

Arrow Global Group Environmental, Social & Governance Policy 2024

Policy Owner: Director, Sustainability & ESG

Approval Body: Board of Sherwood ParentCo Limited

1 Introduction

Arrow Global Group is committed to being a responsible business that engages with its stakeholders on material sustainability matters including Environmental, Social and Governance ('ESG') issues. The way we deliver on ESG at AGG aligns with our purpose of Building Better Financial Futures. At its core, this means that we deliver sustainable risk-adjusted returns for our investors, and we operate as a responsible business that invests time and careful thought into creating successful and long-term outcomes to the satisfaction of all our stakeholders. As a responsible business, we take our responsibilities under the law seriously, including the duties of directors under Section 172 of the Companies Act. As such, embedding sustainability principles within the culture and conduct of our business is of paramount importance.

AGG is committed to exploring how it best contributes to the sustainability landscape in its chosen markets to benefit its stakeholders and considers material environmental, social and governance issues as part of its organisational decision-making. This includes integration of ESG considerations into key structures and processes where they are relevant to our business model.

We define each ESG component as follows:

- **Environment:** We are aware of our impact on the natural environment and are taking actions to improve it.
- **Social:** We understand and respond to the needs of our people and customers.
- **Governance:** We are a responsible business and investor.

1.1 Definitions:

- **Arrow Global Group** – 'AGG' or the 'Group'. It is defined as encompassing Sherwood ParentCo Limited and all subsidiaries thereof.
- **Arrow RMS** – Group automated risk management tool for collating and reporting risk management information.
- **Audit and Risk Committee** – the Audit and Risk Committee of Sherwood ParentCo Limited.
- **Colleague** – any individual who has entered into a contract of employment with any Entity, and includes all classifications of employment, such as full-time, part-time, temporary, permanent, and contractors.
- **CoSec** – Company Secretary.
- **ENEI** - The Employers Network for Equality & Inclusion.
- **Entity** – An entity that is majority owned or controlled by the Group.
- **Group Board** – Board of Sherwood ParentCo Limited.
- **Group Functions** – Group teams who support Sherwood ParentCo Limited and Entity activities and include - Group Risk, Group Compliance, Group Internal Audit, Group Legal, Group CoSec, Group Treasury, Group Finance, Group Tax, Group HR, Group IT, Group Data Protection, Group Information Security, Group Supplier Management, and Group ESG.
- **Group Risk Appetite** – Document outlining Group risk appetite statements and metrics.
- **Group Supplier Management Framework** – Framework that outlines supplier categorisation and risk assessment framework that is available from Group Head of Purchasing and Vendor Management.
- **Platform Lead** – Person who is responsible for providing and signing off Group quarterly reporting requirements for an Entity as agreed with the Group.

- **Scope 1 emissions** – greenhouse gases (GHGs) released directly from a business e.g. refrigerants in air conditioning units, natural gas, emissions from company vehicles.
- **Scope 2 emissions** – indirect GHGs released from the energy purchased by an organisation, e.g. electricity purchased from energy providers.
- **Scope 3 emissions** – indirect GHG emissions, accounting for upstream and downstream emissions of a product or service, and emissions across a business’s value chain, e.g. air/rail travel, hotel stays.
- **Supplier** - a party that is not majority owned or controlled by the Group and the Group has entered into a contractual relationship with to provide business goods, services, functions or activities. For the purposes of Group policies, this definition includes parties that undertake investment activities for the Group as well.
- **Sustainability & ESG Committee** – means a committee of the board of ParentCo which carries out work associated with the Groups ESG strategy and this policy.

2 Scope of Policy

This document applies to all Entities and Colleagues within the Arrow Global Group, which is defined as encompassing Sherwood ParentCo Limited and all subsidiaries thereof.

All Group Entities and Colleagues must comply with the requirements outlined in this document unless any legal or regulatory requirement directly applicable to such Entity or Colleague contradicts with it, in which case the relevant Entity or Colleague shall comply with the requirements outlined in this document to the full extent possible and comply with such legal or regulatory requirement to the extent necessary.

This document shall not override the Reserved Matters of Sherwood ParentCo Limited. Any such matter must be approved by Sherwood ParentCo Board, therefore should be referred to the Group Company Secretary accordingly.

Group Entities or Colleagues might expand the requirements of this document considering their business and regulatory requirements.

The Group expects, where relevant, all Suppliers to have appropriate controls and processes in place to align with this policy and local regulatory requirements to prevent any breach in their provision of services to the Group. The Group expects that Entities and Colleagues conduct onboarding and ongoing checks on Suppliers aligned with this policy, Group Supplier Management Framework and Group Supplier Assessment Policy as required.

Suppliers are expected to self-monitor their compliance with the requirements of this policy and ensure they have adequate resources to do so. Each Supplier is responsible for ensuring their personnel and contractors are aware of the requirements and are adequately trained. The Group may audit or inspect Suppliers or their facilities at any time in accordance with the Supplier contract to confirm compliance. The Group may also, periodically, request Suppliers to answer a questionnaire and provide an attestation for confirming their compliance with the policy requirements.

3 Agreed waivers and exceptions

Except as set out in ‘Scope’ above, there are no agreed waivers or exceptions under this policy.

4 Alignment to Risk Appetite

ESG risk appetite is set out in the Group Risk Appetite.

5 Policy requirements

The aim of this policy is to ensure a joined-up ESG agenda which directly supports the Group's purpose of building better financial futures and the ESG strategy set by the Group Board. The Group ESG agenda is achieved via the commitments set out in sections 5.1 to 5.7 below.

5.1 Environment – Climate risk: Investment

- Refer to AGGCM's Responsible Investment Policy for further details.
- As appropriate we are committed to tracking and measuring emissions data in line with our reporting and regulatory requirements.

5.2 Environment - Climate risk: Operations

- AGG and Entities shall comply with regulatory reporting requirements at both the local and Group level.
- AGG is committed to collating Scope 1, 2 and 3 carbon emissions and energy consumption data with input from Entities in line with Group reporting at half-year and full year, supported by a qualitative update on performance. The finance team shall provide this data to the Group ESG team to satisfy the requirements of the Sustainability & ESG Committee and the ESG reporting requirements of the Group.
- AGG has pledged to be net zero in its operations by 2030. The plan to achieve this will be reviewed regularly by the Sustainability & ESG Committee. All Entities are committed to understanding and reporting their Scope 1, 2 & 3 emissions to support individualised net-zero targets and approved by the Group Board upon the recommendation of the Sustainability & ESG Committee.
- AGG will endeavour to operate from leased offices managed by reputable landlords and managing agents whom AGG will partner with to ensure we are taking steps to reduce our carbon footprint, including via the procurement of renewable energy and the promotion of waste minimisation and recycling initiatives, and to encourage green building certifications.

AGG monitors the effect of its supply chain on the environment through the Group Supplier Management Framework. Working with the Suppliers, AGG shares experience and knowledge on reducing environmental impact.

5.3 Social – Customers & Communities

- In line with our Group purpose of Building Better Financial Futures, we are committed to the wellbeing of our Colleagues, customers and communities in which we operate.
- AGG provides opportunities to allow Colleagues to support local and national organisations and charities. A key component of this is the provision of the AGG 'volunteering day' – whereby each Colleague is granted 1 day per calendar year to volunteer with AGG's Group-wide partner Junior Achievement Europe ('JAE'), or a registered charity of their choice. In instances where a Colleague wishes to use a volunteer day for a non-registered charity (for example a school, hospital or community group) line manager approval should be sought in advance.

- We are committed to treating our customers fairly, with respect and dignity throughout a constructive and transparent process, directing customers in financial difficulty to impartial free debt advice or local support services where available.
- All customer-facing Entities maintain a robust complaint resolution process operating to the standards set by the regulators in each of our jurisdictions, as well as providing regulatory reports on the volumes of complaints received and using the data and insight around complaints to drive improvements.
- A suite of customer experience metrics (customer satisfaction, complaints and calls abandoned) is collected on a quarterly basis and provided by each customer-facing Entity to the Global Head of Platforms alongside a qualitative update on performance in line with Group reporting. The Global Head of Platforms provides this data to the Group ESG team to satisfy the requirements of the Sustainability & ESG Committee and the ESG reporting requirements of the Group. As required the ESG Team updates metric owners on any external reporting requirements.

5.4 Social - People and Culture

Our commitments on Engagement and Wellbeing are:

- We cultivate success through fostering a collaborative and supportive culture aligned to the Group's values.
- We are committed to achieving high standards of professionalism throughout the business where every Colleague feels responsible for the performance and reputation of our company.
- We promote Colleague wellbeing in each of our Entities, reflecting established hybrid office / home working which has been embraced as a long-term solution where appropriate.
- We provide access to tools and resources and encourage leaders to role model wellbeing behaviours.
- We use a Group tool, whereby each of our Entities conducts, at a minimum, one Colleague engagement survey per year specific to the individual Entity. With this, local initiatives are implemented to continually enhance Colleague engagement and wellbeing.

Diversity, Equity & Inclusion (DE&I)

Diversity, equity and inclusion are integral to the Group in ensuring we continue to recruit, develop, and retain talent at all levels. We recognise the benefits diversity in our workforce brings and our aspirational culture statement specifically mentions having “a diverse community, enriched by our local identities and that we work collaboratively to build a powerful, unified, and dynamic organisation”.

- Diversity is the unique difference that individuals have, both visible and non-visible. It is the appreciation and respect of these differences, some of which are protected in legislation.
- Equity refers to fair treatment for individuals, therefore guidelines and policies should recognise that not all people start from the same point. This is vital when making decisions in the workplace either about an individual's role or wider business needs. We therefore acknowledge that adjustments may need to be made by allocating resources and opportunities in a fair way to reach an equal outcome.
- Inclusion embraces diverse perspectives and promotes a culture of engagement, support, and commitment from others so that everyone can thrive at work. An inclusive culture creates a

sense of belonging, respect, and value for individuals, and recognises that the differences we have contribute to our success at AGG.

Our commitments to DE&I are:

- We are committed to an environment that ensures our Colleagues are treated fairly and with dignity and respect, and that the working environment is free from harassment, bullying and discrimination. Aligned with European Labour Law, we acknowledge our responsibilities in respect of diversity, equity and inclusion issues and strive to implement these.
- We are committed to providing equal opportunities in employment from the moment you apply for a role and throughout employment. We strive to ensure Colleagues receive equal treatment and that Colleagues with protected characteristics are not treated less favourably.
- We will regularly review our Entity people practices in relation to recruitment, development, performance management, reward/recognition, disciplinary and grievance and health, safety and wellbeing to ensure they are fair and equitable.
- We will not tolerate discrimination, which means less favourable and detrimental treatment on grounds of a protected characteristic, and will take appropriate action against those who discriminate against fellow Colleagues, customers and/or stakeholders.
- Concerns regarding discrimination or policy breaches in respect of DE&I can be raised in a number of ways such as having a conversation with or writing to your line manager, or liaising with your Human Resources Business Partner. ~~[HR – we agreed that WB policy is only for WB events as defined by the WB regulation, fyi]~~
- In the Group Functions, we are committed to undertaking a DE&I gap analysis assessment which will provide us with valuable feedback to link into our DE&I strategy and plan. This will show us where our organisation sits on the overall The Employers Network for Equality & Inclusion (ENEI) road map.
- Each of our Entities are committed to building bespoke DE&I plans that underpin the Group's approach to DE&I and accompanying targets. We have a 40% diversity target by 2025 for female representation on senior leadership across the Group.

Metrics

- A suite of people metrics, (covering Engagement, Wellbeing, Health & Safety, DE&I, Recruitment and Colleague Development) is collected on a quarterly basis and provided by each Entity to Group HR team. In addition, Entities should provide named individuals/changes to names on each Entity Executive Team. With this, female representation on senior leadership across the Group can be calculated.
- The Group HR team provides this data plus an accompanying qualitative update to the Group ESG team each quarter in line with Group reporting. The Group HR team shall provide this data to the Group ESG team to satisfy the requirements of the Sustainability & ESG Committee and the ESG reporting requirements of the Group. As required the ESG Team updates metric owners on any external reporting requirements.

5.5 Governance – Oversight

- The Group Board has ultimate oversight of the Group-wide ESG strategy, however Entity Risk and Compliance teams should endeavour to monitor and assess local regulatory reporting requirements with Platform Lead oversight.

- A Sustainability & ESG Committee, comprising members of the Executive Team, oversees the ongoing delivery of the Group's sustainability agenda and review, challenges and supports the Group's approach and progress on agreed ESG initiatives.
- Each entity should support the work of the Group ESG team and Sustainability & ESG Committee as required.
- Each entity should comply with the quarterly reporting requirements, ensuring implementation of this policy, recognition of any gaps or breaches and completion of any required ESG reporting.

5.6 Governance - Responsible Investment

- Refer to AGGCM's Responsible Investment Policy for further details.

5.7 Governance - Business Conduct and Risk

- All business is aligned with the laws and regulations of the relevant territories, including those relating to human rights and the UN Global Compact 10 Principles . These principles set a high-level framework to be applied across all business activities.
- All Colleagues have access to training setting out the requirements of the Group Anti-Bribery & Corruption Policy, Group Whistleblowing Policy and Entity level relevant code of conduct policies.
- AGG produces a Modern Slavery and Human Trafficking Statement each year which is published on its website.
- Through the Group Supplier Management Framework, supply chain risks are identified and monitored in accordance with the UN Global Compact 10 Principles. The oversight process includes reviews on regulatory requirements, financial status and ESG factors (including modern slavery).
- AGG has no appetite for money laundering, financing terrorism, bribery and/or corruption, as outlined within the Group financial crime policies.
- AGG and Entities shall comply with regulatory reporting requirements at both the local and Group level, and reporting to any relevant ESG bodies that the firm chooses to belong to.

6 Approval Process and Forums

This policy is owned by the Director of Sustainability & ESG, reviewed by the Sustainability & ESG Committee and approved annually by the Group Board.

7 Roles and Responsibilities

Each Group Entity is responsible for having sufficient resources to meet their business needs, including any requirements set out in law, regulation or contract. If the Group does not think the resources are sufficient, the Entity must, at their expense, employ resources which the Group believes to be sufficient.

All activities in relation to this policy must be executed in line with relevant process documentation and associated process controls. It is the responsibility of the Platform Lead to ensure process documentation is properly maintained as fit for purpose, communicated and implemented.

Entities report through the Group quarterly reporting, where they confirm compliance and explain any non-compliance (and proposed action plan) with this policy.

All incidents in relation to this policy must be reported through the incident management process and Arrow RMS as outlined by the Group Risk Management Framework.

Platform Leads may also be required to report to the Group through other internal reporting mechanisms and answer any ad hoc query.

Platform Lead is responsible for assessing local requirements and ensuring all Colleagues know of their obligations and are adequately trained. Platform Lead should escalate serious concerns and matters to the Group immediately.

All Colleagues are required to meet the necessary ongoing CPD (“continuing professional development”) obligations of their respective professional qualifications and local regulations, as applicable. Platform Leads will assess the training needs of themselves and their team on an ongoing basis.

All Colleagues are responsible for:

- Acting in accordance with this policy.
- Proactively highlighting potential challenges via the risk assessment and escalating any breaches of this policy through the **incident management process**.
- Complying with controls and procedures put in place to ensure adherence to policy.

Platform Leads for Group Entities:

Each Platform Lead is accountable for ensuring compliance with this policy within their jurisdiction and reporting any non-compliance through the Group reporting processes and through the Group Risk Management Framework as relevant.

1st line:

- Maintaining familiarity and understanding of the policy and adhering to its requirements.
- Ensuring Entity relevant ESG laws, regulations and reporting requirements are complied with in addition to this policy.
- Embedding ESG as part of their operational processes with documentation to support decision making.

2nd line:

- maintaining familiarity and understanding of the policy and adhering to its requirements.
- ensuring that ESG regulatory horizon scanning is conducted periodically and its impact is assessed and incorporated into risk and compliance activities
- conducting periodic compliance monitoring to ensure all regulatory and policy requirements have been considered.
- overseeing the investigation of reported incidents and supporting and coordinating the solutions to any ESG risks identified from non-adherence/policy breaches.
- challenging 1st Line to ensure ESG considerations are appropriately reviewed and documented in decision making.

3rd line:

- Internal Audit – Risks and how they are managed, as covered by this policy, will be incorporated into the Internal Audit risk-based planning approach.

Ownership

Custodian	Owner	Approval
Director, Sustainability & ESG	Director, Sustainability & ESG	Group Board

Document History

Version	Description	Status	Changed by	Date
2022	Updated to reflect new organisation structure and strategic priorities. New Group policy template and standards adopted.	Draft	Director of Sustainability & ESG	Feb 2022
2022	Board Approval	Final	Group Risk	May 2022
2023	Updated to make requirements more specific and to promote clarity of roles and responsibilities	Final for Sustainability & ESG Committee	Group ESG Team	May 2023
2024	Board Approval	Final	Group Risk	January 2024

Annual Review Details

Reviewer	Date Review Due
Director, Sustainability & ESG	November 2024