

Report to Society

2022

Aldermore

LEVELLING UP
GOALS



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Purpose of this report

Aldermore Group's inaugural Report to Society provides deeper insight and transparency around our societal impact as a result of our financial and operational performance. Our Environmental, Social and Governance (ESG), and Sustainability strategies are designed to protect and enhance human and natural resources by creating societal and financial value through core activities of our businesses.

These strategies underpin Aldermore's commitments to build a more prosperous and united community now and for future generations.

If you wish to see our annual integrated report, please visit our website for more information. All reported data is for the year ended 30 June 2022 unless indicated otherwise.



1. Introduction

1.1

Message from the CEO



As the UK faces a series of difficult environmental and economic challenges, there has never been a more important time for our business to embrace the responsibility of providing genuine value to all stakeholders – our colleagues, our customers, our partners, our shareholders, and society as a whole.

Aldermore is uniquely placed to deliver on this, as it was founded in 2009 during another period when the UK faced huge economic challenges and endeavoured to support those who were often overlooked by high street banks. Thirteen years later that ambition remains at the centre of everything we do, as does our purpose to back more people to go for it, in life and business.





This new annual report, our inaugural Report to Society, shares examples of the intentional ways in which we are providing positive impact for our stakeholders while striving to do it in the areas that matter most. It's an exciting first step.

We recognise that this is a journey and we still have much to do, but we are in a strong position. We have passionate colleagues who believe in our purpose, an ability to deploy the balance sheet in innovative ways to help solve society's challenges and we are supported by our parent, FirstRand, and their purpose of shared prosperity. Together, we are confident of building a sustainable future.



Steven Cooper CBE, CEO

1.2 Group highlights 2022

P roducts	P eople	P lanet	P artnerships
			
<p>Backed first-time buyers by lending £274m in the housing market, which made up 44% of our owner-occupied lending.</p>	<p>Backed our people by supporting 317 internal promotions and increasing the annual leave allowance for all colleagues to 30 days.</p>	<p>Refining our own plan to support the transition to a low-carbon future, having joined Bankers for Net Zero in June 2022.</p>	<p>Signed the United Nations Principles for Responsible Banking.</p>
<p>Backed 317 motor dealer intermediaries with stock funding worth nearly £400m to provide 32,415 used cars for the industry.</p>	<p>Increased our colleague self-service diversity data from 30% to 70% with our #CountMeIn campaign.</p>	<p>Began a programme to transition Group fleet to low-carbon options, reducing our fleet of internal combustion engines (ICE) vehicles to 29%.</p>	<p>Delivered 19 volunteering events and raised £60,858 across our Community Giving activities.</p>
<p>Backed 11,154 customers with funding worth over £1.73bn in the Structured and Specialist Solutions market.</p>	<p>Supported 1,465 colleagues with a £1,000 payment in response to the rising cost of living.</p>	<p>Enhanced our climate risk disclosures in our annual report.</p>	<p>Provided £60,000 via our apprenticeship levy to Sandcastle Care Limited and gave 382 school students access to financial literacy platform EVERFI as part of our community engagement activities.</p>
<p>Backed 323,256 savers worth £12.2bn across the personal and business savings market.</p>	<p>Launched GROW, an internal and external diversity and inclusion network to support opportunities for women in the motor industry.</p>	<p>Developed capabilities to track our financed emissions across our Residential Mortgages and Motor Finance portfolio.</p>	<p>Continued our strategically aligned partnership with the Purpose Coalition on the UK Levelling Up Goals and the Equality of Opportunity Coalition.</p>

2. About Aldermore Group



2.1 About Aldermore Group

As a multi-product specialist lender, we provide straightforward lending and savings products to small and medium enterprises (SME's), homeowners, landlords and individuals.

Now more than ever, banks must do more to understand the real-life needs of people and businesses to support and prepare them for uncertain times and turbulent markets.

Our **2,000+ employees** across eight UK locations continue to serve the evolving needs of **700,000+ customers, offering tailored solutions** in:



Property Finance



Structured and Specialist Solutions



Motor Finance



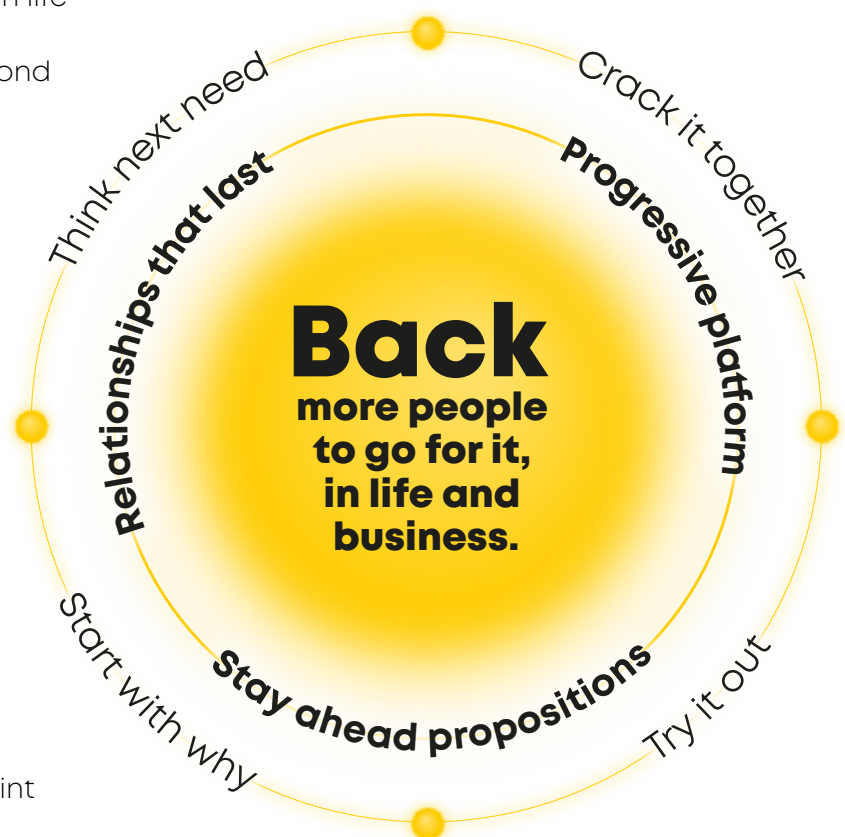
Savings

2.2 Aldermore blueprint and purpose

As a group, Aldermore's enduring purpose is to back more people to go for it, in life and business. Our purpose guides everything we do and extends beyond the products and services we offer. Our aim is to seek out more undervalued and underserved people and do good by helping them take the action needed to move forward in life, ensuring we meet the needs that other institutions do not.

To ensure our purpose remains central to our activity, it sits at the heart of our blueprint, surrounded by our strategic drivers and our behaviours that reflect our ambitions to differentiate the business and bring together the 'what' and the 'how' which make it happen.

For more information on our blueprint and purpose, please take a look at our [annual report](#).



2.3 Our stakeholders

To ensure we have the right impact across our stakeholder groups, here is how we aim to bring greater value to each of them:

- **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.
- **People:** We regard them as the foundation to our success and have a transparent value exchange, offering great benefits, working environments and development opportunities, while bringing clarity about what we expect 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.
- **Investors:** We generate sustainable returns by focusing on long-term growth in the four most attractive markets in UK banking.
- **Regulators:** We maintain regular, open, and transparent dialogue, ensuring alignment on evolving regulatory priorities.
- **Communities and environment:** We utilise our key strengths and capabilities to drive impactful change and make a sustainable difference to our communities, now and for the future.

2.4 FirstRand Limited



FirstRand Limited (FirstRand) comprises a portfolio of financial services businesses operating in South Africa, certain markets in sub-Saharan Africa and the UK.

Many of these businesses are leaders in their respective segments and markets, and offer a broad range of transactional, lending, investment and insurance products and services.

Consistent execution on strategy and a disciplined approach to allocating scarce financial resources have delivered a long track record of superior economic profits, returns and dividends to shareholders.

FirstRand's stated purpose is to deliver shared prosperity, encompassing a blend of financial and societal value, for a broad set of stakeholders.

Read more about FirstRand [here](#).

3. Sustainability at Aldermore

3.1 Our approach

At Aldermore, we address societal issues directly linked to our business activities and corporate strategy in order to build a more sustainable future. Our four key pillars of commitment focus on the areas where we can have the most significant impact.





3.2 The 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 over 300 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 way for financial services to deliver better and more sustainable outcomes for broader society.



PRINCIPLE 1:

Alignment

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



PRINCIPLE 4:

Stakeholders

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



PRINCIPLE 2:

Impact and target setting

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



PRINCIPLE 5:

Governance and culture

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



PRINCIPLE 3:

Clients and customers

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



PRINCIPLE 6:

Transparency and accountability

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

3.3 Levelling Up

1 Strong foundations in Early Years 	2 Successful school years
3 Positive destinations Post 16+ 	4 Right advice and experiences
5 Open recruitment 	6 Fair career progression
7 Widening access to savings & credit 	8 Good health and well-being
9 Extending enterprise 	10 Closing the digital divide
11 Infrastructure for opportunity 	12 Building homes & sustainable communities
13 Harness the energy transition 	14 Achieve equality, through diversity & inclusion



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



The country is facing immense challenges on a number of fronts – recovering from the pandemic, tackling the cost-of-living crisis and addressing the problem of poor social mobility. We continue to see how those issues have the greatest impact on the most disadvantaged in our society. Policy makers, businesses, universities and public sector bodies need to work together to provide support for the most vulnerable, and to ensure that opportunity is as accessible as possible. As the causes of social inequality are interlinked so the most effective response should also be a collaborative one.



The Purpose Coalition is working with purpose-led organisations to deliver equality of opportunity for their colleagues, their customers and their communities. It has developed 14 Purpose Goals which cover key life stages as well as the main barriers that can prevent people from accessing opportunity. They are based on the UN's Sustainable Goals which, as International Development Secretary, I helped to establish in 2015 and which were effective because they identified a common set of accessible but ambitious objectives which were able to galvanise action and effect change. The Purpose Goals will create a more transparent and measurable framework for tracking and addressing problems of social mobility and inequality. They also provide a unifying and motivating foundation for progress. Many organisations are already doing outstanding work and making important contributions to society but are still measuring this via inputs.

make a wider positive impact on the social good.

Aldermore, with its ethos of shared prosperity and tradition of stepping in where other institutions do not, is in a prime position to drive a better, more purposeful future focused on an understanding of what its colleagues, customers and communities need.



The financial services sector is integral to how well the country responds to the current challenges. It provides the products and services that help us manage our money. It also provides skilled jobs which can offer rewarding, well-paid careers in a digital economy. Both have the potential to contribute to a fairer, more equal society



Business is stepping up to the mark to shape this levelling up agenda and its stakeholders now expect that they will

where everyone has access to opportunity, regardless of background. For many people financial exclusion – being trapped



in debt or unable to access savings - is a huge barrier as they seek to progress through life. Knowing how to access savings and credit, and which tools to use to accumulate advantage, is critical to getting on.

Led by its CEO, Steven Cooper, Aldermore is resolutely focused on opening up finance to people and businesses who find it difficult to get from the traditional financial sector. Providing financial inclusivity to these individuals and communities brings equality of opportunity to those who would otherwise have missed out. It not only generates business and jobs for communities but also engenders aspiration for individuals. We are proud to have Steven as a Commissioner for Goal 7: Access to Savings and Credit and the bank has supported the development of key metrics for that Goal. He is also Co-Chair of the Equality of Opportunity Coalition which encourages people from a wide range of socio-economic backgrounds to get involved in the highest levels of business and politics. As part of this, we're asking organisations across the UK to start tracking the socio-economic background of their employees to assess their progress more effectively.

With a renewed commitment from Government to its levelling up strategy, Aldermore is also poised to renew its contribution to that agenda, with a higher profile role in influencing policy and thought advocacy through enhanced

partnerships with Government, MPs and other organisations.

This report shows how Aldermore's financial and operational performance impacts its performance in society, from its extensive apprenticeship programme for all ages and recruitment practices which make a career more accessible to people from a wide range of backgrounds to the teaching of financial literacy in schools and colleges. Its commitment to continue to measure its impact means that it can produce valid and transparent insights into its progress.

It demonstrates how Aldermore it is helping to drive levelling up in a sector which has historically been poor at embracing social mobility.

I hope this inspires change within other organisations, that are keen to increase their positive impact on the wider world and reap the rewards of a purposeful business.





3.4 Innovation on measuring Impact Through the Equality of Opportunity Coalition

During his time as Co-Chair of the Social Mobility Commission, Steven Cooper was instrumental in pushing forward work with other social mobility groups, including the Purpose Coalition, to gain agreement on the common questions employers should use to track the socio-economic background of their staff. It now means that for the first time, employers can measure and benchmark to what extent their organisations act as an engine of social mobility through the opportunities they offer. The four key questions are:

- **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?**

The Equality of Opportunity Coalition is a group of organisations, including those in the Purpose Coalition and beyond, that are committed to measuring socio-economic diversity for the first time over the course of the next 12 months. What gets measured gets done. The crucial insights provided by this data will not only help employers to drive social mobility, but also inform the work of policymakers more generally.

The coalition is co-chaired by CEO of Aldermore Group and former Social Mobility Commissioner Steven Cooper CBE, Vice-Chancellor of UWE Bristol and President of Universities UK Professor Steve West CBE, and former Secretary

of State Rt Hon Justine Greening, who as Minister for Women and Equalities implemented Gender Pay Gap Reporting in 2017.

The Equality of Opportunity Coalition is working with Steven, Justine and Steve to develop socio-economic measures and reporting.

If employers genuinely want to give all their staff, regardless of their backgrounds, a chance of rising through the ranks whilst also accessing the widest and most diverse talent pools, then the first step is to understand the socio-economic make-up of their workforce. That's why I'm delighted to support this new campaign and I'd encourage organisations right across the UK to pledge their support and sign-up. This isn't just the right thing to do, it also makes business sense – diverse companies are consistently more successful than those that are not.



Steven Cooper, Equality of Opportunity Coalition, co-chair and CEO of Aldermore Group

Aldermore have included the first of the four key questions within their colleague engagement survey in September 2022 and will publish the results and supporting actions in next year's Report to Society.

3.5 Structure and corporate governance

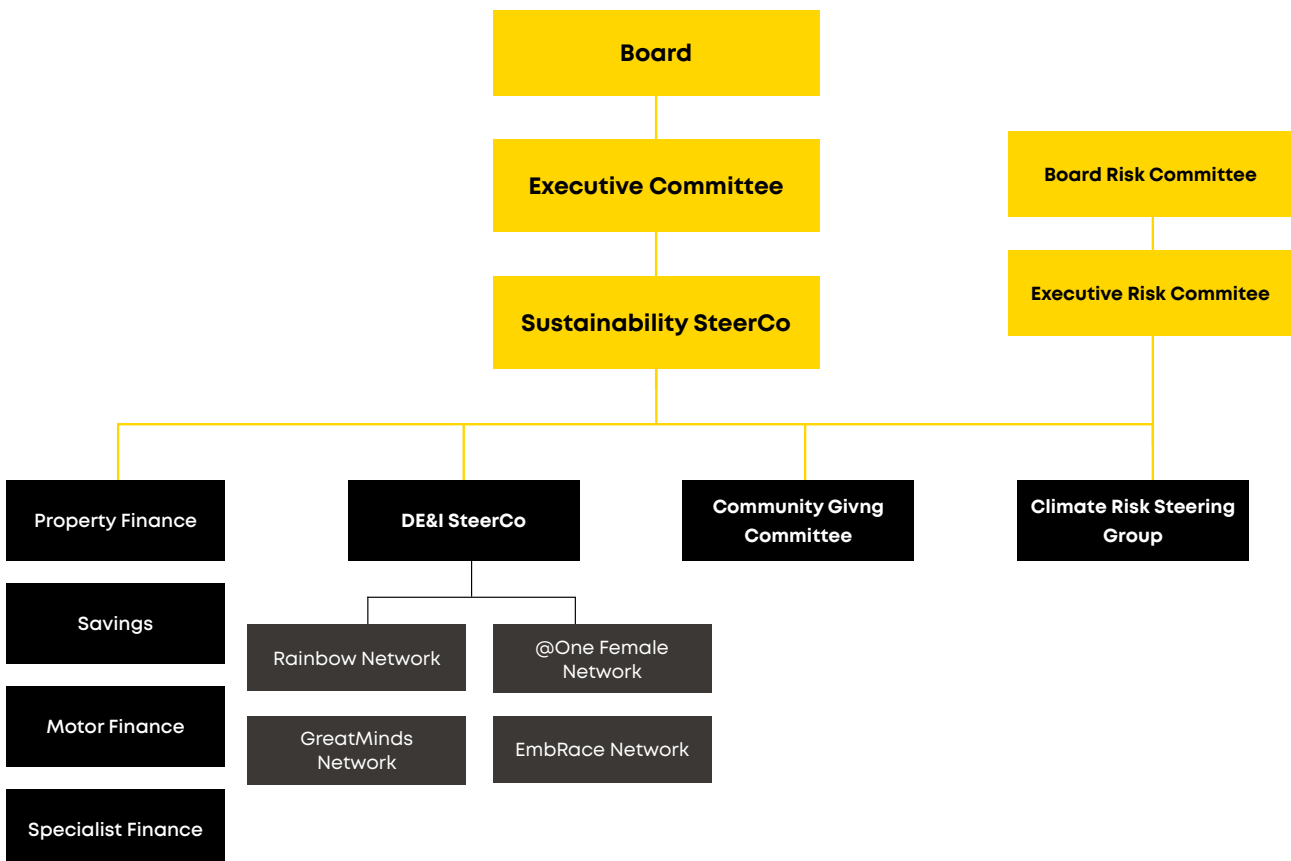


Our sustainability structure

During the 2022 fiscal year, we implemented several measures to address and accelerate progress for all sustainability matters within Aldermore Group. Recognising the importance of ownership for these broad and complex matters, Aldermore created two new roles: Head of Climate Risk and Head of ESG & Sustainability and made the necessary appointments.

While these two roles crossover, they also have distinct differences in their areas of responsibility. The Head of Climate Risk focuses on managing the financial risks to the bank caused by climate change. The Head of ESG & Sustainability is responsible for the alignment, measurement and reporting of other sustainability matters pertaining to environmental impact, diversity, equity and inclusion (DE&I) and commercial propositions.

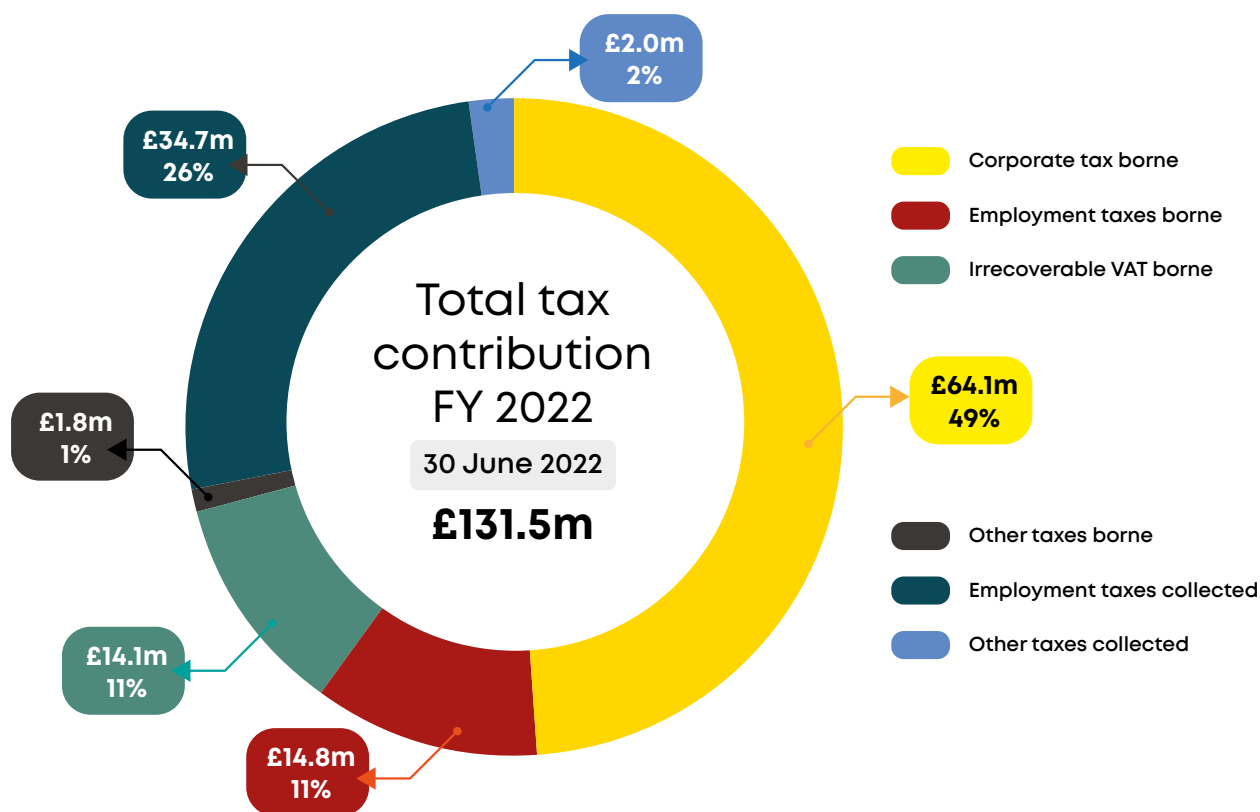
We have also created an operational structure model to ensure good governance and escalation of important matters to the Executive Committee (ExCo), the Board of Directors.





Corporate responsibility through our tax strategy

The Aldermore Group's business model is focused on the UK, where our customers and operations are largely established. We realise that as a corporate business, we have a social duty to act with honesty and integrity in our approach to taxation and recognise that business tax contributions play a crucial role in helping to sustain UK economic growth. Business tax helps source funding for social programmes and public investments towards better health, education, and infrastructure services. These are important to achieve the common goal of a prosperous, functional and orderly society.



Appropriate, prudent, and transparent tax behaviours are vital to corporate responsibility. Aldermore Group aims to maintain transparent and constructive relationships with the tax authorities and actively support and work with them to combat tax evasion. The Group complies with the HMRC Code of Practice on Taxation for Banks through good governance, controls and procedures.

[Click here](#) for more information.



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

Number of pension scheme members*	2,132
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Assets under management*	£46,793,636
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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 directed 40% of our default pension pot into the BlackRock World ESG Insights Equity Fund. In doing so, we aim to build a sustainable portfolio and capture ESG opportunities while driving positive change.

We support our employees in building a successful long-term retirement plan through our close working partnership with Aviva, who manage our staff pension funding. Aviva pensions are designed to be easy to set up and administer, giving employees more financial control.

*As of 30 September 2022



4. Report to Society: Our progress 2022

The following section lists the ways in which we are delivering our key impact areas through the commitments made for our people, our planet, our products and our partnerships as described in section 2.



Our people



4.1 Our people

Our employee statistics for June 2022 and June 2021:

	June 2022	June 2021
Number of Group colleagues	2,198	2,029
Number of Group female colleagues	989	944
% of Group female colleagues	45%	46%

Developing a more diverse and inclusive place to work

We strive for parity in gender and ethnicity, and aim to recruit a diverse pool of talent to create a more dynamic workforce offering a broader range of ideas and perspectives. A diverse and equal workforce increases employees' wellbeing, improves employee productivity, increases innovation, and creates a more harmonious environment. Here are some of the commitments we have made to develop a diverse colleague base and to create a more inclusive culture within the workforce:

As part of our commitment to Women in Finance we set a target of increasing the number of women represented in senior management roles to 30% in FY23 and 50% representation by 2025. As per our submission to Women in Finance in December 2021, women held 21% of senior management roles, compared to a target of 30%. Since then, the criteria and definition of senior management were reviewed and we increased our scope and broadened our female talent pipeline. Other activities in support of our aim for a diverse workplace include:

- Introducing specific diversity targets for all leaders within the organisation.

- Committing to gender-balanced shortlists for management roles within the organisation.
- Regularly challenging succession plans and talent maps with an inclusion lens.
- Building a strong talent pipeline of women from grassroots to senior leaders through initiatives such as apprenticeships, mentoring, sponsorships and development programmes.
- Taking part in the 30% Club, a cross-company mentoring scheme focusing on equality and gender equity. This year, we supported 60 mentoring partnerships, an increase of 20 partnerships since last year.

Through our internal 'Value our Differences' agenda we aim to ensure our approach related to diversity and inclusiveness is clearly defined and developed. We monitor specific issues, including age, gender, ethnicity, religion and belief, sexual orientation, disability, mental health awareness, social mobility and more. Key work streams are accountable to an Executive Committee sponsor and are committed to the delivery of practical solutions.

Some of the campaigns and initiatives born out of this agenda include:

EmbRace



Deploying our embracing race equality network has provided a voice for our ethnic minority employees, in a drive to empower them to embrace their full talent potential across the Aldermore Group. We have made progress in capturing ethnicity data and publicising progress through several employee-focused campaigns to encourage completion. Our latest #CountMeIn campaign revealed that our diversity data disclosure rate increased from 30% to 70% at the beginning of 2022.

@One Female Network



The network supports in developing and nurturing a gender-balanced team and build a culture that promotes equality. We do this by inspiring colleagues, providing networking and development opportunities and recognising female talent and success at all levels of the organisation.

We recognise that menopause can be an issue in the workplace and that women may need emotional support. To help support our business network in 2022, we launched a Menopause in the Workplace programme. Highlights thus far include signing the Wellbeing of Women's 'Menopause Workplace Pledge' and joining the Henpicked Menopause in the Workplace scheme. We are committed to being a menopause friendly employer with a view to achieving full accreditation in the near future.

Rainbow



We raise awareness and the profile of LGBTQ+ issues across the Aldermore Group by holding pro-LGBTQ+ events throughout the year to support LGBTQ+ employees. Inclusiveness is embedded in our policy-making, and we promote LGBTQ+ visible role models at different seniority levels of the organisation. The Stonewall Workplace Index recently assessed our achievements and progress on LGBTQ+ equality and granted a Bronze employer award for our work.

GreatMinds



As signatories of the Mindful Business Charter, we believe passionately in supporting good mental health and wellbeing at work. To help reduce the stigma around mental health, GreatMinds raises awareness across the Group by organising events and delivering wellness communications.



Supporting diversity and inclusion within the motor industry

- MotoNovo Finance, the Group's Motor Finance external brand, launched the GROW network (Generating Real Opportunities for Women) in April 2022. It aims to create a support network across our intermediary and broker partners and increase female representation in the automotive industry. The network has 83 external members working towards increasing membership and engagement.
- The Women in Credit Awards from Credit Strategy celebrate and champion the work of incredible female leaders across the financial services industry. Empowering, connecting, supporting and uncovering achievements among inspirational women in the profession, the awards are unlike any other. Debbie McKay, our Commercial Director - Motor Sales, won the Colleague of the Year and Claire Fussey, our Motor Sales Retention Manager won the Team Leader of the Year.

Creating the right culture with The Deal

As a responsible employer, we foster an environment that backs our people to go for it in life and business. People are our key strength, and over the past year, Aldermore Group has listened closely to feedback from colleagues, customers and brokers. In early 2022, we launched a refreshed purpose and set of behaviours, designed to drive clarity and set cultural expectations. Our feedback shaped our new people strategy, The Deal, which was launched in July 2022 to help drive better engagement across the group, which aligns with the Groups ambitions for benefits and culture proposing a mutual agreement and benefits for both the company and its employees. Our focus is to improve our employee development and help them feel valued and purpose-led. In the past year, initiatives the company has implemented include:

- Increasing the annual leave allowance to 30 days
- Awarding a £1,000 one-off living payment to 1,465 employees on lower salaries
- Trialling a blended working approach, offering a flexible schedule to help employees find the right work-life balance
- Introducing an apprenticeship programme

We currently have two key areas of focus:

- The 5-4-3 Performance framework with a focus on having productive conversations and being clear on what good performance looks like to encourage employees to assume personal accountability.
- A Group-wide #BackingYou recognition programme which encourages both manager and peer-to-peer appreciation of how results are delivered across the business.

The numbers

 94%

Aldermore colleagues have set goals across their job roles and development


Recognition
nominations

155
July 2022

125
August 2022



Over
200
managers attended a
Recognition masterclass



83%

response rate was achieved on our **annual internal engagement survey*** with the below example answers providing some positive highlights:

63%

I have **good opportunities to learn and develop** at this company

77%

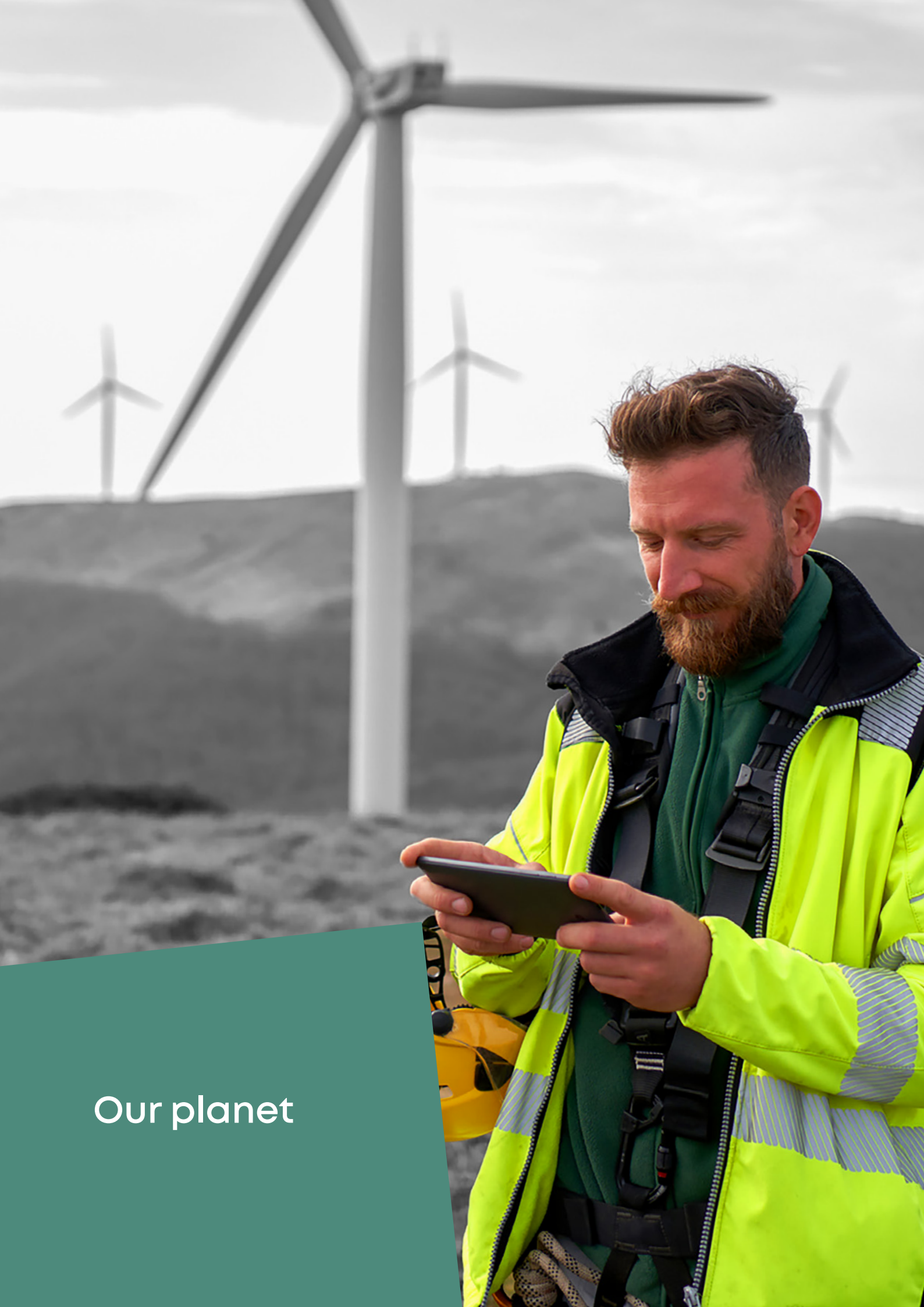
I have **regular conversations with my manager** about my performance

63%

I receive **timely and meaningful recognition** when I do a good job

*As of 30 September 2022





Our planet

4.2 Our planet

Addressing our climate impact



Climate change presents a serious threat to the wellbeing of people and societies.

Aldermore has a long-term ambition to support the UK's transition to a net zero economy. We are currently refining our plan to support the transition, having joined Bankers for Net Zero in June 2022.

We are also committed to evolving our climate risk management capabilities. We have developed and are tracking several metrics through dashboards that are presented to our Executive Risk Committee, which include:

- **Climate Risk Management:** Measures that relate to balance sheet impacts. This covers transitional risks such as property energy performance certificates and physical risk such as flood risk.
- **Portfolio alignment:** The impact that Aldermore has on the climate. This currently monitors financed emissions across Residential Mortgages and Motor Finance.
- **Regulatory:** Progress against meeting regulatory expectations on climate risk.
- **Disclosures:** FirstRand's Taskforce on Climate-related Financial Disclosures report for 2022, which includes climate disclosures from Aldermore, can be found [here](#).
- **Audit findings:** Group Internal Audit findings related to climate risk.
- **Operations:** Greenhouse gas emissions of business operations, and operational resilience.

Environmental Impact

The management of resources is an important issue for the Group. Several actions to improve our energy efficiency and reduce our environmental impact were taken during the 2022 fiscal year, including:

- Reviewing Aldermore-held energy contracts to maximise renewable energy use
- Working with our landlords to align their energy initiatives with ours
- Supplier reviews to move to more ecofriendly office supplies
- Introducing the waste hierarchy, taking steps to reduce, reuse and recycle waste produced in our offices



- Partnering with local businesses to provide services, championing them to improve awareness within our local communities
- Power-saving features activated on appliances and electrical equipment

As Aldermore prepares for ESOS (Energy Savings Opportunity Scheme) reporting in 2023, the Group is looking beyond the requirements for this reporting to incorporate a wider environmental audit and understanding of its current carbon footprint with the support of a specialist supplier.

The Group's property strategy will be reviewed, in line with its people strategy, taking into consideration how we use our buildings, including:

- Review our property footprint, ensuring efficient use of the spaces we occupy
- Partner with energy providers who can offer zero carbon renewable solutions
- Improve management of our energy consumption, implementing more recommendations and initiatives from our specialist advisors
- Make environmentally conscious decisions on projects to future-proof our impact on the environment
- Implement further improvements with regard to recycling across the portfolio
- Draw up a plan to improve the energy efficiency of the assets required to safely operate our buildings

Moving Group company car fleet to greener options

FY	Number of company cars	Number of electric vehicles	Number of plug-in hybrid electric vehicles	Number of internal combustion engine vehicles
21/22	120	47	40	33
20/21	131	30	41	60

Aldermore Group is committed to providing a modern and sustainable company fleet, as evidenced by the proportion of internal combustion engine (ICE) vehicles in our company fleet, which decreased from 45% to 29% in the fiscal year. As part of the new benefits and sustainability strategy, our updated new vehicle lists consist of electric or hybrid vehicles.

In 2021, Aldermore launched a programme to enable drivers using ICE vehicles to terminate their leases early and switch to an electric car. Moving forward, Aldermore will not permit any new orders for ICE vehicles. These initiatives will help us achieve our goal of a 100% low-carbon fleet by the end of 2024. This transition is helping to decarbonise the planet by reducing greenhouse gas emissions and also improves employees' well-being as they can benefit from reduced company car tax rates benefit-in-kind (BIK) based available for new low or zero-carbon vehicles.



Our products

4.3 Our products

*Overview of our impact on the motor finance market

Measure	Impact
Number of motor dealerships (intermediaries) we partner with	2,500
Customers we are backing with mobility solutions	500,000+
Recognised market share by the Finance & Leasing Association	11%
Trustpilot score - how we deliver exceptional service	4.6/5* based on 25,000+ reviews

*Overview of our impact on the property finance market

Measure	Impact
Number of registered property brokers we work with	17,000+
Customers we are backing with property finance solutions	43,000+

*Overview of our impact on the structured and specialist solutions market

Measure	Impact
Number of intermediaries we work with	700+
Number of live customers	30,000+

*Overview of our impact on the savings market

Measure	Impact
Number of personal savers	212,000+
Number of business savers	22,000+
Trustpilot score-how we deliver exceptional service	4.6/5* based on 2,700+ reviews

*As of 30 September 2022

Backing our savers

We are a multi-award-winning savings provider offering a mixture of instant access and fixed-term deposit accounts and individual savings accounts (ISAs). Our customers trust us, as demonstrated by our Net Promoter Score sitting consistently between 50-60 and our average Trustpilot review score ranking as excellent at 4.6/5. Our customers stay with us, and retention rates are the strongest in fixed-rate products, with around 80% of customers returning, and our most popular personal account is our one-year fixed rate.

For personal savings, we primarily focus on helping customers aged 65-74 meet their retirement goals in the 'saver place to be'. Our customers value the Financial Service Compensation Scheme (FSCS) protection and UK-based services and support we offer. We aim to assist customers to de-risk as they exit or prepare to exit the workplace, helping them reach a happy and fulfilling retirement.

In the business savings space, we typically support small limited companies who value online speed and convenience whilst seeking a better return on their surplus business cash. Our partnership with the Federation of Small Businesses (FSB) has grown from the sponsorship of the Family Business of the Year category at their 2022 awards to supporting them to help the 5.9 million small businesses and self-employed people in the UK who make up 99% of all private-sector businesses.

Measurement	FY 2019	FY 2020	FY 2021	FY 2022
Business accounts	27,335	28,068	27,438	27,117
Total business balance	£2.1bn	£2.2bn	£2.3bn	£2.5bn
Personal accounts	198,240	246,201	273,364	289,729
Total personal balance	£5.9bn	£7.6bn	£9.0bn	£9.6bn

Supporting businesses to reach their goals

Our structured and specialist solutions activities focus on specialist lending to back other companies achieve their business goals and ambitions. In FY 2022 structured and specialist solutions supported 11,154 customers (businesses and individuals) with new funding more than £1.73bn, broken down as follows:

	Value	%	Volume (unique)	%
Asset finance	£1bn+	60%	10,733	96%
Invoice finance	£186m+	11%	123	1%
Commercial real estate	£507m+	29%	298	3%
Total	£1.73m+		11,154	

Case study**Green development financing support****Profile**

A Yorkshire-based sustainable developer, Citu, which develops eco-friendly timber-framed homes, approached Aldermore to fund part of its new Kelham Central scheme in Sheffield, involving 46 residential units.

Solution

This significant development needed a ground-up development finance facility. Aldermore were particularly keen to support the project due to its eco-friendly output. Their mortgage specialists' expert knowledge and service speed helped the company secure a two-phased property finance loan worth £16.5m in a relatively short time frame in a straightforward manner.

The net result is that Citu is now developing 46 carbon-negative homes. Building them takes more carbon out of the atmosphere than is emitted to construct them. Each Citu home removes 23 tonnes of greenhouse gases atmosphere.

Supporting first-timer buyers in the property market

Aldermore has a leading proposition for creditworthy first-time buyers who don't fulfil the standard requirements of high-street banks, which have a more automated approach to lending. Our combination of experienced underwriting and sophisticated credit models supports financial inclusion and meets the real-life needs of more first-time buyers.

Aldermore's lending to first-time buyers continues to gradually increase as a proportion of its owner-occupier originations.

	FY2019	FY2020	FY2021	FY2022
New lending to first-time buyers (owner-occupier)	£222m	£278m	£198m	£274m
As % of new owner-occupier lending	35%	42%	42%	44%

Case study

First-time owner mortgage secured despite low basic income

Profile

Our client was a young first-time buyer who was gifted a deposit by a family member. However, our client faced two challenges. The first was that they had a zero-credit history. The second, most notable, issue was their low basic income. A substantial proportion of their total salary is made up from commission sales. The result was that they struggled to get a mortgage approved with a traditional high street bank and with smaller lenders.

Solution

By providing Aldermore with five months of bank statements, it could be proven that, while the client had no credit history, they could demonstrate responsible spending and regular savings supported by commissions. Due to Aldermore's personal approach to underwriting, our client worked closely with an experienced underwriter who took a holistic view of their finances and understood that their low basic income but high commission on sales meant they could afford and sustain mortgage repayments. Aldermore approved their mortgage with a 5% deposit.

No matter how complicated people's financial situations are, Aldermore's experienced specialist mortgage advisors are uniquely placed to tailor products to their personal circumstances.

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 3.5 million to 5 million in about twenty 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 homes.

	FY2019	FY2020	FY2021	FY2022
New lending to self-employed (owner-occupier)	£199m	£198m	£154m	£165m
As % of new owner-occupier lending	31%	30%	32%	26%

**Case study****Self-employed, cash-rich, income-poor first-time mortgage****Profile**

A South African self-employed dental technician renting in Hampshire wanted to purchase a family home in the UK. The client acted responsibly and took only a small salary from his business to build up significant cash reserves in his business bank account.

However, he faced difficulties when trying to secure a mortgage due to a combination of factors, including not being a UK national and a first-time buyer with a low salary. Despite being cash-rich, the client was perceived as income-poor, which is the type of profile that mainstream lenders typically eschew. After being presented with hoop-jumping hurdles, a high-street bank declined his application.

Solution

Aldermore applied bespoke stress criteria and recognised that, despite a low-salary income, the client had sufficient means to meet his mortgage repayments. The bank secured a mortgage for the required loan amount. Since then, the client has remortgaged with Aldermore and has no intention of changing his home, or his lender.

Backing the used car market with wholesale funding

We can provide our motor dealer intermediaries with wholesale funding solutions, helping to grow their businesses with additional used car stock which are provided to retail customers. These additional vehicles fuel the used motor dealer eco system and can generate additional investment for the business such as more jobs and additional premises.

During the fiscal year, we provided funding worth £396,303,526 via wholesale funding to support the purchase of 32,415 vehicles. This funding included offering an additional 63 funding facilities totalling £17.9m.

FY	Volume lent	Number of intermediaries backed with wholesale funding	Number of vehicles funded through wholesale funding
19/20	£320m+	366	39,907
20/21	£327m+	298	32,632
21/22	£396m+	317	32,415

Case study**Funding sales and infrastructure to facilitate transition to electric vehicles (EVs)****Profile**

Drive Green was set up in 2016 to focus on selling EVs on its digital proposition and sought funding to support the business with stock growth and enable sales of vehicles through hire purchase and personal contract purchase.

Solution

We partnered with Drive Green to fund their EV sales and further supported the business by providing a £400k wholesale facility to help increase their EV stock levels and grow the number of retail outlets across the UK.

Drive Green is now the largest independent used electric vehicle specialist in the UK, having invested in infrastructure to cater for the increasing demand for good-quality used electric vehicles.

Aldermore is focused on tackling financial barriers to decarbonise the automotive industry in the UK by facilitating consumer uptake of EVs and providing the investment in infrastructure required to accelerate change.

Backing young drivers in the motor finance market

We have a passion for supporting young drivers (18 to 21 years old) in funding their vehicle purchases. In FY 2022 we funded 7,359 cases which equated to 3.9% of the overall book. We believe this specific market amplifies our purpose of backing people to go for it, and we are considering how we best support it in future.

Age	Number of cases	% of overall book
18	334	0.20%
19	1,339	0.70%
20	2,435	1.30%
21	3,251	1.70%
Total	7,359	3.90%

How MotoRate has helped consumers secure lower APRs

MotoRate was launched in the summer of 2020, moving over 95% of field accounts (circa 2,000) onto a new risk-based pricing model where the customers' annual percentage rate (APRs) is determined by their credit history. MotoRate mirrors the personal loan space, where lower-risk customers receive lower APRs.

As a result of introducing our MotoRate (Rate 4 Risk) model, most of our customers saw a small reduction in their average APR, as evidenced below:

Financial year	19/20	20/21	21/22
Average customer APR (non MotoRate)	10.85%	10.7%	10.62%
Average customer APR (MotoRate)	N/A Pre-MotoRate launch	10.59%	10.31%





Our partners

4.4 Our partners

Industry partnerships

Aldermore is part of many ecosystems across different industries. By working with other organisations, we can be more impactful and deliver more in the areas that matter most. Here are some of the actions that we have taken:

- Actively involved with industry bodies, including UK Finance, the Finance and Leasing Association and the Intermediary Mortgage Lenders Association
- Became a member of the Banking Standards Board
- Joined with Bankers for Net Zero
- Signatories of the Women in Finance Charter, Race to Work Charter, and the Mindful Business Charter

Addressing our supply chain

We are establishing a position across our supply base that can be used to inform our actions and targets that will ultimately make a difference to the environmental 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 on-boarding stage as well as in-life. FSQS is a community-based model used by a number of financial institutions to help drive a single standard for managing the increasingly complex demands for third-party information. The question set is updated each year and suppliers are also required to validate their responses annually.

FSQS questions regarding sustainability have been extensively reworked this year. Among other questions, suppliers are asked whether they have plans in place to reduce their environmental impact. Focusing on Aldermore Group's material and critical suppliers, as of September 2022 the responses were:

Yes	17%
No	21%
No response as yet	62%

This specific question has only been asked of suppliers since early 2022, and it will take a full 12 months for all suppliers to have responded (in line with the phasing of annual questionnaire renewals).

Delivering positive impact within our communities

Aldermore plays an important role in many of the communities it serves, and we are always looking for new ways to best support those and the stakeholders within them. We provide positive community impact through giving and engagement.

Giving

Charity giving

In 2022, Aldermore decided to localise charity by backing our people to make a difference in causes that matter most to them. In FY 2022 the charitable giving amount was £60,858 (2021: £56,000) This included pound for pound match funding of up to £1,000 of money raised, supporting a wide range of activities, including:

- Participation in major national charity events, such as Macmillan's Coffee Morning and Games Heroes.
- Donating funds typically used for client Christmas gifts and cards
- Raising money by climbing the national and Yorkshire three peaks
- Corporate donations in memory of deceased colleagues

Volunteering

As an organisation that believes passionately in social mobility, we have built relationships with education providers in the communities where our offices are based. Employees were allocated time out of the office to provide skills-based volunteering by sharing their career insights and financial industry knowledge with those wishing to start a career in financial services or improve their financial well-being focusing on those from underserved communities.

In 2022, we provided skills-based volunteering at 18 events held at seven locations in and around Manchester and four in and around Cardiff. Event topics covered interviewing, careers in finance, financial education, women in business and online-based work experience.

Engagement

Aspire programme

Number of active pupils	382
Number of active schools	4
Number of additional schools registered and committed to going active	25

To further expand our community outreach, we supported the introduction of the Aspire programme, a new mobile application and financial education resource to help young people build their financial confidence, with particular focus on more deprived areas. Aspire will be accessible to over 300 schools throughout Cardiff and Greater Manchester and available free of charge through Aldermore's partnership with digital education innovator EVERFI Inc.

Chartered Bankers Institute (CBI) Smart Futures programme

Aldermore is a primary partner of the CBI's Smart Futures programme, a career development initiative that supports year 12 pupils (16-17 years old) to gain exposure to financial services through an internship placement followed by a ten-month mentoring programme with a senior leader. The programme is only available to pupils eligible for free school meals, thereby providing opportunities for those who traditionally face barriers to our industry. During 2022 we have supported two cycles of the programme and are committed to participating in additional programmes over the next year.

Apprenticeship levy transfer

As an apprenticeship levy payer, Aldermore has utilised current funding rules to transfer the sum of £60,000 to Sandcastle Care Limited. This organisation provides therapeutic care to children throughout the North of England. Through this funding, ten colleagues will complete their Level 5 Children and Young Families Manager apprenticeship, growing their capability and offering support and care to children who have suffered trauma.



5. Closing

5.1 Analysis from the Purpose Coalition

This next section will involve an analysis of Aldermore Group's work against a number of the most relevant Levelling Up Goals. The bank has acknowledged and is acting on its responsibility as an organisation to deliver social value - highlighted in its operational priority towards colleagues, customers, partners, shareholders and society as a whole.

Goal 5: Open recruitment



If we want to work towards a fair and equal society, careers and professions must be open to people of all backgrounds through transparent, accessible and open recruitment practices.

Aldermore concentrates on maintaining a clear and fair recruitment process through strategic hiring based on team make-up beyond technical skills. This process is supported by decoder tools that ensure all job advertisements use a neutral voice that does not speak to particular groups in a certain way. Underpinning this strategic work is a recognition of the value of diverse and inclusive teams to the business and the culture.

Aldermore Group also uses partnerships with local schools, such as its Aspire programme set out on pages 39-40, the government backed 'Kickstart Scheme' and its extensive apprenticeship scheme, particularly the bank's 'Experience Aldermore' initiative, to facilitate diverse talent pathways into the bank and the financial services sector.

Aldermore Group goes one step further than putting in place open recruitment practices, the organisation actively seeks out diverse and disadvantaged people in communities who, traditionally, would not view themselves as having the potential to work in the banking sector, by prioritising these groups for specific initiatives - see page 40 for supported evidence on the 'Chartered Bankers Institute Smart Futures Programme'.

Aldermore has gone above what is expected of a typical institution of its nature, displaying a continued commitment to welcoming and directly seeking out a diverse range of people into the organisation - and has seen the benefits of this process for all.

Goal 7: Widening access to savings and responsible credit



While the rainy day fund is a long-standing concept in personal finance, its importance has perhaps never been more widely recognised than at the present time, with household and business earnings dramatically impacted by the cost of living crisis. The increasing pressure on customers, colleagues and communities has provided a stark reminder to businesses and consumers of the urgent need to build up financial resilience to prepare for unexpected turbulence.

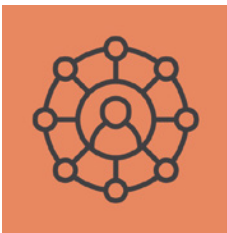
Aldermore has directly supported colleagues who most need help during tough economic times, as explained on page 24. For customers the bank has recognised the importance of home ownership as a known driver of social mobility and general life stability.

It has undertaken deliberate measures to support less fortunate individuals and families to access the housing ladder through a more individualised approach than a heavily automated programme most banks use, which all too often makes it difficult for the most vulnerable to access a mortgage. Aldermore seeks to treat each applicant individually, benefiting first-time and self-employed mortgage buyers significantly - see pages 32 and 33 for supporting data.

Strategic measures aimed at extending and promoting the number of people who have access to savings and credit, especially first-time buyers, is a key contributor to increasing both financial stability and financial wellbeing and thus, levelling up. Aldermore Group has taken steps to strengthen the accessibility of savings and valuable credit opportunities for customers and colleagues, which is all too often linked to overall wellbeing and opportunities in life.

The Purpose Coalition is proud to have Steven Cooper CBE as a Commissioner for Goal 7, as well as providing continued support in developing the metrics for this goal.

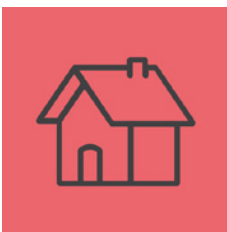
Goal 9: Extending enterprise



Delivering opportunities to communities and having more opportunities on one's doorstep is often discussed in terms of inward investment and getting businesses to be able to invest in places that have traditionally been social mobility cold spots. However, enabling people and communities to create their own jobs is perhaps the most powerful way of driving opportunity.

As such - SMEs have the potential to make a huge contribution to levelling up. They are the creators of opportunities that survive or thrive on their ability to attract the best talent. Many are the products of communities where opportunities are otherwise limited. Their success brings rewarding career paths closer to those facing the biggest barriers to opportunity - Aldermore is prioritising strategic assistance for SMEs to secure their immediate future and continued growth in the medium term. See page 31 for supporting in-depth data.

Goal 12: Building homes and sustainable communities



Communities that are safe and offer good quality of life and homes people can afford are communities that are sustainable in the long run. The bank is an organisation that cares about the places it operates in and represents, injecting strategic financial support directly into areas that need it the most, see page 39 for supporting data on Aldermore's 'community impact' programme and page 40 for its fantastic work in the transfer of apprenticeship levy funding to Sandcastle Care Ltd.

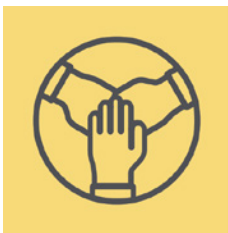
Aldermore also recognises climate change as a defining issue, with potentially far-reaching impacts not only on communities but also colleagues, customers and partners. The bank is currently developing an environmental action plan - see page 27 for further detail.



Along with numerous current measures, outlined on page 27, and the development of net-zero strategy, Aldermore plans to enhance its capability for disclosure, in alignment with recommendations from the Task Force on Climate-related Financial Disclosures. Aldermore has committed to sharing key metrics that go beyond its own operational energy consumption and emissions.

The Purpose Coalition welcomes the start Aldermore has made on its net-zero journey and looks forward to the bank building on its current groundwork.

Goal 14: Achieve equality, through diversity and inclusion



The research is clear that more diverse companies make better decisions because they have a wider perspective and avoid groupthink. Diversity extends beyond gender and ethnicity to sexuality, disability and other challenges that can lead to disadvantage. More and more organisations across sectors are understanding that creating a level playing field of opportunity for all, has the potential to fully unleash Britain's potential for the first time.

Operating in a traditionally male-dominated industry, Aldermore has acknowledged the need to take strategic strides in this area. As a signatory of the government-backed Women in Finance Charter, Aldermore is committed to driving gender diversity. See pages 22 to 25 for the bank's current data and future objectives for gender diversity and inclusivity within the organisation.

Meeting and surpassing Goal 14 is not only about offering support but also about changing the way in which aspects of a business has traditionally been run. Aldermore introduced the 'Leading Diverse Teams' programme to support managers in developing more inclusive teams and allowing all people to thrive.

Aldermore has various long-term goals related to the progress of staff from Black, Asian and minority ethnic backgrounds. Signalling a renewed commitment to diversity and inclusion measurements, Aldermore Group is signed up to the Race at Work Charter. One of the requirements to join the charter is being able to capture ethnicity data and publicising progress. To improve this, Aldermore has undertaken a number of campaigns to encourage staff to provide this data.

This, in conjunction with the bank's active work on the Equality of Opportunity Coalition, is a start to the process of a comprehensive campaign of socio-economic and diversity measurement.

5.2 Conclusion and recommendations from the Purpose Coalition

Looking to the future, based on the current work outlined above and Aldermore Group's strategic priorities on levelling up and equality of opportunity - the Purpose Coalition has put together four purposeful recommendations as part of our joint focus on delivering equality of opportunity as a leading member of the Purpose Coalition.

Aldermore bank has acknowledged and addressed its responsibility under Goal 7, decisively meeting this goal by delivering for SME customers, savers, self-employed and first-time buyers in an extremely turbulent time.

Contextualising customer needs

For the first recommendation, can Aldermore Group better understand the socio-economic make-up of its customers? The bank's current leadership on the Equality of Opportunity Coalition could be used to gain insights into their customers' background - this can help to contextualise the bank's financial products beyond merely credit scores.

This would not only help the bank to stand out in terms of customer interactions compared to larger more automated institutions, but would allow Aldermore to tailor its products to customer needs even further.

Fully building the external talent pipeline

Secondly, can the community and outreach work be more effectively joined up? Can this support a more overt talent pipeline into banking at Aldermore? For example, can the Aspire programme be linked to the CBI Smart Futures programme? The work with Sandcastle children's therapeutic centre could also be linked further back to Aldermore's volunteering scheme, offering places on a skills-based volunteering programme to vulnerable children.

Moreover, can Aldermore challenge itself to extend its current outreach to more social mobility cold spots and disadvantaged communities? In order to effect change for society as a whole, the bank needs more people like those whom it is trying to help within the business.

Overall, is there the potential for a defined and well-resourced talent, covering outreach during the school years, through to apprenticeships and opportunities directly with Aldermore Group?



Internal pipeline

Thirdly, can Aldermore internally continue the strategic external pipeline into the organisation? Does Aldermore have the potential to build upon internal progression tracking through extensively measuring whether people from all backgrounds can both get in and get on?

Following on from Equality of Opportunity socio-economic tracking as of 2023 - this could involve possible targets and benchmarks for specific demographics at certain levels in the company by a specific date. Overall, this would contribute to holistically building the talent pipeline through to the upper levels of the bank.

Join Purpose Coalition members in the 'OpenDoor' campaign

In further widening access to opportunity through its own recruitment processes, Aldermore should consider joining the Purpose Coalition partners using the new 'Open Door' platform. It seeks to form 'opportunity bridges' with a network of universities to help under-represented communities enter professions and roles that previously have been closed off to them.

'Open Door' will take the form of an online platform. It is being developed in partnership with the Adecco Group, a Purpose Coalition strategic partner, and one of the world's largest recruitment agencies. The aim of the platform is to connect students at our universities with placement and recruitment opportunities within our purpose-led businesses.

Aldermore's own recruitment could benefit from this new open talent pipeline and, with its links with small businesses, it makes the platform ideally placed to connect its SME customer base with a broader talent pool that gives fairer access to those from more deprived backgrounds.

Aldermore