

Aldermore Group Principles for Responsible Banking

March 2025

Aldermore



PRINCIPLES FOR
RESPONSIBLE
BANKING

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Principle 1: Alignment

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As a financial institution, Aldermore is well placed to make a positive difference to society, and we embrace our responsibility to do this for all stakeholders.

Our purpose is to 'back more people to go for it, in life and business' and our ongoing ESG and sustainability ambitions underpin our corporate strategy by translating it into intentional action within our core business activities.

Aldermore Group has always been a purpose led organisation, founded in 2009 to serve the underserved – a commitment that remains central to our strategy today. To keep this purpose at the core of everything we do, it is embedded in our 'blueprint,' which unites both the 'what' and the 'how' to drive meaningful action.

To hold ourselves accountable and measure the work we do putting this purpose into practice, we have key sustainability priorities for the business to track against in the following four areas:

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

We identified these four areas through an impact assessment as the most significant opportunities where we can drive meaningful and material impact. They're also aligned to the United Nations Sustainable Development Goals, specifically the below goals:

1. No poverty
5. Gender Equality
8. Decent work and economic growth
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action

Principle 1: Alignment

To maximise our impact within the UK, we also align our strategy and reporting with the regionally focused UK Purpose Goals. These goals, developed by the Purpose Coalition, address key life stages and the primary barriers to opportunity. Through our collaboration with the Purpose Coalition, we showcase best practices and develop joint solutions to the nation's most pressing challenges. We have evaluated our activities against 14 Purpose Goals and are aligned with the below seven where we believe we can drive the greatest impact.

4. Right Advice and Experiences
5. Open Recruitment
7. Widening Access to Savings and Credit
9. Extending Enterprise
12. Building homes and sustainable communities
13. Harness the energy Transition
14. Achieve equality through Diversity, & Inclusion

Links and references

- Pages 6, 24, 51 - [Aldermore Group PLC, Report and Accounts for the year ended 30 June 2024](#)
- Pages 2, 10, 14 - [Aldermore Report to Society 2024](#)
- Our Purpose, [Aldermore Website](#)
- [Aldermore Group Principles for Responsible Banking – 2024 Report](#)

Principle 2: Impact & Target setting

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As a UK-focused bank, our impact is driven primarily by the products and services we provide across our four distinct business lines (outlined below), the stakeholders we engage with throughout our value chain, both upstream and downstream and the culture and operations that define our business.

- Property finance: offering mortgages to landlords and homebuyers, working with intermediaries.
- Motor finance: providing used vehicle finance to customers, working with our dealer partners.
- Business finance: offering distinctive, specialist lending across asset finance, invoice finance and commercial real estate, working with intermediaries.
- Savings: offering rewarding savings solutions to customers and businesses via our online channel.

To define key areas of material impact and shape our strategic focus, in 2022 and 2023 we conducted an impact analysis, to help identify current and emerging risks and opportunities for creating both societal and shareholder value.

Our analysis considered the direct and indirect impacts of our products, services, and propositions, as well as broader influence areas aligned with the United Nations Sustainable Development Goals. From this work, we identified four key focus areas:

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.

Linked to United Nations Sustainable Development Goals: 1. No Poverty, 10. Reduced inequalities.

Climate impact: enabling our partners and broader society to transition to a more sustainable economy. We're committed to supporting the UK in its efforts to reduce emissions. We are seeking out ways to engage in sustainable business practices both in terms of the everyday running of our business and the impact of our financing.

Linked to United Nations Sustainable Development Goals: 11. Sustainable cities and economies, 12. Responsible consumption and production, 13. Climate action.

Economic transformation: using core business activities and resources to create societal benefit and opportunity. We have always been committed to creating financial opportunity that helps people and businesses to thrive. Through our specialist solutions, we're able to support in areas that can often be overlooked and under-supported, such as SMEs or self-employed – helping these individuals to thrive, creating further opportunity and stimulating innovation.

Linked to United Nations Sustainable Development Goals: 8 Decent Work and Economic Growth, 10. Reduced inequalities.

Principle 2: Impact & Target setting

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.

Linked to United Nations Sustainable Development Goals: 1, No poverty, 10. Reducing inequalities.

Since this identification, we have embedded these four impact areas into our strategy and reflect on our progress against them annually in our 'Report to Society'. Moreover, for the first time this year, we have integrated delivery of key ESG and sustainability priorities within the Group's non-financial remuneration scorecard to support Aldermore's ambitions of positively impacting these key areas.

From an environmental perspective especially, we recognise that although our business activities are limited to the UK, our impact can extend globally. Aldermore Group takes a zero-tolerance approach to slavery and human trafficking. As a UK Group with a growing number of international suppliers, Aldermore Group recognises that there is a risk, however small, for slavery or human trafficking to occur in its supply chains and have taken appropriate steps to ensure that slavery or human trafficking is not taking place in its supply chains.

All of Aldermore's SMART goals support the areas of our most material impact noted above.

SMART GOAL 1: Net zero by 2050 for scope 1, 2 and 3 emissions.

We are committed to supporting the UK's transition to a net zero economy and that the Group must be part of the solution for climate change by supporting climate resilience and a just transition to a low-carbon world.

Aldermore supports the Paris Agreement and commits to aligning its business activity to support these goals. It is the long-term ambition and goal of Aldermore to be net zero by 2050 for scope 1, 2 and 3 emissions.

Aldermore milestone climate ambitions:

- Scopes 1-2: net zero by 2030
- Scopes 1-3: net zero by 2050

This target clearly links to our focus area of climate impact, and as a lender, we recognise the criticality of the assets we fund in the fight against climate change. Achieving this will support the commitments made as part of the Paris Agreement and support the UN Sustainable Development Goals.

Principle 2: Impact & Target setting

Our progress with SMART GOAL 1:

Over the last year, with the help of external expertise, we have produced our first full, net zero plan for financed emissions including interim targets for each of our asset lines (property finance, business finance and motor finance). We are now integrating the associated targets across the Group.

To track our progress and inform these targets, we have calculated and included our financed emissions and financed emissions intensities associated with the Group's property finance and motor finance portfolios (Figure 1). These have been calculated on £7.8bn of property finance balances and £3.9bn of motor finance balances (this does not include any dealer intermediary stock funding). A PCAF score has also been included to indicate data quality associated with the calculations. At this time we are unable to provide financed emissions data for our business finance business due to challenges around maturing data accuracy, but we are working to improve this for future disclosure.

Figure 1.

1. Portfolio	2. Financed emissions (tCO2e)	3. Financed emissions intensity	4. PCAF score (1 = highest quality data, 5 = lowest)
Property finance	146,190	19g CO2e / £	4.0 / 5
Motor finance	635,700	165g CO2e / £	2.4 / 5

In FY24, we have also worked to reduce our operational emissions, with our strategy focusing on the below areas:

1. Cutting the energy and efficiency required to power our office operations. As part of a refreshed real estate strategy, we have reduced our office footprint by 2000sqm and therefore reduced emissions from electricity and natural gas sources by 115.1 tCO2e (18.2 %).
2. Transitioning our corporate fleet to battery-powered electric vehicles - 70% of the fleet is now fully electric and 29% is plug-in hybrid. One internal combustion engine (ICE) vehicle remained in 2024 to meet a specific colleague need.
3. Working with our suppliers to decarbonise the goods and services we purchase. During 2024 our supplier classifications changed to better align with regulatory expectations and help improve supplier governance, meaning our 2024 report is therefore based on a slightly different sub-set of suppliers which has resulted in a reduction in the percentage of those measured with ISO 14001 Certification.

Principle 2: Impact & Target setting

Figure 2 dashboard highlights our progress for operational emissions (scope 2 only):

Figure 2.

1. (tCO2e)			
	FY 2023-24	FY 2022-23	FY 2021-22
Scope 2			
Purchased electricity (market based)	273.4	357.3	-
Purchased heat (natural gas)	243.5	274.7	-
Total gross emissions for purchased electricity and heat	516.9	632	-
2. Corporate fleet			
	FY 2023-24	FY 2022-23	FY 2021-22
Number of company cars	111	109	120
Number of electric vehicles	77	65	47
Number of plug-in hybrid electric vehicles	33	34	40
Number of internal combustion engine vehicles	1	10	33
3. Supplier governance			
	FY 2023-24	FY 2022-23	FY 2021-22
Suppliers with environmental policies	81%	74%	17%
Suppliers with an ISO 14001 accreditation	19%	29%	N/A

Principle 2: Impact & Target setting

SMART GOAL 2: Develop and deliver our first sustainable finance framework in FY25.

The development and implementation of our sustainable finance framework has been created to shape how the Group identifies, evaluates, and strategically prioritises sustainability within its lending practices.

Establishing and executing this framework is essential for defining eligible assets clearly, measuring and tracking our environmental and socially impactful activity and maintaining a comprehensive, enterprise-wide perspective on performance. This framework aligns with our four key focus areas: financial inclusion, financial wellbeing, climate impact, and economic transformation, giving us increased oversight on our progress within each area.

Our progress with SMART GOAL 2:

To inform the framework we worked with a variety of stakeholders including Lloyds Banking Group as an expert advisor, FirstRand's Treasury team to draw on best practice, and engaged closely with stakeholders across Aldermore.

To align with market best practice and our parent company First Rand, we chose the International Capital Markets Association (ICMA) green and social bond principles as a template. We then consulted with the wider business to identify six ICMA principles, out of the total 15 to focus on for the first version of our sustainable finance framework. Prior to identifying the specific lending activities and asset definitions for each category, choosing the most pertinent sections that aligned to our position as a UK-only specialist bank.

We decided on the below six categories:

Climate:

1. **Green buildings:** covers EPC A & B rated residential and commercial properties which meet EPC, or other industry standards such as BREEAM. Also includes retrofit where a reduction of 30% to baseline can be evidenced.
2. **Renewable energy:** lending related to renewable energy, energy efficiency, pollution prevention & control and environmentally sustainable management.
3. **Clean transportation:** including as electric, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions.

Social:

4. **Affordable housing:** lending enabling access to affordable housing and first-time home ownership.
5. **Socioeconomically disadvantaged SMEs:** lending to organisations that meet the UK government's SME definition based in socioeconomically disadvantaged areas.

Principle 2: Impact & Target setting

6. **Socioeconomic advancement and empowerment:** lending to disadvantage groups within society, i.e. female business owners and foreign nationals.

Over the next 12 months, we will embed this framework into the business, focusing on the key areas outlined above and will evaluate our progress in next year's report.

Alongside these two key objectives, in last year's report we noted that the business would create its first sustainability dashboard, which would support the ongoing monitoring and measurement of critical KPIs in relation to our sustainability objectives. We have good progress in building a first version of this dashboard and continue to evolve it to reflect the changing needs of our business ambitions.

SMART GOAL 3: Undertake a double materiality assessment.

In FY25, we will conduct a materiality assessment to identify the most impactful areas of Aldermore's sustainability strategy, ensuring a refined and focused approach.

This assessment will enable us to validate or reassess our current focus areas, ensuring that our four key impact areas remain the most relevant and impactful as Aldermore Group continues to grow and evolve.

The assessment will follow a "double materiality" framework, providing an evidence-based understanding of:

1. **Impact materiality:** identifying which sustainability topics are most significantly affected by our end-to-end operations.
2. **Financial materiality:** identifying the most significant risks and opportunities resulting from the Aldermore's sustainability impacts, dependencies, and exposures.

We will use the outcomes of this assessment to inform future strategy and reporting, including our annual 'Report to Society'.

Progress against this target will be disclosed in future reports.

Links and references

- Pages 7, 24, 33, 35, 23 - [Aldermore Group PLC, Report and Accounts for the year ended 30 June 2024](#)
- Pages 10, 26, 34, 41, 42, 43, 46 - [Aldermore Report to Society 2024](#)
- Our Purpose, [Aldermore Website](#)
- [Aldermore Group Principles for Responsible Banking – 2024 Report](#)

Principle 3: Clients & Customers

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Aldermore Group serves UK-based retail customers and SMEs, offering specialist solutions in savings accounts, motor finance, property, and business finance. Customers are at the heart of the Group's strategy and are the driving force behind our existence, which is why our business model is designed to prioritise customer-centric product development and delivery.

We recognise that we have a variety of customers and work to ensure we address their needs appropriately to deliver on our purpose and growth ambitions:

- **Customers:** we put them at the centre of decision-making. We aspire 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.
- **Distribution partners:** we provide products and services to brokers and intermediaries, working closely together to understand their requirements 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.

To enhance capabilities, improve efficiency, and elevate the customer experience, the Group has launched multiple strategic initiatives, many of which have already delivered measurable benefits.

The Group's strategy is executed under the Board's guidance, with early-stage involvement in key initiatives, followed by regular progress and outcome reporting to ensure they deliver value for both customers and the business. The Board also oversees the Group's technology strategy which includes the development and transformation of customer delivery platforms.

During FY24, work was made in building customer-centric programmes to better understand the needs of the Group's diverse audiences and in many cases where their needs are underserved by other financial institutions. A wide range of methods were utilised to involve and engage customers, including working closely with the broker community to ensure the Group's propositions are relevant, needed, and valuable. Customer feedback was gathered through various surveys and Trustpilot reviews, providing an independent measure of the Group's service experience. By engaging its customer and intermediary communities in developing its products, propositions, communications and digital experiences, the Group continues to foster lasting relationships and build stay ahead propositions.

Since the FCA's Consumer Duty rules came into effect on 31 July 2023, significant work has been completed against the original Board-approved Consumer Duty implementation plan, in line with the Group's expectation and risk appetite. The Board continues to monitor remediation activities and lessons that can be learned from previous issues, with focus on outcomes and results from new strategies that have been implemented. For instance, in the last year we have

Principle 3: Clients & Customers

continued to focus on the welfare of vulnerable customers, considering their needs at every stage of the customer journey with us. Over the last 12 months our dedicated teams in financial assistance have helped to support over 9,000 vulnerable customers, with 100% good outcomes in the last quarter of this year, as indicated in our quality checking scores.

Aiding customer impact through our products and propositions:

At Aldermore we recognise that one of the most significant ways we can positively impact our customers and society is through the products and services we provide across our four key business areas:

- Property Finance
- Motor Finance
- Business Finance
- Savings

For example, in FY2024, through our savings proposition we were able to help our customers with financial inclusion by taking further steps to promote the accessibility of our savings franchise by widening access to our savings accounts by reducing the minimum deposit on our Easy Access account from £1,000 to £100. Additionally, our motor wholesale funding solutions supported dealers in expanding their vehicle stock, driving business growth and creating new opportunities such as additional jobs or premises. In FY2024, the usage of this product grew significantly, with over £57m invested in securing stock. Moreover, in the last year we provided lending to customers in traditionally underserved areas of the mortgage market who don't fit the standard requirements of high street banks, such as our revamped and relaunched our cascade level 1, 2 and 3 mortgage range to reflect our commitment to supporting customers with historic credit issues.

To read more about how Aldermore has helped our customers with products and propositions, please see out 'Report to Society' 2024. Furthermore, to read more about Aldermore's impact on customers, please visit our Section 172(1) Statement on page 51 of our annual report, which sets out the details of some of the engagement that takes place at an operational or Group-level with key customers.

Links and references

- Pages 6, 8, 24, 51, 52 - [Aldermore Group PLC, Report and Accounts for the year ended 30 June 2024](#)
- Pages 12, 32, 47, 49 - [Aldermore Report to Society 2024](#)
- [Aldermore Group Principles for Responsible Banking – 2024 Report](#)

Principle 4: Stakeholders

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To achieve our purpose of backing people to go for it in life and business, it's essential that we continually focus on the ways that we can create greater value for each of our key stakeholder groups. We recognise that our business impacts people differently, depending on who they are, to deliver on this purpose we must ensure we back people in the right ways to address their needs, while achieving our growth ambitions.

- **Customers:** we put them at the centre of decision-making. We aspire 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 so endeavour to have a clear value exchange. We offer great benefits, working environments and development opportunities, while bringing clarity on what is expected in return.
- **Distribution partners:** we provide products and services to brokers and intermediaries, working closely together to understand their requirements 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.

As we continue to navigate the volatile UK macro-economic environment, we also recognise the needs of our stakeholders are evolving rapidly. Our refreshed strategy was rolled out in 2022 to modernise and focus our business, ensuring we remain relevant for our stakeholders.

Our strategy set out our focus across our four business divisions of property finance, motor finance, business finance and savings.

We continue regular dialogue with all stakeholders to ensure our strategies, plans and business objectives continue to positively impact each group and serve the needs of our identified stakeholders. Moreover, this year, we will give additional attention to the needs and perspectives of our key stakeholders as part of our materiality assessment, considering their views throughout the assessment process and using these findings to develop a supportive action plan that is considered across enterprise strategic work including business strategy and sustainability.

Principle 4: Stakeholders

Aldermore is also part of many ecosystems across different industries, which enable us to gain insight and share best practice, with our communities and industry peers. This collaboration consistently empowers us to achieve better outcomes for our stakeholders and we recognise that by partnering with other organisations, we can amplify our impact and deliver results in the areas that matter most.

We are actively engaged with numerous industry bodies, including:

- UK Finance
- Finance & Leasing Association (FLA)
- Intermediary Mortgage Lenders Association (IMLA)
- 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
- Progress Together

Links and references

- Pages 6, 8, 24 - [Aldermore Group PLC, Report and Accounts for the year ended 30 June 2024](#)
- Pages 12 - [Aldermore Report to Society 2024](#)
- [Aldermore Group Principles for Responsible Banking – 2024 Report](#)

Principle 5: Governance and Culture

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Corporate governance:

The Boards of Aldermore Group and its subsidiaries are committed to implementing a well-defined and well-structured corporate governance framework to achieve long-term sustainable success.

Aldermore Bank and MotoNovo Finance are wholly owned operating subsidiaries of the Aldermore Group. The boards of the Group and the Bank meet concurrently, and the board of MotoNovo Finance meets separately. The Bank is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority (“FCA”) and the PRA. MotoNovo Finance is authorised and regulated by the FCA.

Environmental, social and governance & sustainability governance and structures:

To accelerate progress in sustainability, in 2022 we implemented several measures to address sustainability matters within Aldermore Group, recognising the importance of ownership for the broad and complex matters associated with sustainability. To achieve this, we created two roles; Head of Climate Risk and Head of ESG & Sustainability, with the Head of Climate Risk focusing on managing the financial risks to the bank caused by climate change, and the Head of ESG & Sustainability being responsible for the alignment, measurement and reporting of other sustainability matters pertaining to environmental impact, diversity, equity and inclusion (DE&I) and commercial propositions. At this time, we also created an operational structure model to ensure good governance and escalation of important matters to the Executive Committee (ExCo), the Board of Directors.

We opted to maintain this system throughout 2024 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.

Climate related risk management:

The development of climate risk capabilities is led by the Risk function and is integrated in collaboration with colleagues across the business.

To ensure a comprehensive approach, processes for identifying, assessing, and managing climate-related risks are embedded within the overall risk management framework. This integration is supported through:

1. Development of frameworks / policies:

- The Climate Risk Framework outlines the approach to management and disclosure of climate-related risks.
- Climate risk is also incorporated into certain Risk frameworks / policies, including the Credit Risk Management Framework.

Principle 5: Governance and Culture

2. Monitoring of metric performance:

- Performance against climate-related metrics is included in risk reports.
- Approach to setting climate risk appetite outlined in the Climate Risk Framework.

3. Developing reporting capabilities:

- Climate risk reports integrated into committees and fora.
- Reports covers various metrics across transition and physical risk.

4. Scenario analysis

- Climate-related scenario analysis embedded into the ICAAP.

Fostering colleague engagement:

In 2024, Aldermore Group has taken further steps to actively foster a culture of responsible banking throughout our organisation, with the knowledge that engaged and informed colleagues will best help us in delivering on our ambitions. In FY24 we have fostered this engagement in many ways, including the below initiatives:

- We integrated delivery of key ESG and sustainability priorities within the Group's nonfinancial remuneration scorecard to support Aldermore's ambitions of positively impacting climate impact, financial wellbeing, financial inclusion and economic transformation.
- We launched our first colleague training programme for sustainability, with mandatory training introduced for all colleagues to introduce foundational themes and how they support our corporate strategy and purpose. In addition, and as a result of a two-year partnership with learning and development specialist, Attain, we launched a customised, specialist training module for 207 mid-to-senior leaders on sustainable finance and the role responsible banks can influence broader society.
- We've recognised the need to actively bring more ethnically diverse people into financial services and helping them succeed, we are proudly committed to the Race at Work Charter and sponsor the 10,000 Black Interns scheme, welcoming our second cohort during summer 2024. In addition, this year we developed and launched our first 'Embrace Your Future' programme which gave 22 participants across the business a chance to develop their career with structured learning and mentorship.

Principle 5: Governance and Culture

Links and references

- Pages 6, 24, 28, 38, 57 - [Aldermore Group PLC, Report and Accounts for the year ended 30 June 2024](#)
 - Pages 5, 18, 21 - [Aldermore Report to Society 2024](#)
 - Page 17, [aldermore-report-to-society-2022.pdf](#)
 - [Aldermore Group Principles for Responsible Banking – 2024 Report](#)
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Principle 6: Transparency and accountability

Links and references

All references are included within the P1-P5.

Aldermore