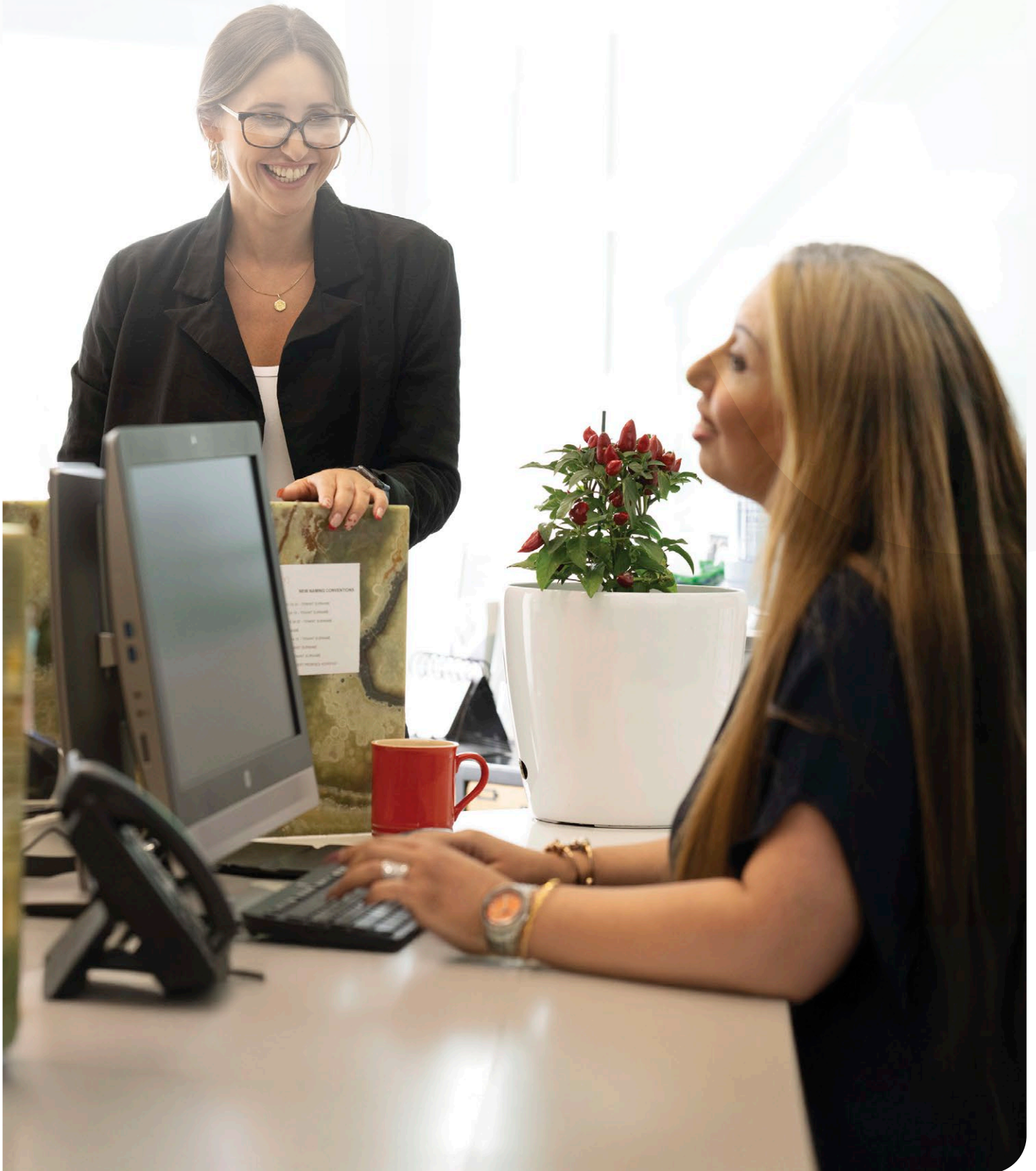


peppermoney

Climate Statement 2024



Important Notice and Caution Regarding Forward-Looking Statement Forward Looking Statement

This report may contain forward-looking statements or opinions including statements regarding our intent, belief or current expectations with respect to the Company'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 Company 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 **CY2024 Annual Report – Operational and Financial Review – 'Risk Management Framework, Material Risks and Business Uncertainties'** in relation to risks that may affect forward-looking statements, and the 'Key Judgements and Estimates' identified in various places in the Annual Report.

These forward-looking statements are usually predictive in character. They may be affected by inaccurate assumptions, 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 the Company assumes no obligation to update such information.

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 ESG Report as noted above.

Additional information

Pepper Money's Board and Committee Charters and key policies, standards and other corporate governance materials can be found at: www.peppermoney.com.au/about/corporate-governance.



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.

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About this Statement

Mandatory climate reporting (AASB S2)

With mandatory climate reporting commencing for reporting periods beginning on or after **1 January 2025**, Pepper Money Limited (Pepper Money) has developed an initial **Climate Statement**, which will form the base of the Company's Climate Strategy. Pepper Money's Climate Strategy will evolve. Over the next 12 months our focus will be on preparing for compliance with mandatory climate reporting obligations, that apply for Pepper Money from CY2025.

This Statement should be read in conjunction with Pepper Money's CY2024 Environmental, Social and Governance (ESG) Report, CY2024 Corporate Governance Statement, and the Company's Remuneration Report which is contained within the 2024 Annual Report. See also Pepper Money's Green Bond Framework, Social Bond Framework and Second Party Opinion reports on Pepper Money's Green and Social Bonds.

All reports can be found at: www.peppermoney.com.au/about/

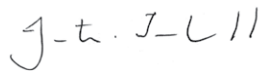
Message from the Board and Management Committee ESG Chairs

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 ESG 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 environmental, social and governance considerations including mandatory climate-related financial and other reporting requirements.

CY2025 sees the introduction of the Australian Sustainability Reporting Standard – AASB S2 – Climate-related Disclosures. Pepper Money is progressing well on requirements to ensure effective adoption and has engaged industry experts to further assist in transition planning and review. 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.

Both Board and Management are committed to exploring opportunities to effectively manage greenhouse gas emissions in support of the Australian Government’s ambition to achieve net zero greenhouse gas emissions by 2050.



Justine Turnbull
Chair
Board Environmental,
Social and Governance Committee



Therese McGrath
Chair
Management Environmental,
Social and Governance Committee

Our 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 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. 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.

The following Table of ESG Roles and Responsibilities has been adopted across the Company to provide the framework to complete the materiality assessment of climate-related risk and opportunities, execute on strategies and develop reporting to meet the disclosure requirements of AASB S2.

Progress to date

					
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.
Investor Relations	Develop and communicate ESG public statements.				

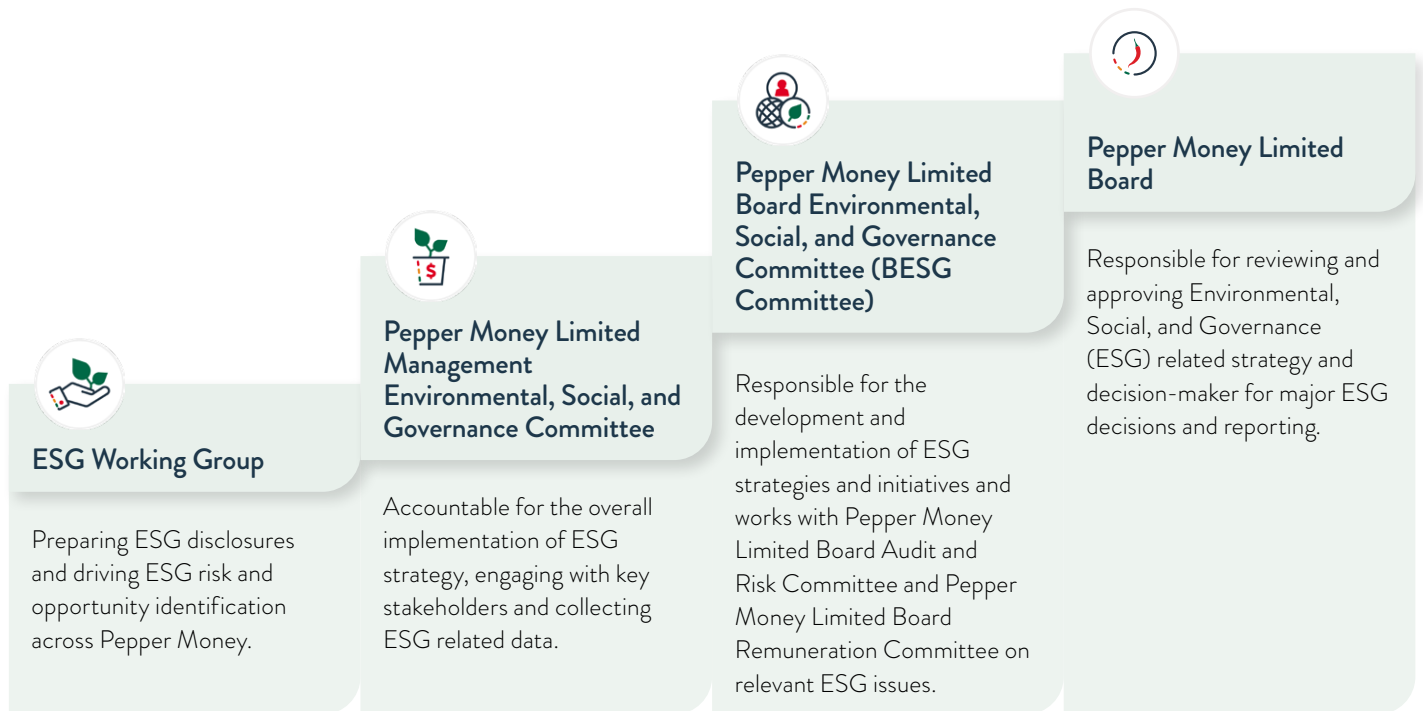


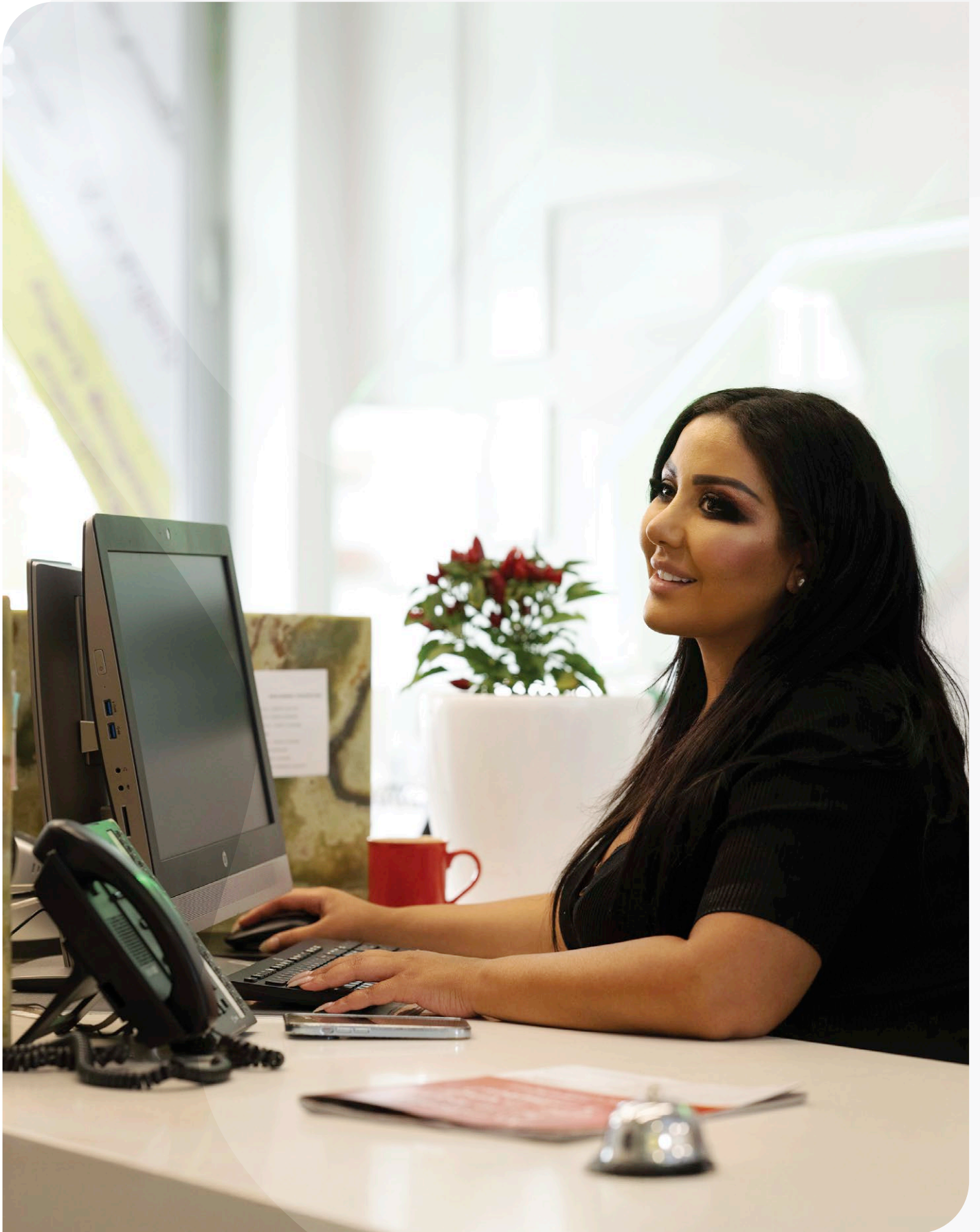
Function	Governance	Programs	People & Process	Technology & Data	Change Management
Marketing & Brand / Corporate Development	Develop and communicate ESG brand and public statements.	Lead awareness and external engagement initiatives. Develop campaigns promoting ESG goals.	Support ESG training and communications 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.

Governance

Over CY2024 we strengthened Pepper Money Board's oversight and commitment to ESG with the establishment of the Board Environmental, Social and Governance Committee (BESG Committee), with a stated objective to ensure good governance of our sustainability initiatives and to provide an end-to-end oversight, review and Board accountability for ESG strategy, objectives, target setting, monitoring and reporting. The BESG Committee has overall responsibility and accountability for our **climate-related risks and opportunities**, as well as the responsibility for oversight, review and endorsement of Pepper Money's ESG approach, objectives and performance, including ESG targets.

Pepper Money's Governance Framework





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