

# **PensionBee**

# **Materiality**

# **Assessment**

## **2022/2023**

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# 1. Identifying the issues that matter most to PensionBee

Incorporating environmental, social and governance (ESG) factors is crucial for the long-term sustainability of any business. In 2022 PensionBee conducted its first ESG materiality assessment, to **identify and prioritise the ESG issues most critical to our business** and inform our ESG roadmap. This helps us continue to focus our activity in the areas where we can, and should, have the most impact.

The objective is to identify, refine, and assess numerous potential environmental, social, and governance issues that could affect PensionBee, and/or its stakeholders. Stakeholders play a key role in this process as they are the individuals, groups or organisations that influence and are influenced by PensionBee and its business activities.

In order to carry out a meaningful materiality assessment, PensionBee started engaging with internal and external stakeholders in summer 2022 to define what topics matter most to them. These insights enabled us to understand current and future risks and opportunities for our business. The outcome of our first ESG Materiality Assessment will guide us in informing PensionBee's sustainability and ESG strategy for 2023 and beyond.

## 2. What does Materiality mean for PensionBee?



A topic is material to PensionBee if:

1. It's important to our stakeholders - it influences their assessments and decisions related to PensionBee.
2. It has an impact on our business model, revenue and profitability and the achievement of our mission and vision, which are to make pensions simple so everyone can look forward to a happy retirement.

### 3. Process and Methodology for the Materiality Assessment



- Define purpose and scope - what materiality means, objectives and audience
- Identify key ESG topics - by engaging with key internal and external stakeholders
- Shortlist the most important topics by clustering them into categories
- Gather information about the impact of each material topic and understand its relevance to the business and stakeholders through surveys and feedback
- Prioritise material issues based on the strategic importance to the business, to stakeholders, and the social, economic, and environmental impact of each topic in the value chain
- Test the results of the materiality assessment with key internal stakeholders and the Board to validate the outcome

### 3. Process and Methodology for the Materiality Assessment

In 2022, PensionBee conducted its first materiality assessment in order to refine our understanding of the key challenges, risks and opportunities for our business and to address them strategically.

After an initial internal consultation aided by the support of an external ESG technology provider, Nossa Data, we identified an exhaustive list of 27 sustainability themes. Engaging with many internal and external stakeholders, we interviewed and surveyed them to get feedback on what their ESG priorities are, selecting the five most important themes.

Leveraging external ESG resources such as ESG rating agency methodologies, frameworks such as SASB and GRI and our peers materiality assessments alongside the insights and feedback we collected, we grouped the themes into broader categories narrowing our list to **15 key ESG topics**. We then assessed the impact of each material topic on PensionBee's business model, revenue and profitability and the achievement of our mission and vision.

We analysed the results and assigned points to each topic following a dual-scoring approach. Each topic received a score for the "**Importance to Stakeholders**" and a score for the "**Impact on PensionBee**". The score range was in both cases from 1 to 3, where Tier 1 stands for most important/selected and Tier 3 stands for least important/selected. Finally, we mapped and positioned the topics on our materiality matrix accordingly.

PensionBee's Board reviewed the ESG materiality assessment in December 2022. We will carry out further materiality assessments on a regular basis. We continue to welcome engagement from all stakeholders to help us develop and deliver our strategy.

## 4. Our Stakeholders - Employees

### 1. *Why do they matter to us?*

PensionBee's strong culture and values enable us to attract and retain people who passionately believe in our vision. Our ambition is a workplace where all PensionBee employees feel they can succeed as themselves. This means we are focused on promoting equality, diversity and inclusion, preventing unlawful discrimination, respecting and protecting human rights to ensure that everyone feels respected and safe at work. Our diverse workforce helps us serve pension savers across the UK, and to build a truly inclusive product that reflects the needs of society.

### 2. *How did we engage with them?*

In autumn 2022 we invited all PensionBee employees to share their views on ESG as part of our annual Diversity, Inclusion, Engagement & Support Survey. As part of that survey we asked employees "*Which ESG factors influence your decision to join, and stay with PensionBee as an employer?*" and asked them to rank their top five topics (out of 27) in order of importance and share written feedback. Employees shared eight most material ESG topics, which we then used as the discussion points for a subsequent TownHall event led by our Board members.

### 3. *What is material to them?*

PensionBee employees told us they value diversity and social inclusion, a workplace that reflects society at every level. Our colleagues feel empowered by our honest and open company culture in which people can build a happy and fulfilling career. They expect PensionBee to continue monitoring and addressing gender and ethnicity gaps internally whilst campaigning to close pay gaps across all industries. They value our approach to paying all employees the London Living Wage at a minimum, regardless of whether living in London or working remotely in any location.

Our PensionBee colleagues are also very passionate about product innovation and in ensuring that our product is inclusive and works for everyone whilst evolving. They also value our commitment to minimise PensionBee's environmental impact and lead by example for other pension providers, so that climate transition is safe and fair for all.

## 4. Our Stakeholders - Customers

### 1. *Why do they matter to us?*

Our mission at PensionBee is to make pensions simple, ensuring that our customers have clarity and control over their financial futures. We strive to help our customers achieve a happy retirement in the form of financial freedom, good health and social inclusion. Pensions can often be seen as complicated and difficult to understand, presenting an obstacle for consumers to engage with their savings. Therefore, we are dedicated to ensuring that our core values remain as guiding principles behind everything we do, so that everyone at PensionBee remains focused on always doing the right thing for our customers.

### 2. *How did we engage with them?*

In autumn 2022, we sent a survey to our customers, inviting them to share their views on ESG topics via a survey. We asked them "*Which ESG factors influence your decision to join, and stay with PensionBee as your pension provider?*" and asked them to rank their top five topics in order of importance and share written feedback. We also invited customers to participate in the survey via our monthly newsletter. As a result of feedback, customers shared seven most material ESG topics.

### 3. *What is material to them?*

Our customers told us they want an easily accessible product and service that meet their needs and address their concerns, especially an excellent value plan range to maximise returns, product innovation and inclusivity, and highest standards in cybersecurity.

For our customers, it is important that PensionBee becomes a "climate leader", showing how pension providers can be net positive, preventing greenwashing whilst reporting on relevant environmental metrics. They also value PensionBee's effort to continue developing a responsible plan range focused on creating a safer, fairer future for all whilst driving positive change in investee companies through customers' voice and voting.



## 4. Our Stakeholders - Investors

### 1. *Why do they matter to us?*

At PensionBee, we are committed to proactive and constructive engagement with our investors and we are keen to ensure that investors' views are well-understood. We value the views of all our shareholders, who range from large institutional investors to individual retail investors, including our customers, who became shareholders at the time of our IPO.

### 2. *How did we engage with them?*

In autumn 2022, PensionBee engaged with our key and largest investors to understand their views and expectations on our ESG strategy. We shared a survey asking them "*Which ESG factors influence your decision to invest in PensionBee?*" and they assigned a score from 1 to 3 to each topic (where 1 stands for 'most important'). We then conducted individual interviews with investors during which they provided additional and detailed feedback on the topics and how they are material to PensionBee.

### 3. *What is material to them?*

Our investors consider corporate governance, cybersecurity and our social licence to operate as crucial. Diversity & inclusion is important for investors as it helps foster our company culture in which people can build a fulfilling career.

Our product is of critical importance too and therefore, investors value our ability to offer our customers market leading investment plans that maximise returns and to build pensions with purpose, along with our stewardship activities, through which we can drive positive change in investee companies. Introducing clear ESG ratings and sustainability labels for all pension plans, whilst continuing to report on relevant environmental metrics is also a priority.

## 4. Our Stakeholders - Communities

### 1. *Why do they matter to us?*

In achieving our vision, we aspire to be a role model within corporate society and to lead by example. We regularly engage with the local community organisations to learn more about what areas of action influence their decisions most when it comes to welcoming a business into their community.

Each year we survey thousands of members of the public about a broad range of themes such as their experiences of the cost of living crisis, savings habits, and their views on climate change. We regularly invite inspirational speakers to raise awareness about important topics and help us deepen our understanding of wider communities.

### 2. *How did we engage with them?*

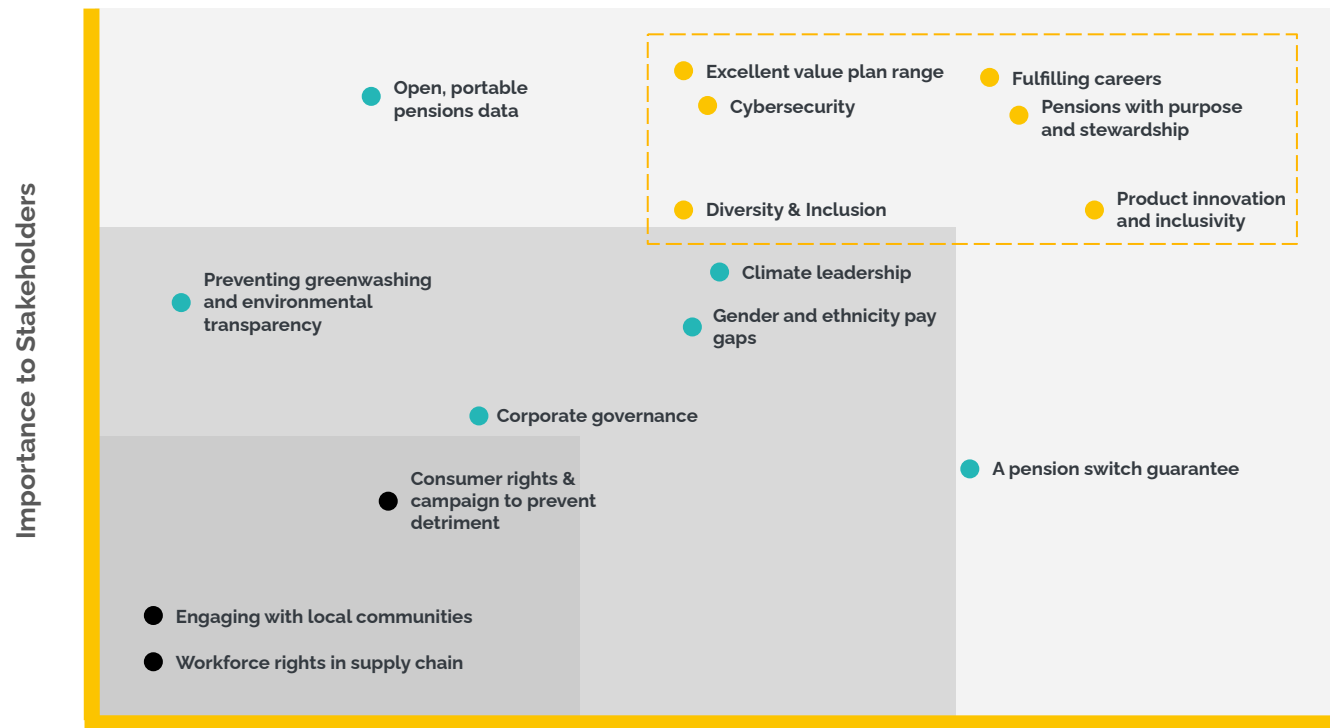
In autumn 2022, we invited 21 community partner organisations to participate in our ESG Materiality Assessment. We asked them "Which ESG factors influence your decision to accept PensionBee as a corporate citizen in the local community?" and asked them to rank their top five topics in order of importance and share written feedback.

We also conducted 9 external surveys reaching >4,700 members of the general public regarding their views on climate change, scams, the cost of living crisis, and saving habits.

### 3. *What is material to them?*

Amongst the areas of action our communities value the most, we observed that diversity & inclusion and recruiting diverse talent from all backgrounds are of utmost importance. They are concerned about marginalised groups not being heard in the pension system and the existing pay gaps across all industries, therefore our work in these areas are critical to them, and show our efforts to listen and respond to our communities' changing needs.

# 5. Materiality Matrix



## Topic tiering
















- Tier 1 priorities = most critical material issues
- Tier 2 priorities = important material issues
- Tier 3 priorities = material issues

## 5. Materiality Matrix



- The findings of the work demonstrated that we are already very focused on the areas of most importance to our stakeholders, but has helped us to prioritise the most critical material issues over others on our ESG roadmap.
- Further affirming our current approach, the most critical material topics identified in our ESG Materiality Assessment also demonstrated close alignment with our PensionBee customer proposition, our broader business strategy and goals, and enabled us to consider where we have the biggest opportunity to contribute to the United Nations Sustainable Development Goals (UN SDGs).
- As part of an ongoing programme of improvement, future ESG Materiality Assessments will continue to focus on the key topics that we need to address in order to add value to the business. We believe that effectively managing our ESG priorities in this way will help preserve our resilience and drive long-term value for all our stakeholders. In the meantime we will continue to engage with all stakeholders to help us develop and deliver our ESG vision and pursue our work transparently, in order to fulfil our duty to all our stakeholders.

## 6. Our Top Ranked Topics and Actions

Topic	Description	Alignment with PensionBee Strategy and Goals	Further Disclosure within our Annual Report	Alignment with UN SDGs
<b>Excellent value plan range</b>	Continuing to offer market leading investment plans that generate returns for customers	Focus on investment solutions designed for customers	<ul style="list-style-type: none"> <li>Our Stakeholders (<i>Customers</i>)</li> <li>Investment Committee Report</li> </ul>	 
<b>Product innovation and inclusivity</b>	Continuously evolving product, simple, safe and reactive to changing customer needs, also designed with a range of needs and vulnerabilities in mind whilst enhancing access to financial products and knowledge	Leadership in product innovation	<ul style="list-style-type: none"> <li>Our Stakeholders (<i>Customers</i>)</li> <li>ESG Considerations (<i>Customer Engagement with our Product</i>)</li> </ul>	 
<b>Pensions with purpose and stewardship</b>	Developing a responsible plan range focused on creating a safer, fairer, kinder future whilst using voice & vote to drive positive change in investee companies	Focus on investment solutions designed for customers	<ul style="list-style-type: none"> <li>Our Stakeholders (<i>Customers</i>)</li> <li>ESG Considerations (<i>Understanding our customers' investment views</i>)</li> </ul>	    
<b>Cybersecurity</b>	Continuing to monitor PensionBee's cybersecurity practices to ensure enhanced protection	Investment in and Development of our Industry Leading Technology Platforms	<ul style="list-style-type: none"> <li>Managing our Risks</li> <li>Audit and Risk Committee Report</li> </ul>	
<b>Diversity &amp; Inclusion</b>	Recruiting from all backgrounds with no prior experience or degree needed so that businesses reflect society at every level	<p>Gender balance at all levels</p> <p>Representation of all minority ethnicities to match the UK population across all levels of the business (as defined by the 2021 census)</p>	<ul style="list-style-type: none"> <li>Our People</li> <li>Remuneration Report</li> </ul>	   
<b>Fulfilling careers</b>	Maintaining a culture in which people can find meaning in their work and build a happy and fulfilling career	<p>Focus on excellent customer service</p> <p>Building and maintaining a culture that promotes employee, and in turn customer, happiness</p>	<ul style="list-style-type: none"> <li>Our People</li> <li>Remuneration Report</li> </ul>	



## 6. Our Top Ranked Topics and Actions

We have mapped our ESG materiality assessment to the UN SDGs that are most relevant for our business and stakeholders amongst our top ranked material topics. Those SDGs are:

















- SDG 1. *No Poverty*
- SDG 3. *Good Health and Well-being*
- SDG 4. *Quality Education*
- SDG 5. *Gender Equality*
- SDG 7. *Affordable and Clean Energy*
- SDG 8. *Decent Work and Economic Growth*
- SDG 9. *Industry, Innovation and Infrastructure*
- SDG 10. *Reduced Inequalities*
- SDG 13. *Climate Action*

Across all of our 15 selected material topics, we identified an additional three UN SDGs that are highly relevant to PensionBee's business and stakeholders including:















- SDG 11. *Sustainable Cities and Communities*
- SDG 12. *Responsible Consumption and Production*
- SDG 17. *Partnerships for the Goals*

PensionBee views all UN SDGs as highly interrelated and recognises many of our material topics are connected to additional SDGs.

# 7. Full ESG Topics List and Related UN SDGs

Topic	Description	Related UN SDGs
A pension switch guarantee	UK savers can electronically switch to a regulated provider in ten days. No paper statements	
Excellent value plan range	Market leading investment plans that maximise returns for customers	 
Climate leadership	Show how pension providers can be net positive e.g. 100% renewable energy servers whilst minimising climate change vulnerability globally so that climate transition is safe and fair for all	   
Consumer rights & campaigning to prevent detriment	Recognising the importance of influencing good policy outcomes for savers whilst ensuring concerns of marginalised groups are heard in the pension system	
Corporate governance	Continuing to monitor premium listed companies' requirements and follow best practices	
Cybersecurity	Continuing to monitor PensionBee's cybersecurity practices to ensure protection	
Diversity & Inclusion	Recruiting from all backgrounds with no prior experience or degree needed so that businesses reflect society at every level	   
Engaging with local communities	Listening and responding to their changing needs	  

## 7. Full ESG Topics List and Related UN SDGs

Topic	Description	Related UN SDGs
Fulfilling careers	UK savers can electronically switch to a regulated provider in ten days. No paper statements	
Gender and ethnicity pay gaps	Market leading investment plans that maximise returns for customers	  
Open portable pensions data	Show how pension providers can be net positive e.g. 100% renewable energy servers whilst minimising climate change vulnerability globally so that climate transition is safe and fair for all	
Pensions with purpose and stewardship	Recognising the importance of influencing good policy outcomes for savers whilst ensuring concerns of marginalised groups are heard in the pension system	    
Preventing greenwashing and environmental transparency	Continuing to monitor premium listed companies' requirements and follow best practices	
Product innovation and inclusivity	Continuing to monitor PensionBee's cybersecurity practices to ensure protection	 
Workforce rights in supply chain	Recruiting from all backgrounds with no prior experience or degree needed so that businesses reflect society at every level	 





**Pensions made simple.**