





# Report to Society 2023

**Building on 2022's inaugural edition, the Report to Society will give an overview of who Aldermore Group are and how our values and behaviours as a business shape the way we operate. Aldermore Group uses core business activities to intentionally solve four identified societal issues in a focused and specialised way.**

**Our four areas of focus are:**

-  Financial wellbeing
-  Climate impact
-  Economic transformation
-  Financial inclusion

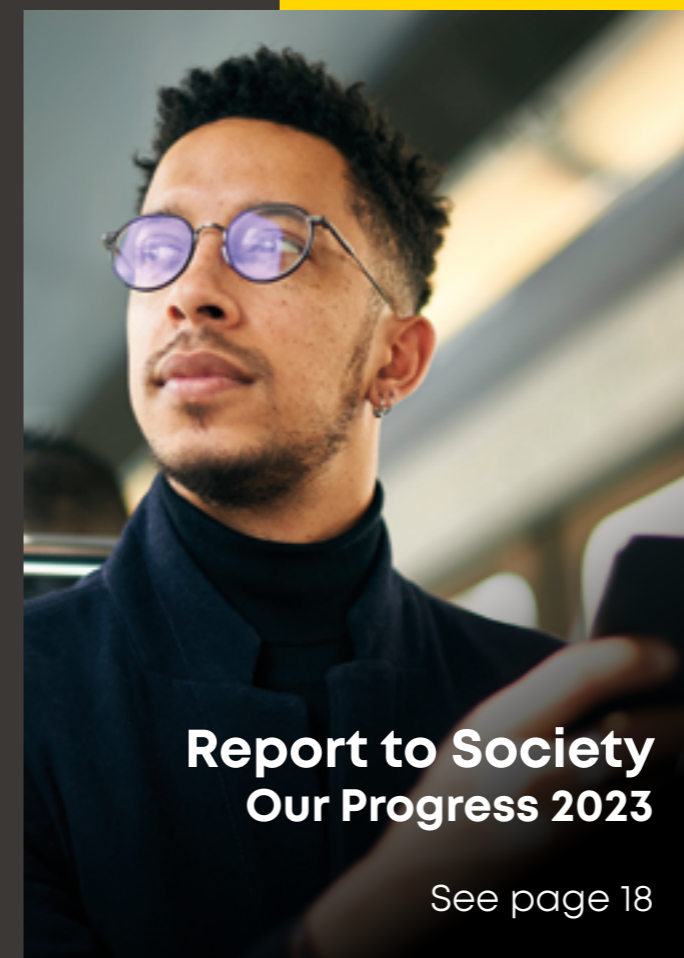
To view our annual integrated report (featuring our Task Force on Climate-related Financial Disclosures (TCFD) report), please refer to our [website](#) for more information.

All reported data is for the year ended 30 June 2023 unless indicated otherwise.



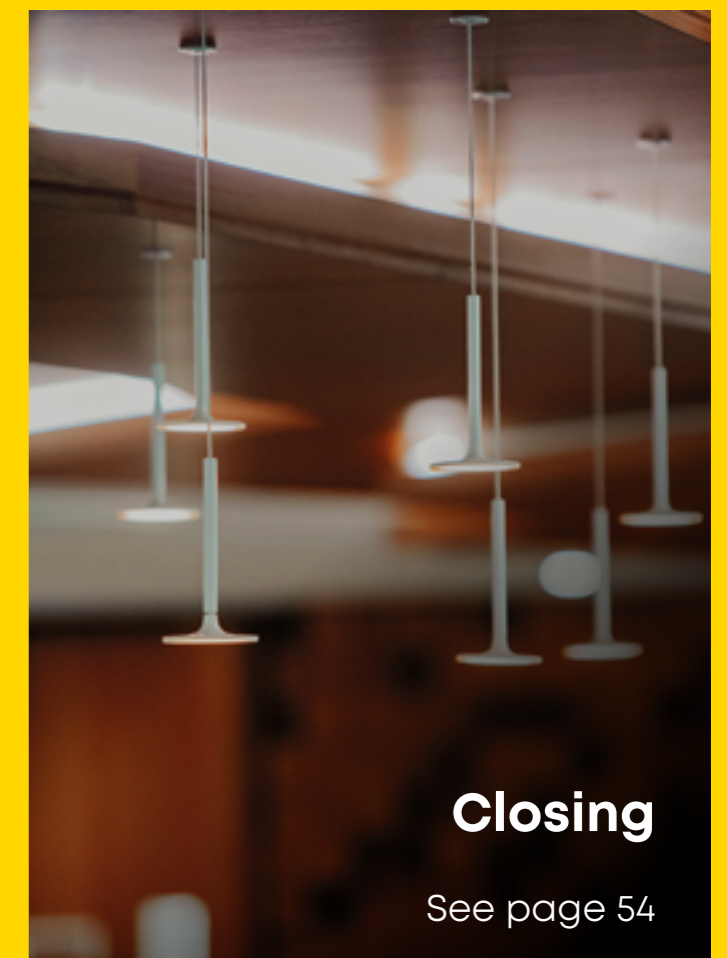
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## Message from the CEO

When we released our first Report to Society in 2022, the UK was experiencing a challenging time. We wanted our new report to demonstrate how we as a business were responding to the difficulties that people and businesses were facing. Having started out with the aim to support the undervalued and the underserved, it is important to all of us at Aldermore to keep this goal at the heart of everything we do. Last year's Report to Society went a long way to show all of the many things we are involved in to put this into action, and what else we wanted to achieve.

In the report you are reading today, I am proud to share our progress in 2023. You will see that we focus our attention on four particular areas; financial wellbeing, climate impact, economic transformation and financial inclusion, and for each of these we will do our best to show you how we have invested our time and efforts.

It's significant to me to reflect on the passion and innovation demonstrated by my colleagues at Aldermore when it comes to creating meaningful change, and in the last twelve months I have certainly continued to witness the impact of this. From the way we have embraced the new FCA regulation on



Consumer Duty, allowing us to place more emphasis on our customers' financial wellbeing, to our ongoing work with financial inclusion to increase the accessibility of financial services to all.

Yes, events in the world continue to be challenging, with families and businesses facing difficult financial decisions. But people still have dreams, and businesses remain ambitious, and we at Aldermore remain committed to help you achieve more. Thank you to all of our customers, colleagues and investors for joining us in our vision. Together we will strive for a more sustainable and inclusive future.

Steven Cooper CBE, CEO

## Group Highlights 2023

The below is a high-level overview of our progress against our identified four key societal impact areas.

Financial Wellbeing	Climate Impact	Economic Transformation	Financial Inclusion
<b>Mortgage customer support</b> Took proactive steps to help our customers such as signing the Mortgage Charter and introducing our Broker pledges.	<b>First TCFD report</b> Produced enhanced disclosures in line with UK government requirements that provide detailed information around our approach to climate change.	<b>Providing intentional, specialist financial solutions</b> Backed 825,000+ customers with the financial products to go for it in life and business.	<b>First-time buyer lending</b> Provided £165m to customers to help them get their first home.
<b>Benefits proposition</b> Backed our colleagues by investing over £2m into updating several core benefits to create a highly competitive reward package with benefits that our people valued most.	<b>Net zero operational target</b> Committed ourselves to a target of reaching net zero for our operational emissions (Scopes 1-2) by 2030.	<b>Funding specialist commercial real estate</b> Continued to provide development finance, such as lending Citu an additional £16.5m.	<b>Intentionally widening access to savings</b> Launched our Regular Saver** product to encourage more customers to save, more often.
<b>Backing our savers</b> Passed through far more of the interest rate rises than the wider market where the average rate increased from 0.07% to 1.25% over the same period*.	<b>Managing our real estate</b> Completed a space utilisation study that will allow us to significantly reduce our operational emissions without impacting business operations.	<b>Backing our motor dealer partners through wholesale funding</b> Record levels of over £450m made available to our funded relationships to support their business growth.	<b>Self-employed mortgages</b> Helped self-employed customers buy their own home with £141m of lending.
<b>Consumer Duty</b> Conducted an in-depth gap analysis against the Consumer Duty final rules and guidance, implementing a series of measures to ensure positive outcomes for our customers.	<b>EPC related mortgage</b> Launched a new range of buy-to-let mortgage products for landlords buying or re-financing more energy efficient properties.	<b>Creating opportunity through apprenticeships</b> Invested almost £270k (133% more than last year) in apprenticeship development to attract, retain and develop a diverse demographic of talent.	<b>Our commitment to social mobility</b> Enhanced our ability to act as an engine for social change by positively impacting over 7,000 people through our activities and partnerships.

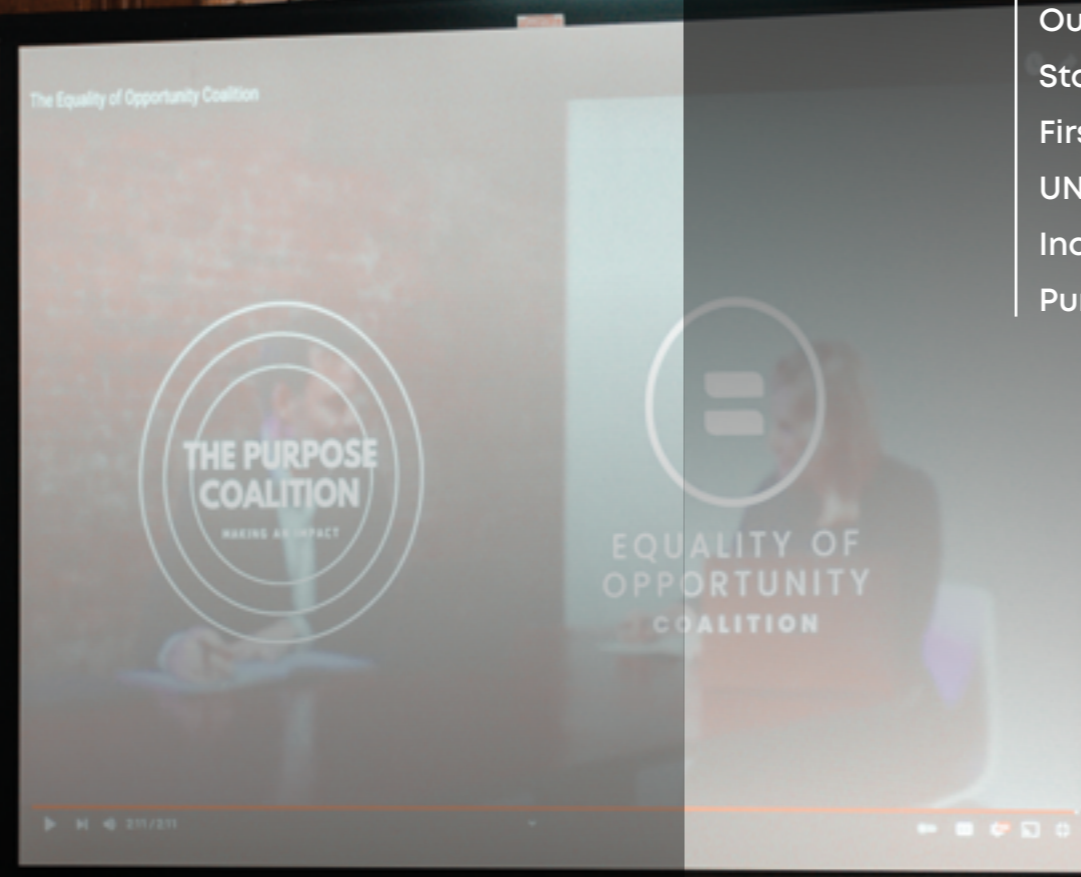
\* Source: FCA

\*\* October 2023

# Strategy and Impact

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## About Aldermore

As a multi-product specialist lender, we provide straightforward lending and savings products to small and medium-sized enterprises (SMEs), homeowners, landlords and individuals. Aldermore Group is made up of two operating companies, Aldermore Bank PLC and MotoNovo Finance Limited.

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



Colleague demographics	Number of Group colleagues	Number of Group female colleagues	% of Group female colleagues
June 2021	2,029	944	46%
June 2022	2,198	989	45%
June 2023	2,514	1,143	45%

## Aldermore's purpose



- 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.











**What – our strategic drivers**

Stay ahead propositions	Relationships that last	Progressive platform
Use insight and foresight to build products and services that help underserved and undervalued customers.	Build loyalty with customers, colleagues and partners, by anticipating and responding to their changing needs and circumstances.	Create systems, processes and capabilities that are easy and efficient enabling us to live our purpose and grow our business.

**How – our behaviours**

Start with why	Try it out	Crack it together	Think next need
We think about outcomes before taking on tasks. We are always asking ourselves how what we do is aligned to our blueprint, and how it will make things better for colleagues and customers.	We are open to new ideas and ways of working. We are not afraid to give things a go.	We purposefully collaborate with others, which means involving the right people on the right things at the right time to avoid duplication of effort and to ensure a better result.	As well as delivering on what we need to be successful now, we are also looking ahead to the future and developing ourselves so we can sustain our success in the long term.

**Where – our focus areas for impact**

Financial wellbeing	Climate impact	Economic transformation	Financial inclusion
Empowering society to feel more confident about money by improving financial literacy, resilience and independence.	Enabling our partners and broader society to transition to a more sustainable economy that protects natural resources.	Using core business activities and resources to create societal benefit and opportunity.	Increasing access and suitability of financial services across society in responsible and sustainable ways.
 	 	  	  

For more information on our blueprint and purpose, please see our [annual report](#).



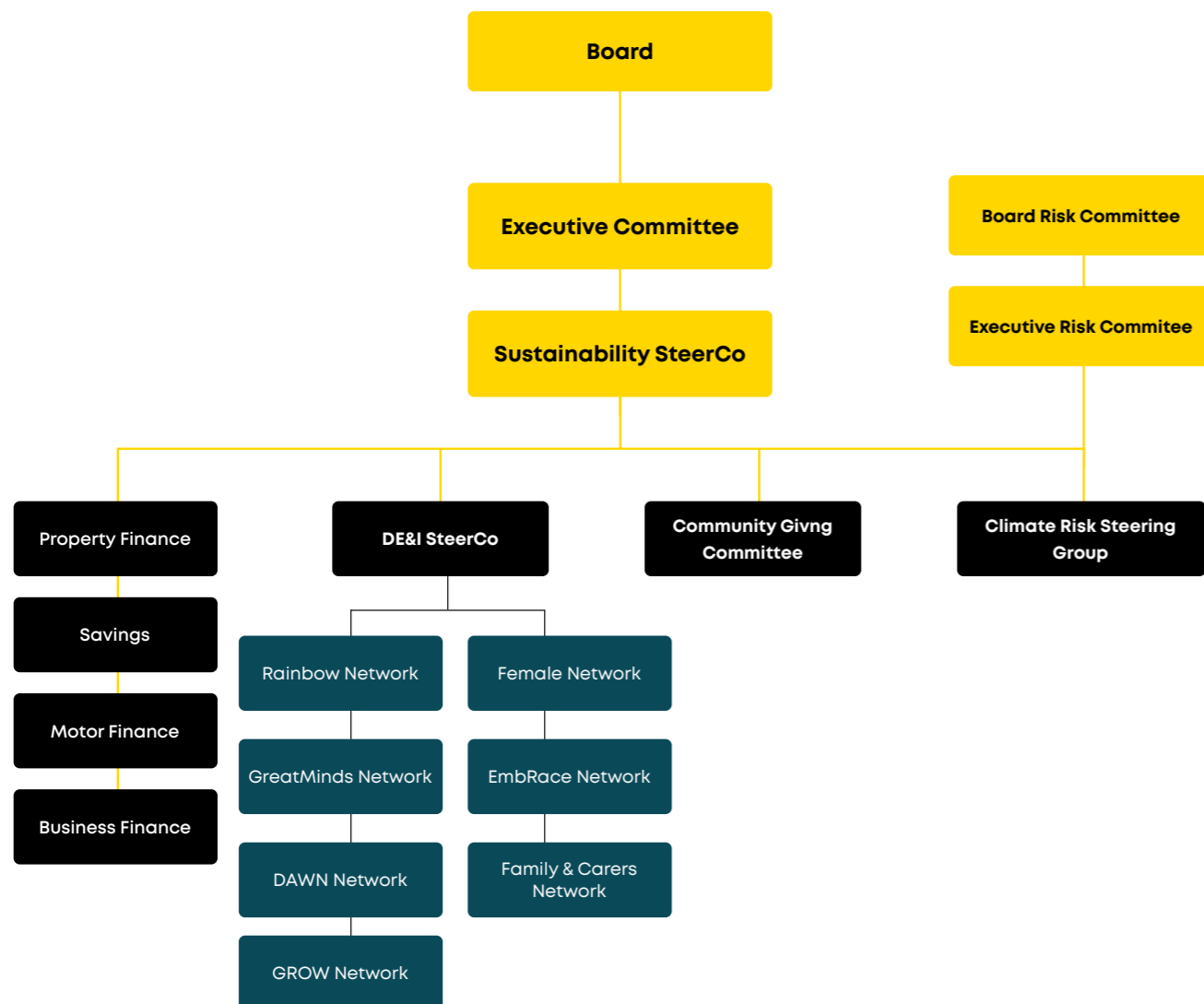
Against the backdrop of increasingly difficult market conditions, we should be proud of the intentional work that has taken place in keeping our purpose front and centre in order to provide real and positive societal impact.

**Tom Harding**, Head of ESG & Sustainability, Aldermore



# Environmental, social and governance & sustainability structure

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.



# Our colleagues

Without engaged colleagues, we wouldn't be able to deliver on our ambitions to back people to achieve more. Their passion and enthusiasm for our work is integral and so we prioritise collaboration, celebrate achievements and foster an open and honest working environment. Two ways we do this are:

- **#BackingYou nominations** - This is our peer recognition programme that centres around our key behaviours; Start with why, Crack it together, Try it out and Think next need.
- **Engagemore survey** - A quarterly survey asking colleagues to score us in various areas, so we can continually measure engagement levels. In April 2023, we exceeded our target response rate of 80% to achieve a total 88%.



	2023	2022
<b>#BackingYou nominations</b>	<b>1779</b>	<b>720</b> (historic programme)
<b>Engagemore survey response rate</b>	<b>88%</b>	<b>83%</b>
Key question results		
Colleague engagement score	78%	61%
I receive timely and meaningful recognition when I do a good job	71%	63%
I believe that actions will be taken as a result of this survey	73%	42%
I have a good opportunity to learn and develop at Aldermore Group	78%	63%
I can see a clear link between my role and Aldermore Group's strategic objectives	80%	65%
I have regular conversations with my manager about my performance	83%	77%

## Stakeholders

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:

- **Customers:** 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.
- **Colleagues:** We regard them as the foundation to our success and have a clear value exchange, offering great benefits, working environments and development opportunities, while bringing clarity on what is expected in return.
- **Distribution partners:** We provide products and services to a number of brokers and intermediaries, actively working with them to understand their needs and the needs of their clients.
- **Dealers:** We deliver products and services to support their businesses and ensure dealer finance remains vibrant and sustainable in an evolving market.
- **Society:** We utilise our key strengths and capabilities to drive impactful change in the areas where we can make the biggest difference to the society we serve.
- **Investors:** We generate sustainable returns by focusing on long-term growth in four of the most attractive markets in UK banking.
- **Regulators:** We maintain regular, open and transparent dialogue, ensuring alignment on evolving regulatory priorities.

For more detail on our stakeholders, please see our [annual report](#).

## FirstRand Limited



FirstRand comprises a portfolio of integrated financial services businesses and offers a universal set of transactional, lending, investment and insurance products and services. FirstRand can provide its customers with differentiated and competitive value propositions due to its unique and highly flexible model of leveraging the most appropriate brand, distribution channel, licence and

operating platform available within the portfolio.

FirstRand's strategy is executed utilising innovative thinking enabled by disruptive digital platforms, an owner-manager philosophy and the disciplined allocation of financial resources.

The group's track record of delivering superior returns to shareholders has been achieved through a combination of organic growth, acquisitions, innovation and the creation of completely new businesses.

Listed on the Johannesburg Stock Exchange and the Namibian Stock Exchange, FirstRand Limited is the largest financial institution by market capitalisation in Africa.

For more on the FirstRand group please refer to [firstrand.co.za/the-group/about-firstrand/](https://firstrand.co.za/the-group/about-firstrand/)

## UN's Principles for Responsible Banking



In November 2022, Aldermore Group became a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (the Principles).

The Principles, launched in September 2019 and now signed by more than 320 banks, 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 to broader society.

We will be submitting our first-year progress report on integrating the Principles in 2024 and will include an overview in next year's report.

## Industry partnerships

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 UK Finance, the Finance & Leasing Association (FLA), The Intermediary Mortgage Lenders Association (IMLA) and the Banking Standards Board.

We are also signatories or members of:

- The Women in Finance Charter
- Race to Work Charter
- The Mindful Business Charter
- United Nations Environment Programme Finance Initiative Principles for Responsible Banking
- The Purpose Coalition
- Business in the Community



# Purpose goals

**Foreword: Rt Hon Justine Greening, Chair: Purpose Coalition and Former Education Secretary**

Aldermore's second Report to Society comes at a time of continuing economic and social challenges. The cost-of-living crisis which followed hard on the heels of the pandemic has become more embedded. High inflation, high interest rates and high energy prices have fuelled a wave of financial difficulties and debt which have left few unaffected. The importance of financial resilience has been highlighted like never before. Social mobility, already entrenched in this country, is a principal casualty. Being trapped in debt or unable to access savings is a significant barrier to getting on. That is a huge waste of talent – a personal loss for the individual and an economic and social loss for the country.

As government focus on levelling up falters, it has become increasingly clear that purpose-led business can play an important part in driving the change we need across the country. The Purpose Coalition is working with many public and private sector organisations to highlight their best practice and develop collaborative solutions to the challenges that the country is facing. Assessing their activity against a set of 14 Purpose Goals covering key life stages as well as the main barriers that stand in the way of opportunity. The financial services sector has a key role to play in this work and this report showcases how Aldermore is actively leading the way in making a tangible social impact. Its purpose is very clear in everything it does – to back more people to go for it, in life and business.

Underpinning its work is a commitment to four areas of impact – financial inclusion, financial wellbeing, climate impact and economic transformation. These are exactly the challenges we need to address if we are to become more financially resilient as individuals and stimulate economic growth as a country. The report shows how that



focus is at the very centre of all Aldermore's activities and how, as a result, it is aligned with many of the Purpose Goals. It leads the way on Goal 7, Widening access to savings and responsible credit through financial inclusion and, led by its CEO Steven Cooper CBE, continues to support the development of metrics for this Goal. Steven is also Co-Chair of the Equality of Opportunity Coalition, set up to encourage people from a wide range of socioeconomic backgrounds to get involved at the highest levels of business and politics.

I am grateful for the leadership that Aldermore has shown and its willingness to challenge traditional ways of doing things to make a greater impact. I am looking forward to continuing to work with Steven and his team to inspire and promote change and to shape the wider social mobility agenda.



# Report to Society

## Our progress 2023

The following sections detail our progress against our identified four key societal impact areas.

Last year we reported this progress under the different headings of People, Planet, Products and Partners. We have decided to remove these and label progress under each of the identified societal impact areas. We believe this change creates clearer and more transparent reporting.

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## Financial wellbeing

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.

4

Right Advice and Experience



7

Widening Access to Savings and Credit



# Savings

### Backing our customers and partners

#### Backing our savers



Our savings franchise is made up of personal and business customers and our product mix consists of easy access, fixed-term deposit and individual savings accounts.

More than 50% of the new accounts we opened in FY23 were either our one-year fixed savings account, our one-year individual savings account or our easy access product. Our customers have told us that these accounts have supported many of them in reaching their ambitions such as retirement goals or the purchase of new cars, homes or luxury family holidays.

Following the significant increases we saw with the Bank of England's base rate, we have been dynamically managing our deposit book through competitive pricing and fair value for our customers. The average interest rate rose from 0.07% to 1.25% between January 2022 and May 2023. According to the Financial Conduct Authority (FCA), large firms passed through only 28% whereas Aldermore's pass-through rate was 68% over the same period.

#### Supporting customers with our Financial Assistance team



We want to give our customers the confidence to speak to us openly and honestly about any situation they might find themselves in. We therefore decided that the title of 'Collections' was inappropriate and could potentially deter customers from contacting us when needing support.

The department has now been renamed Financial Assistance. We believe this title reflects our true purpose and core beliefs, as we are here to assist, listen and understand our customers' situation to reach a solution which will ultimately put them in a better position.

- We are continually developing our team to provide customers with a way to obtain further support whether this is regarding mental health, struggling with the loss of a loved one, debt management or even for someone just to talk to.
- Each month we complete on average 15,000 calls, proactively contacting customers, sometimes before they may know they need support.
- We complete detailed investigations to truly understand our customer's situation considering the past, present and future to help us reach the right solution for our customers.

### Supporting existing mortgage customers



We provide our mortgage customers with attentive and dedicated support at the key “moments that matter”, as evidenced by our continually strong customer net promoter scores.

For example:

- **“Switch to fix”** - We launched a new range of variable rate products with a “switch to fix” feature in 2023 in response to rising rates. Available to new and existing customers, we waive all Early Repayment Charges (ERCs) for customers who take these products and then switch to a new Aldermore fixed-rate. This provides customers with the option to take a “discounted variable rate” – typically with a lower rate than fixed-rate equivalents – with the “switch to fix” providing stability if rates start to rise.
- **Financial support** - We continue to proactively support customers facing financial difficulty. We use data analytics to identify and contact customers at the highest risk of arrears to remind them of the support available. We maintain a range of forbearance strategies to support those struggling with payments, approaching these conversations with compassion and expertise. In July 2023, we signed up to the Government Mortgage Charter, the key principles of which are well aligned with many of our existing approaches to supporting our customers.

### Our broker pledges

Mortgage brokers faced significant uncertainty in 2023, with lenders changing rates and withdrawing products with minimal notice in response to a volatile market. In response, in July 2023, we announced three broker pledges to help brokers navigate ongoing volatility:

1. We are proud to say that Aldermore is one of the first lenders to pledge a full day's notice of any product withdrawal to brokers, and guarantee 10 days to convert a decision in principle into a full mortgage application with the same interest rate.
2. We will allow brokers to select a cheaper rate for their client, if one becomes available, at any time up to completion, with no charge for them or their client. Some lenders do not allow pipeline switching, or charge an administration fee.
3. We will contact brokers at least four months before their client's deal matures so they can help them decide on their next steps.

These pledges have been welcomed in the market, with many brokers and the Association of Mortgage Intermediaries (AMI) taking a stand against late-notice product withdrawals.



I'm thrilled to see Aldermore showing its commitment to the broker market and really listening. Brokers desperately need reliability and clear communication from lenders, for their own benefit as well as for that of their clients. In an ideal world we'll start to see more lenders committing to these sorts of pledges in the near future.

– **Andrew Montlake**, Managing Director, Coreco (A leading national broker)



Whilst lenders are doing their best to react to an unpredictable market, it's vital that we work together and offer brokers as much notice as possible when making changes to our product ranges. We know first-hand just how difficult brokers are finding it right now. Hopefully these three pledges provide much-needed certainty and clarity for them.

– **Nicola Goldie**, Head of Strategic Partnerships (Property), Aldermore



# SPOTLIGHT CONSUMER DUTY

## Consumer Principle

A firm must act to deliver good outcomes for retail customers

## Cross-cutting Rules

1. Act in **good faith** towards retail customers
2. Avoid **'causing'** foreseeable harm to retail customers
3. Enable and support retail customers to pursue their **financial objectives**

## Four Outcomes

1. Products and services
2. Price and value
3. Customer understanding
4. Customer support

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.



As we have implemented the Consumer Duty, each of our business lines has taken a fresh look at everything we do, challenging whether we can do more to support customer understanding and deliver good outcomes.

- Ben Taylor, Chief Customer Experience Officer, Aldermore



## 1. Distribution readiness assessment

To increase good customer outcomes and avoid foreseeable harm, this year our motor business, MotoNovo Finance, introduced a Distributor Readiness Assessment (DRA) to ensure that those distributing our products were providing the right level of customer service. To support this process, MotoNovo upskilled our sales team to deepen their knowledge of regulations so that fundamental learnings could be passed on to their distributor networks.

The DRA created a minimum standard required that MotoNovo's distributors would need to meet. We made assessments and by May 2023, the first conversations came to an end and we found that several distributors fell below our minimum expectations.

Those distributors were then presented with their individual results, and those that wished to continue distributing MotoNovo Finance products and services beyond 31st July 2023 were signposted to expert guidance and advice to bridge these gaps. Following the second round of DRAs in June 2023, a significant number of distributors were shown to have taken steps to improve their business practices, and as result met our expectations.

By 31 July 2023, a total of 1,967 distributors had been taken through the first DRA journey and continued trading with MotoNovo beyond the implementation of Consumer Duty.

## 2. Consumer understanding

We have spent time reviewing our customer communications to ensure they are accessible and allow consumers to make effective, timely and properly informed decisions about our financial products. We categorised the communications we deem as 'critical' according to factors such as potential to inform decisions, audience reach and customer detriment. To help with this review, we instructed an expert third party to audit these 1,244 'critical' communications across our customer letters, emails, SMS and digital messages.

While we plan to make improvements to the effectiveness of all these communications, due to the large numbers we identified 181 priority items that needed updating ahead of the FCA implementation deadline.

This change supported customers by:

- improving the readability and navigation of documents, introducing more defined headings, increasing the font size and increasing spacing within the document;

- improving the breakdown of information, providing better definitions and rewording to aid customer understanding of the documents, in this way helping the reader to easily identify key sections of the agreement and their rights and responsibilities; and
- separating documents to ensure that customers receive only information that is specifically tailored to the terms and conditions of the product that they have selected.

**Example:**

- **Old wording**  
You must keep the vehicle in good and substantial order and repair (and in the case of any motor vehicles in roadworthy condition) and in particular, at your own expense, repair all defective parts and when necessary replace such parts by parts of suitable quality.
- **New wording**  
You must look after the vehicle and keep it in good condition. You must make sure that the vehicle is repaired when needed and regularly serviced in line with any warranty and the manufacturer's recommendations. You must keep the service record safe and make sure it is up to date.



● **Backing our colleagues**

Providing our colleagues with the benefits package that matters to them

It is important to us to understand how our people can make the most of the benefits we offer, see their money go further and ensure we are providing rewards in what matters most.

- In November 2022, we invested over £2m into updating several core benefits to create a highly competitive reward package. This included significant enhancements to our all-colleague pension scheme as well as private medical insurance and income protections.
- With cost-of-living challenges continuing, we are offering employees the ability to buy laptops, computers and wearables through an interest-free company loan up to £1,500 repayable over 12 months. We are also recommunicating key money saving benefits to employees, including cycle-to-work, green cars and discount shopping e-vouchers, all designed to help employee take-home pay go further.
- In September 2023, we launched our new benefits platform "MyDeal" which hosts our full suite of core and flexible benefits that are available to all our colleagues.

Our approach to pay and supporting through the cost-of-living crisis

We have a fair and consistent approach to determining pay increases to ensure colleagues receive pay in line with market for the role that they do and based on performance. The Group is also focused on ensuring our pay approach is equitable for all colleagues and we want to continue to challenge ourselves to reduce any pay gaps that may have materialised over time.

- Our most recent pay review provided a higher proportion of our agreed pay budget to be allocated to our more junior and lower paid colleagues to support those most adversely impacted by the current cost of living challenges. The average pay award across the Group was 5.3%.
- Following an initial payment in April 2022, we also paid a second £1,000 cost-of-living payment to over 70% of our colleagues in November 2022.
- To continue supporting anyone in severe financial difficulty we also launched a colleague hardship fund to provide either a set one-off grant that would not need to be paid back or an interest free loan option. The funds have been allocated on a case-by-case basis based on need and colleagues are treated discreetly, with compassion and ultimate confidentiality to provide them with the support they need during this challenging time.

Backing our colleagues for the long-term with a pension that makes a difference

For many workplace pension members, the value of their investments is not solely about investment returns, but also about the positive impact their money can have on the natural world and protecting its resources. This is where ESG investing comes into play. As part of our sustainable pension strategy, we have selected a pension provider with strong ESG credentials to provide the pension for employees. Our default investment strategy, provided by Aviva, is designed in a way to help our employees build a sustainable portfolio and capture ESG opportunities whilst driving positive change.

We support our employees in building a successful long-term partnership with Aviva. Following an internal review of pension provision, including its value for money and effectiveness, the existing pension arrangements were replaced with an upgraded pension offering from Aviva in July 2023 at a lower cost. Aviva's pensions are designed to be easy to set up and administer, giving employees more control over their financial future.

Number of pension scheme members*	Assets under management*
2,076	£56m

\*as of September 2023



With ongoing cost-of-living challenges, we recognise the importance now more than ever of providing a benefits offering to our colleagues that supports them in the ways that matter most.

– **Stuart Wilson**, Group Head of Reward, Aldermore



## Climate impact

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.

- 7 Widening Access to Savings and Credit 
- 12 Building Homes & Sustainable Communities 
- 13 Harness the Energy Transition 



## ● Addressing our climate impact



Climate change is having a profound effect globally and in the UK, and Aldermore is committed to supporting the UK's transition to net zero.

As a business, there are emissions associated with the activity that we undertake. We consider these in two separate buckets: operational emissions (the emissions associated with conducting the business we do) and financed emissions (the emissions associated with the financing that we provide to our customers). We have invested in developing plans to decarbonise across both measures through the financial year.

### Operational emissions

We have set ourselves a target of reaching net zero for our operational emissions (Scopes 1-2) by 2030. This follows a project to baseline our emissions, and develop a pathway to

net zero. Reaching net zero for operational emissions will require:

- Fleet: Switching company vehicles to electric vehicles
- Electrical energy efficiency projects
- Heating energy efficiency projects
- Renewable energy contracts
- Green gas contracts/heat decarbonisation

There will be a residual amount of emissions that we will need to offset. However we are committed to sharp emissions reductions to ensure that the offset amount is as small as possible. Tangible actions have already begun in this space as detailed in this report.

### Financed emissions

Aldermore is committed to reaching net zero by 2050 for its financed emissions, and has baselined these emissions through 2023. We are developing decarbonisation pathways across business lines, and anticipate agreeing transition pathways in the current financial year. The financial sector has a critical role to play in supporting decarbonisation, and this report contains examples of how Aldermore is backing customers to transition to a low carbon future.

### Reporting on our progress

We recognise the importance of effective and informative climate-related financial disclosures. In 2023 we produced enhanced disclosures in line with UK government requirements that provide detailed information around our approach to the governance, risk management, strategy, metrics and targets. These disclosures will be continually enhanced and refreshed to provide clear information on activities the Group is undertaking around climate-related risks and opportunities.



Calculating our emissions profile supports our understanding of the climate risks faced by us and our customers, and enables us to develop a roadmap to net zero.

– **Sam Shutt**, Head of Climate Risk, Aldermore



### Managing our real estate environmental impact

The Group's Real Estate team plays an important role in developing high-quality work spaces that are effective for hybrid working, while limiting our environmental impact through efficient energy and waste management practices.

In 2023 we completed a full review of our real estate strategy, which focused on reviewing the space utilised across our offices. As part of this review, we also engaged with an expert third party to complete an energy and sustainability audit. This included assessing how we deal with waste internally and how we monitor usage. Highlights across this year's activities are the following:

- **Space utilisation study:** The study found that we could reduce our estate footprint by 50% without impacting business operations. The first step to achieving this was the relocation of our London head office in May 2023, giving us an opportunity to improve our operational emissions and design an excellent environment in line with the purpose of our real estate strategy. The use of sustainable products and solutions not only improves our ability to operate at a high standard, but partnering with suppliers who focus on sustainability also reduces our carbon footprint. Our office in London will be the template from which we will base the upgrade of the remainder of the estate over the coming months, with plans



for our Reading office already under way. This will include a reduction in space occupied, with the retained space designed in line with requirements of the business functions that operate from that office. Reducing the space and improving designs positively impact our operational emissions, with a 50% reduction in energy usage expected.

- **Supply chain:** We have worked with our supply chain to ensure that any new furniture purchased is obtained from sustainable sources as far as possible. We have also re-used several furniture items, giving them minor makeovers to reduce waste. Any furniture that is no longer suitable for our requirements has been refurbished and donated to educational facilities in the UK and Africa. 96% of the furniture removed from Reading was donated, resulting in a 36,031 kg carbon saving through reuse. We plan on carrying out similar activities with all discarded furniture where possible, including that from our previous London office.

### Transitioning the Group's fleet to lower carbon motoring

During this financial year, we have moved more colleagues out of petrol and diesel vehicles and now only allow colleagues to order hybrid or fully electric vehicles. By the end of 2024, we are aiming to report that we have no more internal combustion engine vehicles in the company fleet, and are continuing efforts to encourage colleagues to move out of these vehicles sooner.

	June 2023	June 2022	June 2021
Number of company cars	109	120	131
Number of electric vehicles	65	47	30
Number of plug in hybrids	34	40	41
Number of international combustion vehicles	10	33	60



Being able to drive an electric vehicle for a company car isn't just a perk, it's a statement of our commitment to aiding the transition to lower carbon motoring.

– **Zac Smith**, Account Manager, MotoNovo Finance



### Energy efficiency linked mortgage rates

Residential property accounts for a sizeable portion of UK carbon emissions. In February 2023, we launched a new range of buy to let mortgage products for landlords buying or re-financing more energy efficient properties – i.e. those with a current energy efficiency rating of A, B or C. These products provide a discounted rate compared to equivalent products for less energy efficient properties.

Buy to let EPC related mortgage completion	Count of Loan Gross Amount	Portfolio Percentage
EPC	220	9%

### Addressing our supply chain

We continue to establish a position across our supply base that can be used to inform our actions and targets in a way that will ultimately make a difference to the social impact of our key suppliers.

Aldermore Group uses the Financial Services Qualification System (FSQS) in support of its third-party due diligence requirements at the supplier onboarding stage as well as in-life. FSQS is a community-based model used by several financial institutions to help drive a single standard for managing the increasingly complex demands of third-party information. The question set is updated each year and suppliers are also required to validate their responses annually.

FSQS questions regarding sustainability continue to evolve and be enhanced. The system now provides visibility and assurance over key areas, such as whether our suppliers have an Environmental Policy and ISO 14001 certification in place, or any enforcements or prosecutions by the Environment Agency (or equivalent) pending. The Procurement and Supplier Management teams work closely with FSQS and our suppliers to maintain the data and improve the response rates.

As at September 2023, the FSQS assessment has revealed the following statistics across Aldermore Group's Material and Critical supplier base:


- 74% of suppliers have an environmental policy in place (with 15% not having a policy and the remainder unanswered);
- 29% have ISO 14001 certification; and
- Zero prosecutions or enforcement notices have been served on them by the Environment Agency (or equivalent) in the past five years.

# Economic transformation


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.

**5** Open Recruitment 

**7** Widening Access to Savings and Credit 

**9** Good Health and Well-Being 

**14** Achieving Equality through Diversity & Inclusion 

The below shows our impact across each of our markets:

## Motor

Measure	Impact 2023	Impact 2022
Number of motor dealerships (intermediaries) we partner with	1,996	2,500
Customers we back with mobility solutions	510,000+	500,000+
Total percentage of used car, bike, or vans we finance in the UK	7%	11%
Trustpilot score of exceptional service	4.6/5* based on 28,000+ reviews	4.6/5* based on 25,000+ reviews

## Property

Measure	Impact 2023	Impact 2022
Number of registered property brokers we work with	15,500	17,000+
Customers we back with property finance solutions	43,000	43,634

## Business Finance

Measure	Impact 2023	Impact 2022
Number of intermediaries we work with	656	739
Number of live customers	32,699	30,357

## Savings

Measure	Impact 2023	Impact 2022
Number of personal savers	222,779	212,247
Number of business savers	28,490	22,317
Trustpilot score of exceptional service	4.4/5* based on 3,688 reviews	4.6/5* based on 2,739 reviews

(all table data is from a 1<sup>st</sup> October to 30<sup>th</sup> September reporting period)

## ● Backing our customers and partners

Helping SMEs to stay afloat, grow and navigate through the macroeconomic challenges

In the current challenging macroeconomic conditions, our tailored working capital and invoice finance solutions are helping small and medium enterprises (SMEs) to stay afloat. This enables our customers to continue running their businesses smoothly – and often to grow as well.

### Case studies: Supporting enterprise and helping clients with their cash flow needs

#### Case study 1

##### Profile

An existing client in the electrical supplies sector needed financing to grow and expand their business into another region.

##### Solution

We provided a £150k invoice discounting agreement with bad debt protection. As the client was a new-start entity, we set up a phased funding limit increasing in line with their sales, giving the client the confidence that the facility would increase as their business did. We were delighted to be able to support this client to fulfil their growth ambitions as well as get the new facility in place quickly and smoothly.

#### Case study 2

##### Profile

A new client in the haulage sector who had previously been with a high-street lender wanted to grow their business.

##### Solution

Once they had transferred to Aldermore, we provided them with a £500k invoice discounting solution with bad debt protection to support the growth of their business. This was an increased facility that released funds from the client's previously capped account and structured it to their needs, saving them money. We met the client's timeline and enabled a smooth transition from their previous lender to us.

### Funding specialist commercial real estate

As expressed in our inaugural Report to Society, Aldermore has worked closely with Citu Group - a Yorkshire based low carbon property developer that is tackling the climate emergency by building much needed energy-efficient and sustainable homes.

We previously funded Citu's ground-up development finance of £8.4m to build 46 carbon negative homes in Sheffield and were pleased to work with Citu again when they approached us with the next phase of their development. We were able to continue to support Citu in their mission to accelerate the transition to net-zero carbon cities with a further £16.5m development finance loan, the latest phase comprising of 68 low-carbon homes, including two small commercial units. Each Citu home removes 23 tonnes of greenhouse gases from the atmosphere. Over the last two years, we're pleased to say that we have supported Citu with £24.9m in lending.

### Supporting SMEs through our commercial retention team

Since 2017 MotoNovo has strengthened relationships by backing 7,416 small businesses with funding of £130m for new and used vehicles, and to grow or improve. Businesses are supported through pre-approved funding facilities that give the confidence that MotoNovo will support the acquisition of vehicles when required.

In building relationships with these businesses, we often look to support the businesses outside the provision of new and used commercial vehicles. An example of this support is a customer MotoNovo has supported with two vehicles since March 2022. The customer was seeking a battery powered electric vehicle but had been declined by the manufacturer's finance company due to his situation not meeting their lending criteria. We introduced the customer to Aldermore's Asset Finance team who accommodated the customer's needs and helped him finance the full amount.

	June 2023	June 2022	June 2021
<b>Volume lent</b>	£36m	£30m	£23m
Number of SME customers	1,687	1,479	1,321
Number of vehicles	2,087	1,842	1,670

## Backing our motor dealer partners through wholesale funding

We continue to back dealer intermediaries with wholesale funding solutions that help grow their businesses by providing additional vehicle stock to retail customers. These additional vehicles fuel the used motor vehicle ecosystem and can generate additional investment for the business, such as more jobs and additional premises. At a time when the market is facing increasing cost challenges, we have increased the overall amount of funding we are lending through these facilities to support our dealer intermediaries. We have also expanded our partnerships with used vehicle auction houses across the UK to make the direct stock purchasing process simpler and even quicker for our dealer partners, further helping with cash flow.

	June 2023	June 2022	June 2021
<b>Volume lent</b>	£459m	£396m	£327m
Number of intermediaries backed with wholesale funding	283	317	298
Number of vehicles funded through wholesale funding	37,411	32,415	32,632



MotoNovo's continued support and increased dealer funding package have allowed us to grow group sales by almost 50 units per month, when compared to last year's year to date figures.

– **Simon Joyce**, Managing Director, Anchor Vans



## ● Backing our colleagues

### Our approach to diversity, inclusion and wellbeing

It is imperative to foster a diverse and inclusive workplace that enables colleagues to bring their whole selves to work and better understand the communities we serve.

In June 2023 we launched a revitalised diversity and inclusion strategy after working closely with external experts and more than 100 Aldermore colleagues. Through several focus groups, we have gained insight into the views of our colleagues regarding facilitating the development of a comprehensive, inclusive workplace framework to move the dial in diversity and inclusion. This new approach aligns with the overall Group strategy, purpose and behaviours:

**Start with why** through education and awareness.

**Think next need** by developing data-informed initiatives.

Leverage the diversity of our people to **crack it together**.

Be fearless to **try it out** in the quest to eliminate discrimination.

We will adopt a data-led approach to the introduction of our diversity and inclusion as well as wellbeing initiatives.

### Case study

#### Profile

Anchor Vans is a client that started its relationship with MotoNovo in 2014 with approximately £1.25m in facilities. It wanted its business to grow.




#### Solution





MotoNovo has provided wholesale funding to the client over the last eight years. This enabled Anchor Vans to grow its facilities, almost doubling its finance volumes across the group of companies to £5m per year. Here, MotoNovo's support both enabled the business to grow as well as helping more customers to find the right car or van.



## Networks

All networks have undergone effective network training, arming each respective network with the tools to run confidently and autonomously. Revitalised terms of reference have been developed and socialised for each network, detailing the roles of members, the network's remit, and the expected level of activity for the year. We have also provided a budget of £5,000 for each network to put towards awareness events.

Network	Context	2023 activities
	Our aim at the Rainbow LGBTQ+ network is to raise awareness and the profile of LGBTQ+ issues across Aldermore Group and provide support for LGBTQ+ colleagues. We do this through events throughout the year and want to ensure that there are visible role models at different levels of the organisation.	→ Our rainbow network represented us at this year's Pride parade in Cardiff as well as developing the capability for staff to include their pronouns on their Microsoft Teams bio.
	To inspire and empower women enabling opportunity and success by creating a community to promote gender equality. → CHAMPIONING - Our women to be the best they can be, supporting and enabling them to feel empowered. → CARING - Allowing all to know that women's topics are at the forefront of the 'business' agenda, allowing the community to be a safe space where people care, acting as an extended peer group. → CONNECTING - Developing a community through networking, events, workshops, coffee mornings and storytelling.	→ A panel discussion on the topic of fertility whereby a fertility expert and colleagues going through fertility treatment delved into the process and their personal stories. → We have recently worked closely with our colleagues to introduce our new fertility policy, colleagues returning from parental leave guide and now look to further develop a policy to support foster care. → We remain signatories of the 'Menopause Workplace Pledge' and have developed a Menopause Hub on our intranet - the hub is home to informative content to both support women as well as raise awareness to all.
	Our aim is to provide a voice for our ethnic minority colleagues, and to empower them to embrace their full talent potential across Aldermore. Our network is open to all colleagues interested in engaging and wanting to make a difference by raising awareness, celebrating and promoting a truly inclusive culture throughout the organisation.	→ EmbRace network wanted to raise awareness on cultural food and hosted a cook-a-long webinar with Chef B. → Ran sessions on being an ally and how to support networks during National Inclusion Week.

Network	Context	2023 activities
	Improving the mental and physical wellbeing of our colleagues. → Removing the stigma surrounding mental health to allow people to be themselves at work. → Promoting the support available for colleagues and family within the Aldermore Group. → Assisting our leaders in supporting colleagues.	→ Supported mental health awareness week with a number of sessions discussing financial wellbeing with our partners the Money Charity, Money Charity and a guest keynote speaker Clarke Carlisle, former English footballer, on mental wellbeing.
	Empowering and supporting working families and those with caring responsibilities to reach their full potential.	→ Launched our quarterly site events for colleagues returning from parental leave, whereby they are invited into the office along with their child to discuss their return and how we can support them in returning as smoothly as possible. → Worked closely with colleagues to develop our new fertility policy, support colleagues returning from parental leave, and further develop a policy for foster care leave.
	MotoNovo Finance launched the GROW Network (Generating Real Opportunities for Women) in April 2022. GROW aims to be a catalyst for change within our industry, bringing together all levels of experience from within our dealer and broker partners and sharing insight through a series of virtual events hosted by internal and external guests throughout the year, as well as other useful resources.	→ Expanded membership from 83 last year to now more than 150. → To date, we've held discussions on topics such as overcoming imposter syndrome and how to attract and retain talent, helping to support those wanting to take similar steps within their own businesses and careers.
	Seeks to raise awareness and address barriers to those facing both visible and non-visible disabilities. We will be embarking on developing our policies and practices to enable us to become an accredited disability confident employer.	→ Launched in Autumn 2023.



I got involved with the EmbRace Network as I feel passionate about representing my cultural and religious background, and sharing all that's best in our heritage with others in our organisation.

– Yasir Kiani, Financial Assistance Team, Aldermore





I believe in making opportunities available for all and creating an inclusive workplace where everyone can shine to the best of their abilities. Sponsoring the Women's Network is a way in which I can contribute to making Aldermore an inclusive and welcoming place. I've been fortunate in having great role models and support in my career, and I derive great joy from passing that on to others.

– Paula Walter, Chief Technology and Information Officer, Aldermore



Aldermore's apprentice programme is providing me and many others the opportunity to develop our skills and talent. I am proud to be associated with an organisation who supports the making of future leaders.

– Olivia Barreto, Finance Apprentice, Aldermore



### Our approach to talent attraction and development

Our talent strategy straddles two of our societal impact areas by providing economic transformation through the opportunity created, while also delivering financial inclusion through equality of opportunity. The below highlights some of the activities that contributed to 367 promotions during our 2023 financial year, representing more than 17% of the Group's colleagues.

We firmly believe that there is significant value in working in a meritocratic environment where our people progress based on their attitude, hard work and the positive relationships they build.

#### Opportunity through apprenticeship development

- We have invested almost £270k (a 133% increase on the previous year) in apprenticeship development to attract, retain and develop a diverse demographic of talent. This includes creating roles for 16 new colleagues and investing in the ongoing professional development of 70 existing colleagues.
- The Standards and Frameworks apprenticeships include a wide range of career fields, including but not limited to technical apprenticeships such as Cyber Security and Software Development, professional apprenticeships such as Marketing Executive and Chartered Accountancy, and core apprenticeships such as Leadership and Business Administration.
- Our colleague base is engaged across National Qualification Framework levels 2 through to 7. We have participation in all our job families from Early Careers through to our Senior Leadership teams.
- Our apprenticeship programme notes an achievement rate of 86%, a retention rate of 89.5% and a programme attrition figure of only 4%.
- Our new hire apprentices are paid the real Living Wage (as set by the Living Wage Foundation).

#### Developing female leadership

We recognise that good, balanced leadership is essential to being a responsible organisation and our business ambitions. That is why we are committed to the Women in Finance Charter and invest in the development of our female colleagues to drive greater representation within our leadership population. Last year we stated our criteria and definition of senior leadership was changing to accommodate a new business structure as part of our refreshed strategy. This has now been completed and is reflected in our results and target setting for female senior leadership. Our 2023 financial year finished with 39% of women in our senior leadership positions against a target of 30%. We are aiming to achieve 40% in 2024 and 50% in 2025. We look to increase representation by identifying high potential women and upskilling them to be able to step into roles that become available. We do this through succession planning and activities such as:

##### Women in Leadership Programme:

- This programme is now in its second year, with 24 colleagues working towards their Chartered Management Institute Level 3 and Level 5 qualifications.

##### 30% Club Programme:

- The 30% Club is a campaign group established with the aim of achieving a minimum of 30% female representation on the boards of FTSE 100 companies. We continue to actively increase our participation in the mentoring scheme. In 2023 we added an additional 20 partnerships across both of the 'missions' that we participate in, with each addressing a different strand of marginalised leadership. The first is 'Mission Gender Equity', which supports the path to parity of women in leadership. The other is 'Mission Include', which supports the acceleration of diverse talent into leadership roles.

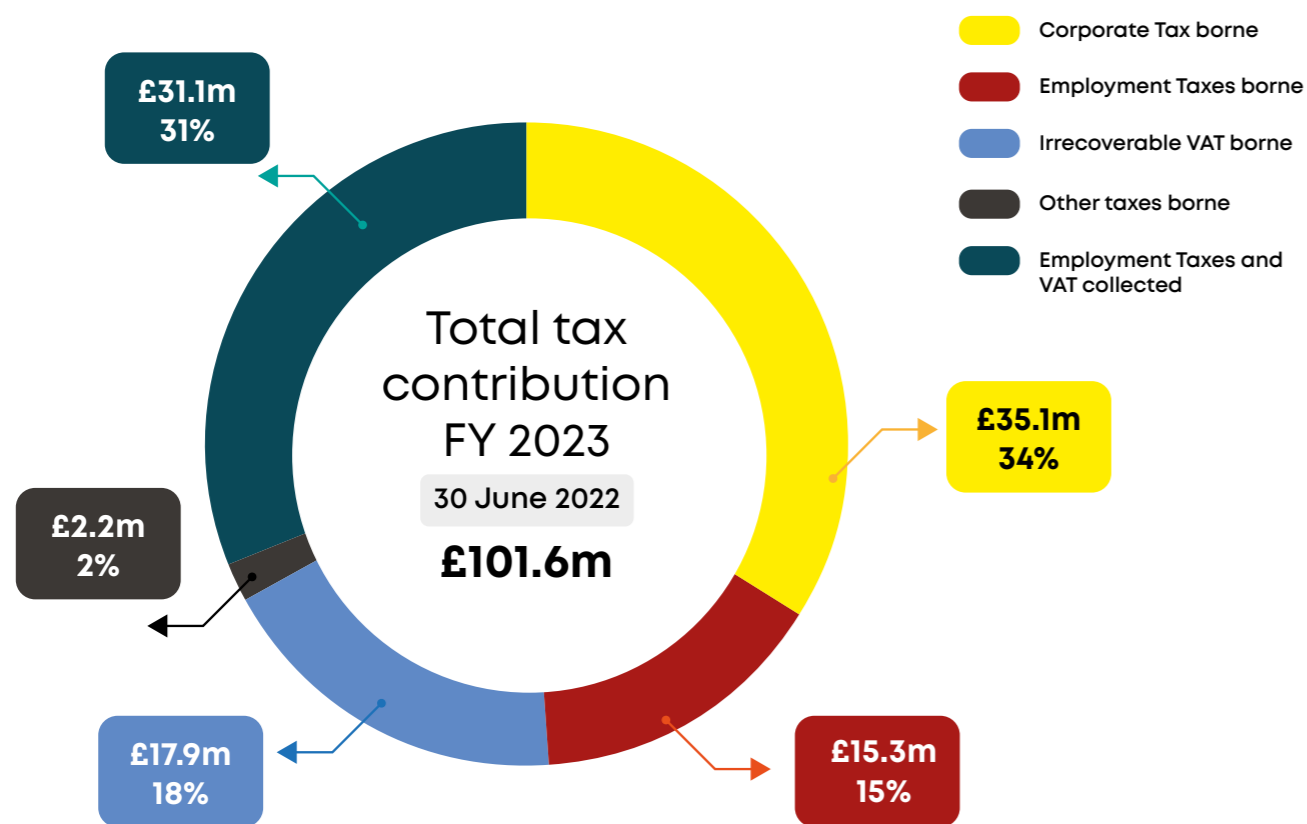
Women in Finance Charter	June 2023	June 2022	June 2021
Number of women in senior management	39%	36%	21%
30% Club Programme	June 2023	June 2022	June 2021
Number of partnerships	80	60	40

## Responsible corporate citizenship through our tax contribution

We respect that as a corporate citizen we have a duty to act with honesty and integrity in our approach to taxation, and recognise that through the payment of tax we contribute towards our stakeholders and wider society. Appropriate, prudent and transparent tax behaviour is a key component of corporate responsibility.

Through good governance, controls and procedures, the Group seeks to pay the right amount of tax at the right time and to maintain the Group's reputation as a fair contributor to the UK economy. We comply with His Majesty's Revenue and Customs Code of Practice on Taxation for Banks and aim to maintain constructive and professional relationships with the tax authorities. We actively support and work with tax authorities to combat tax evasion. We do not interpret tax laws in a way that we believe is contrary to the intention of Parliament. We apply tax rules in good faith and in the spirit they are intended. We aim to ensure that our tax returns are filed on time. Our overall tax objectives reflect our honest and transparent approach to our tax obligations, and are also reflected in the products and services we offer our customers.

→ For more information, please see our Annual Report or have a look at our corporate website: [investors.aldermore.co.uk/about-us/corporate-governance/introduction/tax-strategy](https://investors.aldermore.co.uk/about-us/corporate-governance/introduction/tax-strategy)



## Financial inclusion

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.

- 7 Widening Access to Savings and Credit 
- 9 Extending Enterprise 
- 14 Achieving Equality through Diversity & Inclusion 



Supporting first-time buyers in the property market

Aldermore has a leading proposition for creditworthy first-time buyers who don't fit the standard requirements of high street banks, which have a more automated approach to lending. We believe this approach allows us to better understand customers' needs and support our financial inclusion ambitions to widen access to home ownership across society.

Despite increasingly challenging market conditions making it harder for first-time buyers, our balance of experienced underwriting and sophisticated credit models has meant we continue to find ways to support this section of the market.

In the last four years, we have helped more than 5,000 individuals and couples buy their first homes.

	2023	2022	2021	2020
<b>New Lending to First-Time Buyers (Owner-Occupier)</b>	£165m	£274m	£198m	£278m
<b>As % of New Owner-Occupier Lending</b>	40%	44%	42%	42%



First-time buyers very often struggle to get the right support to get on the property ladder. It is vital that we offer the opportunity for more people to purchase their first home, by applying common sense lending decisions, taking into account individual circumstances and history, and providing accessible products and lending criteria.

– Emma McCubbin, Underwriting Manager, Aldermore



Backing self-employed buyers in the property market

Aldermore supports the self-employed with its human-led, common sense approach to lending. This is a key demographic, with the number of self-employed workers in the UK rising from around 3.5m to 5m in around 20 years, albeit falling back somewhat due to Covid-19. Aldermore's experienced manual underwriting, with specific expertise in small businesses and sole traders, is the key to safely backing more self-employed customers to buy their own home.

	2023	2022	2021	2020
<b>New Lending to Self-Employed (Owner-Occupier)</b>	£141m	£165m	£154m	£198m
<b>As % of New Owner-Occupier Lending</b>	35%	26%	32%	30%
<b>Cases</b>	575	682	683	1,040

Intentionally widening access to savings

Following customer research and our commitment to promoting financial inclusion, we have developed a new Regular Saver product with a competitive rate which is focused on building savings via flexible monthly contributions over a defined period and no restrictions on withdrawals. The minimum opening deposit on the Regular Saver account is £25 which is significantly lower to that of our existing products, enabling us to support more customers than ever before in achieving their savings goals.



# SPOTLIGHT SOCIAL MOBILITY

Aldermore continues to act as an engine for social change internally and externally, beyond our commercial lending and intentional partnerships. By collaborating closely with partners that align with our purpose, we generate more meaningful and inclusive impacts on the areas of society that matter to us most.

In the last 12 months we have managed to positively impact more than 7,000 lives across all of our partnerships, through our comprehensive outreach programme Experience Aldermore.

## Socio-economic data capture

In last year's report, we stated our ambition to incorporate questions into our colleague engagement surveys in order to be able to benchmark and track the socio-economic background of our workforce. We believe this activity helps to hold us accountable for ensuring that careers in financial services are open and accessible, placing equality of opportunity at the heart of our purpose.

Below are the four key questions, as agreed on by the Social Mobility Commission, for organisations committed to measuring and promoting socio-economic diversity to ask:

- What was the occupation of your main household earner when you were aged 14?
- Which type of school did you attend for the most time between the ages of 11 and 16?
- If you finished school after 1980, were you eligible for free school meals at any point during your school years?
- For graduate employees: Did either of your parents attend university and gain a degree (e.g. BA/BSc or equivalent) by the time you were 18?

We started benchmarking our own position by asking colleagues the first of those questions in an anonymous engagement survey, with a response of 83%. We are now progressing this work and have embedded all four questions into our self-service colleague data system, including initial set-up for new starters. This will allow us to begin tracking and correlating social mobility and opportunity at an organisational level. As of 30 September 2023, 25% of all colleagues have updated this information. We expect this to continue to rise over the coming year as a result of focused campaigns. Our objective is to ensure we are a meritocratic company in which to build a career.



Being intentional on how you build out your talent architecture to ensure equitable opportunity, promoting inclusion and helping colleagues realise their potential is fundamental to a progressive and innovative culture. We are proud of the steps taken over the past year in creating an environment that welcomes diversity of thought throughout our organisation.

- Jonathan Carberry, Group Talent Manager, Aldermore

### Experience Aldermore:

How we deliver externally within our communities to support and grow opportunity

#### Early careers and workplace safaris

Our careers calendar has presented events within the communities where we are based. Colleagues have shared expertise with students with the purpose of preparing them for their future careers. This activity encompasses a wide range of support that seeks to aid educational institutions meet their obligations under the Gatsby Benchmarks of Good Career Guidance, specifically:

- Benchmark 5: Encounters with employers and employees
- Benchmark 6: Experiences of workplaces

#### Impact, September 2022 – May 2023

Number of events delivered	55
Student interactions	3,739
Colleagues involved	131
Hours provided	586



**The Money Charity**

The Money Charity is a non-profit organisation dedicated to improving financial wellbeing and capability. It empowers individuals and communities with the knowledge and skills needed to make informed financial decisions. Through education, workshops and resources, the Money Charity tackles aspects of personal finance including budgeting, saving, debt management and financial planning.

The Money Charity's mission closely aligns with Aldermore's commitment to financial inclusion and wellbeing, particularly in their efforts to provide opportunities for young people. This synergy underscores the shared goal of fostering financial empowerment and resilience.

**Impact, September 2022 – May 2023**

<b>Overall number of people reached</b>	2,486
→ Young people	2,308
→ Community adults	178
<b>Overall workshop hours delivered</b>	148.5
→ Young people	120
→ Community adults	28.5



**Experience Aldermore:**

**How we invite communities in to unlock underserved potential**

**Change 100**

We are partnered with disability charity Leonard Cheshire in its Change 100 Programme to offer paid placements to undergraduates and graduates who have one or more registered disabilities, thus helping them to access career development and exposure to our industry.

**Impact, September 2023 financial year**

Interns	2
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**Chartered Banker Institute Smart Futures Programme**

We are a funding partner in the enablement of the Chartered Banker Institute Smart Futures Programme in partnership with The EY Foundation. This scheme gives year 12 students (16 to 17 years old) exposure to financial services through an internship placement followed by a 10-month mentoring programme with a senior leader. The programme is available to applicants who have a household income of less than £24k and/or who are in receipt of free school meals, thereby providing opportunities for those who traditionally face barriers to our industry. The scheme provides Institute of Leadership and Management certification in sustainable banking and paid work experience over the Easter and Summer academic breaks.

**Impact, September 2023 financial year**

Students	8
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**10,000 Black Interns**

We welcomed our first cohort from the 10,000 Interns Foundation seeking to drive greater representation of black ethnic talent in financial services. Our interns joined areas in HR, Technology, Product and Finance for a three-month paid experiential placement.

**Impact, September 2023 financial year**

Interns	8
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**Experience Aldermore:**

**Growing our influence through our innovative digital footprint**

**EVERFI**

We are now into our second year of partnership with digital education innovator EVERFI. Its financial literacy programme, Aspire, is designed for secondary students aged 14 to 16 and aims to develop young people’s understanding of the economy.

Alongside the digital programme, EVERFI and Aldermore provided additional opportunities to schools. In October 2022, an event for Year 10 students at Beamont Collegiate Academy in Warrington was attended by the Aldermore CEO and other executive leaders. It provided students with the opportunity to ask questions and engage with professionals on the subject of careers and financial literacy.

A questionnaire revealed that, upon completion of the programme:

- 80% of students are putting or planning to put money in a savings account;
- 67% feel ready to save or invest;
- 61% feel more confident about establishing and sticking to a budget; and
- There was a 26% average increase in assessment score post digital lessons.

**Impact, September 2022 – May 2023**

Unique schools	25
Unique students	798
Hours of learning	1,215
Average increase in assessment score post digital lessons	26%

**The Aldermore Academy**

As a modern business, we are becoming increasingly digital and are turning to technology solutions. With our needs growing and demand for the talent required for these solutions at an all-time high, we decided to take a step back and look at the technology market’s challenges when it comes to talent:

- It has been predicted that by 2030 there will be 210m new jobs in Cloud, artificial intelligence and Cyber. However, there are currently only 51m people skilled in these areas.
- Only 15% of tech talent is from a Black, Asian and Minority Ethnic (BAME) background and only 19% is female.

We believe in giving people opportunities to develop careers in areas of expertise that may have previously been closed off due to background or circumstance. For example, the tech industry’s focus on science, technology, engineering and mathematics degree-level qualifications means technology career candidates were predominately male. This is why we created the Aldermore Academy programme, which looks for aptitude rather than experience.

**Backing young drivers**

We recognise the importance of providing finance to young people for their motoring purchases. Not only does owning a vehicle support their mobility ambitions, it can help build their credit profile. With market conditions driving rates up and making finance more expensive, we remain committed to funding this section of the market. Unfortunately, compared to last year’s numbers we have financed fewer cases, however have largely maintained the overall percentage of our lending. During this period there were no changes to our lending policy for younger drivers.

Age	Number of Cases FY22/23	% FY22/23	Number of Cases FY21/22	% FY21/22
18	181	0.11%	334	0.18%
19	1,177	0.74%	1,339	0.71%
20	2,104	1.32%	2,435	1.29%
21	2,635	1.65%	3,251	1.72%
Total	6,097	3.83%	7,359	3.90%



# Closing

As with last year's report, we have asked third party This Is Purpose to review our progress and provide recommendation. This Is Purpose are the consultancy who lead activity on The Purpose Coalition and the Purpose Goals.

This next section will involve an analysis of Aldermore Group's work over 2023 past year against a number of the most relevant Purpose Goals.

## In this section

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## Analysis from This Is Purpose

### Goal 4: Right advice and experiences & Goal 5: Open recruitment



To access the employment opportunities that can change people's circumstances, access to the right advice and experiences at the right time is critical to unlock social mobility throughout key life stages. Careers and professions should also be open to people of all backgrounds through transparent, accessible and open recruitment practices. Under its focus area - economic transformation - Aldermore is making an impact against Goal 5.

Over the past year, Aldermore has also carried out a number of outreach events in local schools - offering focused financial education programmes - in communities across the UK, delivering against Goal 4. This is a critical part of the Bank's wider 'Experience Aldermore' initiative which sets out to design and implement diverse talent pipelines into the organisation itself and more widely into the financial services sector. This work is continued in Aldermore's work with digital education leader EVERFI. In its second year of partnership, the Bank takes a central role in EVERFI's financial literacy programme - Aspire - carrying out crucial financial literacy work in schools and demystifying a sector that is traditionally perceived to be out of reach for many.

### Goal 7: Widening access to savings and responsible credit through financial inclusion



Breaking down barriers to responsible credit and closing the savings gap is crucial to boosting social mobility. However talented a person is, being trapped in debt or being unable to access capital significantly hinders access to opportunity. Under its strategic focus area - financial wellbeing - Aldermore has delivered for its colleagues over 2023, as is outlined on page 13. It is supporting its employees in the short-term, through proactive support packages in light of the cost-of-living crisis, but is helping them to be more financially resilient through a comprehensive benefits offering - recently launching its new benefits platform 'MyDeal'.

For customers, Aldermore Bank has responded to the biggest change in UK regulation in over a decade - the FCA Consumer Duty regulations which came into effect on 31st July 2023. As outlined on page 15, Aldermore embraced the change in regulation which aligned to its strategic focus area of financial wellbeing. It conducted a group-wide gap analysis against its duty to drive good consumer outcomes for retail customers, identifying areas of the business where consumer outcomes could be enhanced.

In its commitment to Goal 7 and to its strategic pillar - financial inclusion - Aldermore Bank has continued to back first-time buyers in the property market at a time of volatility. As is set out in page 39, the bank offers a leading framework for creditworthy first-time buyers who are rejected by high-street banks which take a more automated approach to lending.

### Goal 9: Extending enterprise



Extending private enterprise and entrepreneurship to all people and communities is critical to driving opportunity on the doorstep. Aldermore Bank - through its work with SMEs - is delivering against Goal 9 through its strategic pillars: economic transformation and financial inclusion. As is outlined on page 28, the Bank has supported small businesses through its Business Finance division. This division applies a tailored approach to lending and wider economic factors to provide bespoke and efficient solutions for its property developer customers in under-resourced communities over 2023.

The Bank is also leveraging its wealth of expertise, supporting SMEs to survive and then grow out of the current challenges. As offered in a case study on page 29, Aldermore Bank offered a local metal fabrication client - who was new to invoice financing and looking to grow the business - a £350k factoring facility which enabled them to secure new customers and stabilise cash flow.



Goal 12: Building homes and sustainable communities &  
Goal 13: Harnessing the energy transition and net-zero



The designing and building of affordable, quality, homes is central to the upholding of safe and sustainable communities. Areas that are safe, with a good quality of life and homes local people can afford, are communities that are sustainable in the long run. Looking forward, the very best purpose-led organisations are not just contributing to sustainable and healthy communities, but are harnessing the energy transition to deliver new skilled careers in social mobility cold spots. Aldermore acknowledges the far-reaching potential impacts of climate change on both its colleagues and its communities.

Over the past year, Aldermore has acknowledged and responded to the climate challenge - prioritising its own climate impact as an overarching strategic pillar. Over 2023, the group has focused on its internal environmental impacts - outlined on page 22 - conducting a full review and space utilisation study. This study led Aldermore to relocate its London head office in May 2023, significantly improving operational emissions while improving the office environment for colleagues.

Goal 14: Achieve equality through diversity and inclusion



Diversity matters - more inclusive and equal organisations make better decisions, drawing from a wider perspective and avoiding groupthink. Diversity extends beyond gender and ethnicity to sexuality, disability, and other challenges that can lead to disadvantage. Under its financial inclusion strategic aim, Aldermore is taking proactive steps to foster a more inclusive and diverse financial services sector. Over 2023, the group welcomed its first cohort from the 10,000 Black Interns initiative. Further upstream, Aldermore Group is a crucial funding partner of the Chartered Bankers Institutes 'Smart Futures Programme' which offers internships and mentoring to college students with low household incomes. See page 42 for more details on Aldermore's comprehensive inclusion-focused proactive diversity work.

Meeting and surpassing Purpose Goal 14 is not only about taking proactive external action, but driving change internally as a foundation to ensure lasting organisational change. Aldermore Group, over 2023, has delivered innovative internal equality measures - driven by its social impact focus area and economic transformation. The group is applying innovative technology to its partnership with Oracle, enabling the organisation to capture a broader range of demographic details of its workforce. This agenda, as well as the organisation's leading role on the Equality of Opportunity coalition, continues Aldermore Bank's leading diversity and inclusion offering - driving it forward with new, dynamic social impact underpinnings.



## Recommendations from This Is Purpose

Moving into 2024, based on the work benchmarked against the Goals above and Aldermore Group's four strategic social impact areas - the Purpose Coalition has offered four recommendations as part of Aldermore's wider focus on delivering social mobility and going above and beyond to break down the barriers to opportunity.

### Financial wellbeing



To champion financial wellbeing, Aldermore Group should consider collaborating with the Purpose Coalition in the design of a financial wellbeing programme that organisations can use to foster the financial resilience of workforces across sectors and the wider population.

Leveraging its expertise and resources, Aldermore Group could first trial the programme on its employees - improving financial wellbeing internally. The programme could focus on empowering people to feel more confident about money through the improvement of financial literacy and long-term independence. Through workshops, seminars, and personalised financial guidance, the programme can

equip workforces with essential skills and knowledge to manage their finances effectively - contributing to financial wellbeing and job satisfaction across the country.

### Climate impact



Taking the next step in its commitment to sustainability and social responsibility, Aldermore Group could look to implement a comprehensive social value Scope 3 emissions tracking system. Through this system, Aldermore can effectively monitor and assess the environmental footprint of its entire supply chain. This approach will enable the group to identify areas for improvement, set ambitious sustainability targets, and collaborate with its partners to implement practices that protect the environment.

### Economic transformation



Aldermore Group, using its expertise, business activities, and resources supported SMEs during the cost of living crisis to the complex economic challenges. SMEs are critical to the national economy - representing 99.2% of total business - but are also vital to the fabric of local communities and high streets across the UK. Over 2023, Aldermore Group recognised this and dedicated crucial resources, knowledge, and internal activities to supporting SMEs during uncertain economic times.

To go even further, in partnership with the Purpose Coalition, the group could apply the Indices of Multiple Deprivation (IMD) to identify specific SMEs in under-resourced areas in regions where it has a presence. The IMD combines information from seven indicators

to produce an overall relative measure of deprivation for small areas in the UK. The application of the IMD's indicators to specific areas allows the user to rank 32,844 Lower-layer Social Output Areas (LSOAs) from most deprived to least deprived. Once the LSOAs have been identified, the firm can then reach out to, and establish relationships with, suitable SMEs in under-resourced, social mobility cold spot areas to strategically target its SME outreach and support agenda.

### Financial inclusion



Aldermore Group could seek to better understand the socioeconomic make-up of its customers, and therefore any barriers they face to accessing necessary financial services. The Bank's current leadership on the Equality of Opportunity Coalition - and the application of the socioeconomic diversity questions to its colleagues - could be used to gain insights into our customers' backgrounds. This can help to contextualise the Bank's financial products beyond traditional assessments by high street banks who rely heavily on automated systems that tend to favour people with better credit. Applying this recommendation would allow Aldermore to tailor its products to customer needs, improving the social mobility of its customers through increasing the access to responsible credit.

# Glossary

- **APR:** The Annual Percentage Rate is the cost you pay each year to borrow money, including fees, expressed as a percentage.
- **Decarbonise:** Stopping or reducing carbon gases, especially carbon dioxide, being released into the atmosphere as the result of a process.
- **Early Repayment Charges (ERCs):** A fee to your mortgage lender, which you may be asked to pay if you want to reduce the amount you've borrowed.
- **Engagemore Colleague Engagement Survey:** An internal survey designed to understand the experience of working at Aldermore.
- **EPC:** Energy Performance Certificate.
- **ESG:** Environmental, social, and corporate governance is a set of aspects considered when investing in companies, that recommends taking environmental issues, social issues and corporate governance issues into account.
- **FCA:** The Financial Conduct Authority.
- **Fiscal Year:** A one-year period that companies and governments use for financial reporting and budgeting, can also be called financial year.
- **FLA:** Finance & Leasing Association.
- **FSCS:** Financial Services Compensation Scheme.
- **FY:** Financial Year.
- **Grassroot:** The most basic level of an activity or organisation.
- **IMLA:** Intermediary Mortgage Lenders Association.
- **Net Promoter Scores:** A measure used to gauge customer loyalty, satisfaction, and enthusiasm.
- **Net Zero:** A target of completely negating the amount of greenhouse gases produced by human activity, to be achieved by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere.
- **People Forum:** An internal colleague forum comprised of elected employees (representatives) from across each location within Aldermore Group, designed to represent the views and opinions of their colleagues.
- **Pipeline Switching:** When a broker or individual selects a new rate if a better one becomes available before the end of a fixed rate.
- **LGBTQ+:** The acronym for lesbian, gay, bisexual, trans, queer or questioning, intersex, asexual and more identities.
- **Scope 1 emissions:** Direct greenhouse gas emissions that occur from sources that are controlled or owned by the reporting organisation.
- **Scope 2 emissions:** Indirect greenhouse gas emissions associated with the purchase of electricity, steam, heat, or cooling. They are accounted for by the reporting organisation as they are a result of the organisation's energy use.
- **SMEs:** Small to medium-sized enterprises, a company with no more than 500 employees.
- **TCFD:** Task Force on Climate-related Financial Disclosures Report.

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