident about money by improving financial literacy, resilience and independence. We are committed to helping people feel more confident and in control of their finances, with financial wellbeing being essential in protecting our partners and colleagues' mental health as well as ensuring that they are on track for a healthy financial future. Linked to Purpose Goals: 4. Right Advice and Experience, 7. Widening Access to Credit and Saving.</p>	<p><a href="#">Page 10 - Aldermore Report to Society 2023</a></p>

# Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p>a) <b>Scope</b> (continued)</p>	<p><b>Climate impact:</b> We enable our partners and broader society to transition to a more sustainable economy that protects natural resources. We're committed to helping the UK in reducing emissions and protect the world's natural resources. As the impacts of climate change continue to increase, we are seeking out ways to engage in sustainable business practices both in terms of the everyday running of our business and the impact of our financing. Linked to Purpose Goals: 7. Widening Access to Credit and Savings, 12. Building Homes and Sustainable Communities, 13. Harness the Energy Transition.</p> <p><b>Economic transformation:</b> Using core business activities and resources to create societal benefit and opportunity. From our early conception we have been committed to creating financial opportunity that helps people and businesses to thrive. Through our tailored and customer centric solutions we're able to support in areas that can often be overlooked and under-supported, such as SMEs or self-employed – helping these individuals to thrive, creating further opportunity and stimulating innovation. Linked to Purpose Goals: 5. Open Recruitment, 7. Widening Access to Credit and Savings, 9 Good Health and Wellbeing, 14. Achieving Equality through Diversity and Inclusion.</p> <p><b>Financial inclusion:</b> Increasing access and suitability of financial services across society in responsible and sustainable ways. We are committed to ensuring our products and services are as accessible as possible, helping our customers, colleagues and partners make the most of the opportunities presented to them. We continue to challenge ourselves to find ways to support more people's hopes and dreams. Linked to Purpose Goals: 7. Widening Access to Credit and Savings, 9. Extending Enterprise, 14. Achieving Equality Through Diversity and Inclusion.</p>	<p><a href="#">Page 10 - Aldermore Report to Society 2023</a></p>

# Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>b) Scale of exposure:</b> In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p>	<p>Given that we operate in the United Kingdom most of our impact lies in the UK. Through our chosen markets the business organises itself across four business lines supporting these markets:</p> <ul style="list-style-type: none"><li>• Property Finance: offering mortgages to landlords and homebuyers, working with intermediaries.</li><li>• Motor Finance: providing user vehicle finance to customers, working with our dealer partners.</li><li>• Business Finance: offering distinctive, specialist lending across Asset Finance, Invoice Finance and Commercial Real Estate, working with intermediaries.</li><li>• Savings: offering rewarding savings solutions to customers and businesses via our online channel</li></ul> <p>From an environmental perspective especially, we recognize that although our business activities are limited to the United Kingdom, our impact can extend globally.</p> <p>Aldermore Group PLC, take a zero-tolerance approach to slavery and human trafficking. As a UK group with a growing number of international suppliers, the Aldermore Group recognises that there is a risk, however small, for slavery or human trafficking to occur in its supply chains and have taken appropriate steps to ensure that slavery or human trafficking is not taking place in its supply chains.</p>	<p><a href="#">Page 7 - Aldermore Group PLC – Report and Accounts for the year ended 30 June 2023</a></p>

# Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>c) Context and relevance:</b> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p>	<p>Through our impact assessment activities Aldermore Group has identified 4 key areas where it can significantly impact, and support challenges related to sustainable development in the UK. These identified areas are:</p> <ul style="list-style-type: none"><li>• Financial wellbeing</li><li>• Climate impact</li><li>• Economic transformation</li><li>• Financial inclusion</li></ul> <p>More information on these focus areas can be found in section 2.1 of this report and in our annual Report to Society.</p> <p>The business will continue to make progress against each of these defined focus areas and these shape our decision making internally when devising strategy, product and proposition development and significant changes that could impact stakeholders in relation to these focus areas.</p>	<p><a href="#">Page 10 - Aldermore Report to Society 2023</a></p>



# Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>d) Scale and intensity/salience of impact:</b> In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p>	<p>Aldermore is a growing business, and with its growth its salience of impact grows. We are now supporting over 800,000 customers across our business lines. As the business continues to grow, our impact on the economy, environment, and people's lives will continue to increase. By centering our business activities on our 4 areas of focus of Financial Wellbeing, Climate impact, Economic transformation and Financial inclusion we will ensure to minimize the potential negative impacts we are responsible for and increase the positive impact we have across all our stakeholders (customers, colleagues, distribution partners, dealers, society, investors and regulators).</p> <p>The bank engages with our stakeholders often and has various mechanisms in place to ensure a constant flow of communication and feedback from our stakeholders. These include, but are not limited to:</p> <ul style="list-style-type: none"><li>• Complaints, root cause and customer focused forums</li><li>• NPS and TrustPilot feedback from customers, intermediaries and colleagues.</li><li>• Regular, open and transparent dialogue with our regulators</li><li>• Roadshows to engage with investors, publish results and update on progress against our strategy.</li></ul> <p>This feedback enables the business to consistently assess our impact, both positive and negative, enabling the business to proactively make decisions should any enhancements or changes need to be made.</p> <p>Our sustainability strategy ensures a holistic approach of activity across the ESG agenda, details of which are documented in our annual report to society.</p>	

# Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<b>d) Scale and intensity/salience of impact</b> (continued)	<p>The business is focused on developing commercial propositions that support our broader societal goals, and bring positive impact.</p> <ul style="list-style-type: none"><li>• In savings, we have launched our regular saver product, a product designed to build good regular savings habits, as part of our leading role in the Purpose Goal of "Widening access to credit and savings".</li><li>• In property, we are focused on providing first time buyers the opportunity to own their first property.</li><li>• In motor, we are making changes to position the business to better support the transition to electric vehicles.</li><li>• In business finance, we are entering new spaces to be able to provide sustainable finance in Manufacturing, Energy and Infrastructure and Agriculture, 3 critical segments for the ongoing development of the UK economy.</li></ul>	

# Principle 2: Impact and Target Setting

## Reporting and Self-Assessment Requirements

**Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.**

## High-level summary of bank's response

As a financial institution, Aldermore Group recognizes that it can both positively and negatively influence societal outcomes for multiple stakeholders. Aldermore has always been a purpose driven organisation and continues to make significant progress in assessing and positively impacts its societal impacts.

In 2022 and through 2023 the business conducted impact analysis to identify current and emerging risks and opportunities for creating both societal and shareholder value. This is a key component of our strategy. Aldermore Group pursues opportunities to increase its positive societal impacts through identified focus areas and related strategic business initiatives, where we believe we can most materially make a positive impact. These are documented in more detail in our annual "Report to Society"

This was not a zero-based exercise for the group, as aspects of our core business (custodianship of savings, delivering appropriate customer outcomes from across lending and savings propositions, paying taxes, creating employment, promoting financial wellbeing, financial inclusion, climate impact and economic transformation) are already creating societal impact. The adoption of the reporting requirements of the Principles of Responsible Banking will assist Aldermore to better demonstrate progress against a globally recognised framework.

# Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>2.2 Target Setting</b></p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p>	<p>Both of Aldermore SMART goals support the areas of our most material impact:</p> <ul style="list-style-type: none"><li>• Financial wellbeing</li><li>• Climate impact</li><li>• Financial Inclusion</li><li>• Economic transformation</li></ul> <p><b>Smart goal 1: Net Zero by 2050 for scope 1, 2 and 3 emissions</b></p> <p>Aldermore acknowledges that the group must be part of the solution for climate change by supporting climate resilience and a just transition to a low-carbon world. Aldermore supports the Paris Agreement and commits to aligning its business activity to support these goals. It is the long-term ambition and goal of Aldermore to be Net Zero by 2050 for scope 1, 2 and 3 emissions.</p> <p>Aldermore milestone climate ambitions:</p> <ul style="list-style-type: none"><li>• Scopes 1-2: Net Zero by 2030</li><li>• Scopes 1-3: Net Zero by 2050</li></ul> <p>This target clearly links to our focus area of climate impact, and as a lender, we recognise the criticality of the assets we fund in the fight against climate change. Achieving this will support the commitments made as part of the Paris Agreement and support the UN Sustainable Development Goals.</p> <p><b>Smart goal 2: Develop and deliver our first Sustainable Finance Framework in FY25.</b></p> <p>This framework will influence how the Group identifies, considers, and economically prioritises sustainability through our lending, which speaks to all four of our agreed focus areas of Financial inclusion, Financial wellbeing, Climate impact and Economic transformation.</p>	

# Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>2.3 Plans for Target Implementation and Monitoring</b></p> <p><b>Show that your bank has defined actions and milestones to meet the set targets. Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</b></p>	<p>The bank has begun work on its road to Net Zero work and recognizes that this will likely evolve and iterate as we continue the journey. We completed baselining our emissions in 2023 and worked with third party expertise to outline our initial Net Zero pathways. Our plans are to be Net Zero in scopes 1-2 by 2030, extending to scopes 3 by 2050.</p> <p>Work on our sustainable finance framework is also underway, and we anticipate having an initial version of this ready to use in the business in someway this calendar year. Our ambition is that this framework influences how we identify, consider, and economically prioritise sustainability through our lending, including setting goals for sustainable finance.</p> <p>Alongside these 2 key objectives the business is creating its first Sustainability dashboard, which will support the ongoing monitoring and measurement of critical KPIs in relation to our sustainability objectives.</p> <p>Progress against these targets will be disclosed in future reports.</p>	

# Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>2.4 Progress on Implementing Targets</b></p> <p><b>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</b></p>	<p>For both of our state SMART targets, governance is in place, with progress against these targets being tracked at Board, and linked to the remuneration of the leadership team across the group through our Annual Incentive Plan. This means if our internal targets are not achieved, then this will have financial impact on the leadership of the business.</p> <p>For our Net Zero ambitions, business line plans, along with operational plans have been developed, and will be progressed through the appropriate governance, including Board, for sign off and noting. These Net Zero plans will lay out the next 3 year's worth of activity, with internal biannual reviews scheduled to check progress of the related actions.</p> <p>For the development of our sustainable finance framework, this is under construction, and due to be taken through Executive and Board governance calendar year 2024. The framework will be informed by market standards and industry best practice.</p> <p>Progress against targets will be disclosed in future reports.</p>	

# Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<b>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</b>	<p>At the heart of the business and the strategy is the Group's Purpose – "Back more people to go for it, in life and business". It is a statement fundamentally aimed at the Group's customers (including intermediary partners) because they are the reason the Group exists, and it signifies the role Aldermore plays in building loyalty with customers colleagues and partners by anticipating and responding to their changing needs and circumstances. The Section 172(1) Statement on page 54 of our annual report sets out the details of some of the engagement that takes place at an operational or Group-level with key stakeholders. Additionally, the Strategic Review starting on page 6 sets out how the business continues to deliver for its customers, communities and stakeholders.</p> <p>The Group is committed to delivering high standards of corporate governance which is enabled through an effective corporate governance framework and given oversight by the Board and Committees, as well as having in place robust policies and practices, such as the risk management framework.</p> <p>We put customers at the centre of decision-making to help them find the right solutions to get more out of life and business, with the confidence of being backed by a company that champions them where others would not.</p> <p>The FCA Consumer Duty regulations came into effect on 31st July 2023. Consumer Duty is and has been the biggest change in UK regulation for over a decade, the whole premise behind 'the Duty' is to drive good consumer outcomes for retail customers. We embraced the spirit of this new regulation and conducted an in-depth Group wide gap analysis against the Consumer Duty rules and guidance. While we recognise that Consumer Duty is not a one-and-done activity and continue to focus on refining good outcomes for customers, the points to follow showcase some of our initial outputs.</p> <ul style="list-style-type: none"><li>• Vulnerable customers – enhancements to our treatment of vulnerable customers and their changing needs</li><li>• Supporting customers through the cost of living crisis – additional support in place, including proactive engagement.</li></ul>	<p><a href="#">Pages 6, 54 - Aldermore Group PLC – Report and Accounts for the year ended 30 June 2023</a></p> <p><a href="#">Pages 24, 25, 26 - Aldermore Report to Society 2023</a></p>

# Principle 3: Clients and Customers

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</b></p>	<p>Through our tailored and customer centric solutions we're able to support in areas that can often be overlooked and under-supported, such as SMEs or self-employed – helping these individuals to thrive, creating further opportunity and stimulating innovation.</p> <p>Customer centricity and constant feedback from our customer enable us to design and develop products that suit their needs, in many cases where their needs are underserved by other financial institutions. We gain this feedback through customer research, complaints data, net promoter scores, Trustpilot feedback to name a few.</p> <p>Aldermore is part of many ecosystems across different industries. We recognise that by working with other organisations we can be more impactful and deliver in the areas that matter most. We are actively involved with many industry bodies, including:</p> <ul style="list-style-type: none"><li>• UK Finance</li><li>• Finance &amp; Leasing Association (FLA)</li><li>• Intermediary Mortgage Lenders Association (IMLA)</li><li>• Banking Standards Board</li></ul> <p>We are also signatories or members of:</p> <ul style="list-style-type: none"><li>• The Women in Finance Charter</li><li>• Race to Work Charter</li><li>• The Mindful Business Charter</li><li>• United Nations Environment Programme Finance Initiative Principles for Responsible Banking</li><li>• The Purpose Coalition</li><li>• Business in the Community</li></ul> <p>These communities enable us to gain insight and share best practice, with our communities and industry peers, consistently enabling us to deliver better outcomes for our stakeholders.</p>	



# Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</b></p>	<p>Backing people to go for it, in life and business, requires continued focus on how we will create greater value for each of our key stakeholder groups. To deliver on our purpose we must ensure we back people in the right ways to address their needs, while achieving our growth ambitions.</p> <p>We recognise that our business impacts people differently, depending on who they are. We recognise each of these different groups as stakeholders and must ensure we address their needs appropriately to deliver on our purpose and growth ambitions.</p> <p><b>Customers:</b> We put them at the centre of decision-making to help them find the right solutions to get more out of life and business, with the confidence of being backed by a company that champions them where others would not.</p> <p><b>People:</b> We regard them as the foundation to success and have a clear value exchange, offering great benefits, working environments and development opportunities, while bringing clarity on what is expected in return.</p> <p><b>Distribution Partners (Brokers):</b> We work with them to understand and meet the needs of both them and their clients, making it easy for them to do business with us.</p> <p><b>Distribution Partners (Dealers):</b> We deliver products and services to support their business and ensure Motor dealer finance remains vibrant and sustainable in an evolving market.</p>	<p><a href="#">Page 54 - Aldermore Group PLC – Report and Accounts for the year ended 30 June 2023</a></p>

# Principle 4: Stakeholders

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
4.1 (continued)	<p><b>Society:</b> We utilise our key strengths and capabilities to drive impactful change and make a sustainable difference to our communities, now and for the future.</p> <p><b>Investors:</b> we generate sustainable returns by focusing on long-term growth in four of the most attractive markets in UK banking.</p> <p><b>Regulators:</b> we maintain regular, open, and transparent dialogue, ensuring alignment on evolving regulatory priorities</p> <p>We recognise that the world continues to change rapidly, and the needs of our stakeholders are evolving. Our refreshed strategy was rolled out in 2022 to modernise and focus our business, ensuring we continue to meet the needs of all our stakeholders.</p> <p>Our strategy sets out our focus across our four business divisions of Property Finance, Motor Finance, Structured and Specialist Finance and Savings.</p> <p>We continue regular dialogue with all stakeholders to ensure our strategies, plans and business objectives continue to positively impact each group and serve the needs of our identified stakeholders.</p>	<p><a href="#">Page 54 - Aldermore Group PLC – Report and Accounts for the year ended 30 June 2023</a></p>

# Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</b></p>	<p><b>Corporate Governance</b></p> <p>The Board has delegated several of its responsibilities to Board Committees, which utilise the expertise and experience of their members to examine subjects in detail and make recommendations to the Board where required. This delegation allows the Board to focus more of its time on strategic and other broader matters. The Chairs of the Board Committees provide the Board with a verbal update on matters discussed at each meeting and Board Committee papers and minutes are made available to the whole Board through a secure online system.</p> <p>The Boards of Aldermore Group and its subsidiary undertakings are committed to implementing a well-defined and well-structured corporate governance framework to achieve long-term sustainable success. Aldermore Bank and MotoNovo Finance are wholly owned operating subsidiaries of the Aldermore Group. The Boards of the Group, the Bank and MotoNovo Finance generally meet concurrently. The Bank is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. MotoNovo Finance is authorised and regulated by the FCA. The Board is committed to the highest standards of corporate governance and best practice. The Board recognises that effective governance is key to the implementation of our strategy for our shareholder and wider stakeholders. Aldermore Group has applied the Wates Corporate Governance Principles for Large Private Companies for its financial year ended 30 June 2023.</p> <p>In late 2021, the Group commenced a refresh of its strategy and blueprint, as well as a reshape of its business model to build its capabilities and achieve its growth targets. To support this, structural changes were made to both customer-facing divisions and Group support functions, alongside several changes to the Executive Committee. As a result, the executive governance framework was updated in September 2022 to ensure effective corporate governance across both strategic and BAU activity; executive Committees now consist of the Executive Committee, Executive Risk Committee, Asset &amp; Liability Committee, Customer &amp; Conduct Committee, Executive Trading Committee, Executive Credit Committee, Executive Data Committee and Executive Pricing Committee. There is appropriate upwards alignment with Board Committees and regular updates are provided to the Board through these channels.</p>	<p><a href="#">Page 62 - Aldermore Group PLC – Report and Accounts for the year ended 30 June 2023</a></p>

# Principle 5: Governance & Culture

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
5.1 (continued)	<p><b>Environmental, social and governance &amp; sustainability structure</b></p> <p>After establishing a governance structure in 2022, we opted to maintain it throughout 2023 to ensure important updates were raised for the attention of the Executive Committee and the Board of Directors. The only changes made were to reconstitute the Sustainability Steering Committee (SteerCo) to allow for broader presentation from all functions across the Group and to add additional Diversity, Inclusion and Wellbeing work streams.</p> <p>Development of climate risk capabilities is coordinated by the Risk function and embedded in collaboration with colleagues from across the business. Progress is monitored by the Climate Risk Forum, and enabled through:</p> <ul style="list-style-type: none"><li>• Frameworks / Policies: Relevant risk frameworks and policies have been updated to reflect climate risk.</li><li>• Risk appetite: Aldermore has a qualitative climate risk appetite statement, supplemented by shadow risk limits. Draft risk appetite supporting statements were also agreed in June 2023.</li><li>• Training: Aldermore has delivered climate-related training for board members and certain staff</li></ul>	<p><a href="#">Page 12 - Aldermore Report to Society 2023</a></p>

# Principle 5: Governance & Culture

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees.</b></p>	<p>Aldermore's purpose is a social purpose, and as such Aldermore is proud to work alongside the Purpose Coalition in their efforts to deliver equality of opportunity for their customers, colleagues, and communities.</p> <p>The Purpose Coalition has developed 14 Purpose Goals which, co-chaired by Rt Hon Justine Greening, aim to create a more transparent and measurable framework for addressing problems of social mobility and inequality.</p> <p>Through our work on Goal 7: Widening access to savings and credit and Goal 9: Extending enterprise, Aldermore is helping to drive progress in a sector by championing the underserved and undervalued.</p> <p>Remuneration From financial year 2023, climate risk considerations have been incorporated into the Executive Committee ("ExCo") and Material Risk Takers' ("MRT") remuneration via the Risk Culture assessment. For each individual there is an assessment of the effectiveness with which climate risk is incorporated into decision making.</p> <p>Our Annual Incentive Plan also included sustainability specific criteria, ensuring that both Principles for Responsible Banking 1st Year Submission, and Net Zero Pathways were established across the group. This ensured focus and financial impact for colleagues should the business have not made the progress it had set out to across these key initiatives.</p>	

# Principle 5: Governance & Culture

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>5.3 Governance Structure for Implementation of the Principles</b></p> <p><b>Show that your bank has a governance structure in place for the implementation of the PRB, including: a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</b></p>	<p>Implementation for the principals for responsible banking is driven through our Sustainability Steering Committee, which has broad representation from all of the business lines and supporting functions.</p> <p>Sustainability Steering Committee sits on a monthly cadence and drives the ESG and sustainability agenda for the group, including initiatives such as the Principals for Responsible Banking. Chaired by our Head of Sustainability and ESG, this committee provides strong governance and momentum in delivering the groups sustainability agenda.</p> <p>Recommendations on actions and target setting are discussed in the sustainability steering committee and escalated to Executive Committee where appropriate for challenge and sign off.</p>	<p><a href="#">Page 12 - Aldermore Report to Society 2023</a></p>

# Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p><b>6.1 Progress on Implementing the Principles</b></p> <p><b>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</b></p>	<p>Aldermore Group has elected to publish an annual Report to Society, documenting our progress against our sustainability goals and evidencing the positive impact we have on our stakeholders. 2024 will see our third annual report published. Our defined focus areas touched on earlier in this report of financial wellbeing, financial inclusion, climate impact and economic transformation, are further supplemented by the following.</p> <ul style="list-style-type: none"><li>• Signing the United Nations Principles for Responsible Banking;</li><li>• Better establishing our Sustainability governance operating model to sufficiently track and escalate actions along with integrating Sustainability considerations in our Executive Committee;</li><li>• Working with external partners to build our pathway for Net Zero in both operational and financed emissions;</li><li>• Creating an enterprise-wide Sustainability learning plan, providing customized levels of training to four distinctive stakeholder groups: all colleagues, specialist colleagues, senior management and external markets; and</li><li>• Establishing intentional long-term partnerships with EVERFI and The Money Charity, who align with our purpose and support our chosen business impacts of improving financial inclusion and wellbeing.</li></ul>	

# Principle 6: Transparency & Accountability

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<b>6.1 (continued)</b>	<p>Further evidencing our constant pursuit of best practice, we have actively engaged with:</p> <ul style="list-style-type: none"><li>• The Purpose Coalition – aiming to break down barriers to opportunity.</li><li>• Business in the Community – commitment to changing business, transforming lives and helping the planet and communities thrive.</li><li>• Women in Finance Charter – working to see gender balance at all levels across the financial services sector.</li><li>• Automotive 30% Club – to achieve a better gender balance within the automotive industry, and with the aim of filling at least 30% of key leadership position with women.</li><li>• 10,000 black interns – providing paid internships for Black students and graduates</li><li>• Armed Forces Covenant - a promise from the nation that those who serve or have served in the armed forces, and their families, are treated fairly.</li><li>• Race to Work Charter - a public commitment to improving equality of opportunity in the workplace.</li><li>• The Mindful Business Charter - promote better mental health and wellbeing in the workplace.</li><li>• Successful implementation of the FCAs Consumer Duty – a step change in improving customer and consumer outcomes.</li></ul> <p>These initiatives evidence our constant strife for best practice, not only in our business activities, but in how colleagues and customers both existing and prospective are at the centre of our decision making as we strive for the best possible outcomes and learn from these organisations and our peer group.</p>	



# References



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→ [Aldermore Website](#)

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→ [Aldermore Annual Report](#)

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→ [Report to Society](#)

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→ [FirstRand UNEP-FI Submission](#)

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