PensionBee

Annual Report and Financial Statements 2022

www.pensionbee.com

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Strategic Report

1 PensionBee at a Glance

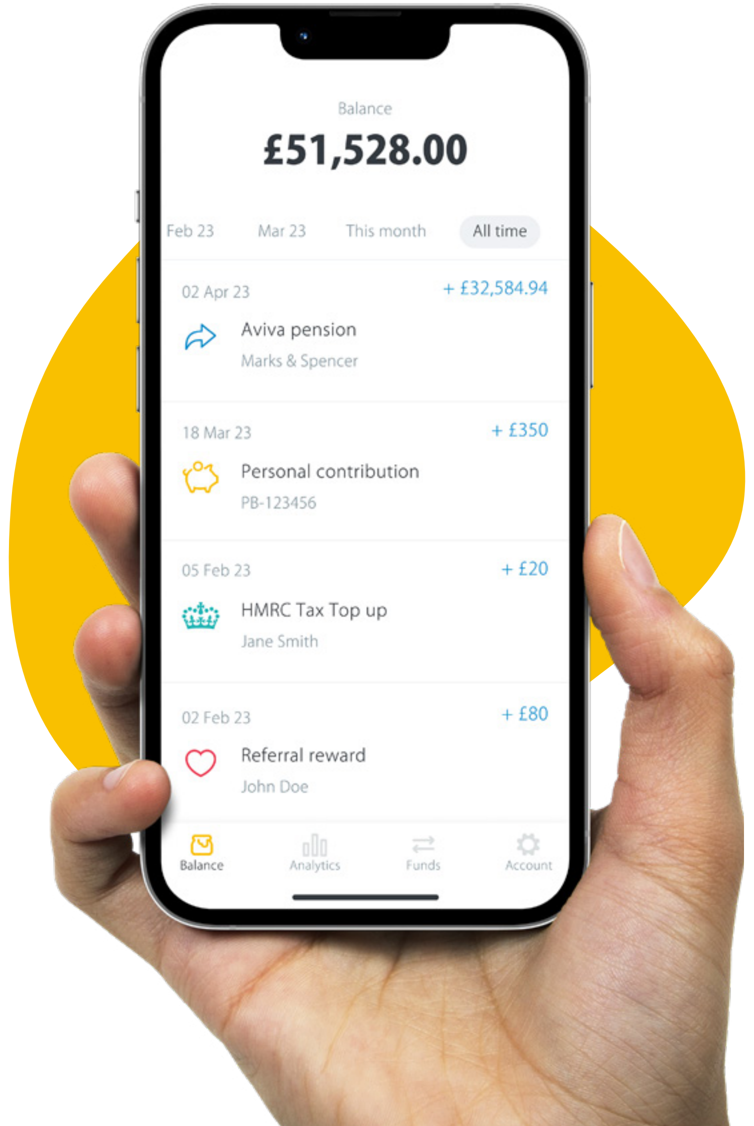
PensionBee is a leading online pension provider. Our mission is to make pensions simple, so that everyone can look forward to a happy retirement

PensionBee is a leading online pension provider[1] in the UK, with a mission to make pensions simple, so that everyone can look forward to a happy retirement. We are a direct-to-consumer financial technology company with approximately 183,000 Invested Customers and £3.0bn of Assets under Administration ('AUA') as at 31 December 2022 (2021: 117,000 Invested Customers and £2.6bn of AUA).[2]

We deliver a leading customer proposition to pension holders in the UK defined contribution pensions market, catering for the mass market of consumers that has often been ignored by the traditional pensions industry. We seek to make our customers 'Pension Confident' by providing them with control and clarity, enabling them to interact with their retirement savings through a unique combination of smart technology and dedicated customer service.

Our technology platform allows customers to combine their pensions and invest in a range of online plans, forecast how much they are expected to have saved by the time they retire, and make withdrawals from the age of 55. Our customers rate our service highly, as evidenced by our Excellent Trustpilot score of 4.6★ out of 5 (based on 8,270 reviews), our average app store rating of 4.6 out of 5[3] and our Customer Retention Rate, which has consistently been 97% (2021: Excellent Trustpilot score of 4.6★ (based on 6,288 reviews), average app store rating of 4.6[4] and Customer Retention Rate of 97%).[2]

For the year ended 31 December 2022, PensionBee's Revenue was £17.7m, representing a growth rate of 38% as compared to £12.8m for 2021.[2] Adjusted EBITDA for 2022 was £(19.5)m as compared to £(16.4)m for 2021, with an Adjusted EBITDA Margin of (110)% for 2022 as compared to (129)% for 2021, reflecting continued strong and scalable investment in the Company's growth.[2] Profit/(Loss) before Tax narrowed to £(22.4)m for 2022 as compared to £(25.0)m for 2021, supported by an improvement of the Adjusted EBITDA Margin.[2]



1. Supported by PensionBee's Trustpilot score as at 31 December 2022 of 4.6★ out of 5 (based on 8,270 reviews), comparing favourably to other key pension providers who operate in the UK Defined Contribution pensions market, together with PensionBee's industry awards as set out on pages 22 and 23 of the About Us section of the Strategic Report.
2. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report. PensionBee's KPIs include alternative performance measures ('APMs'), including Adjusted EBITDA and Adjusted EBITDA Margin. APMs are not defined by International Financial Reporting Standards ('IFRS') and should be considered together with the Group's IFRS measurements of performance. PensionBee believes APMs assist in providing additional insight into the underlying performance of PensionBee and aid comparability of information between reporting periods.
3. Average app store rating of 4.6 out of 5 for 31 December 2022, based on 4.7 Apple Store rating and 4.5 Google Play rating. Average app store rating of 4.8 for 31 December 2021, based on 4.8 App Store rating and 4.7 Google Play rating.
4. Represents absolute change in Adjusted EBITDA Margin from (129)% as at 31 December 2021 to (110)% as at 31 December 2022.

£3.0bn
2022 Assets under Administration[2]
+17% on 2021

£17.7m
2022 Revenue[2]
+38% on 2021

£(19.5)m
2022 Adjusted EBITDA[2]
-19% on 2021

(110)%
2022 Adjusted EBITDA Margin[2]
+18ppt on 2021[4]

£(22.4)m
2022 PBT[2]
+10% on 2021

(9.97)p
2022 EPS[2]
+16% on 2021

183k
2022 Invested Customers[2]
+56% on 2021

97%
2022 Customer Retention[2]
stable

2 Chair's Statement

Set against a backdrop of extreme global market volatility, a war in Europe, and a cost of living crisis in the UK, PensionBee is a story of resilience and consistent delivery, with continued rapid growth and key profitability milestones all very much in line with the objectives we have set. By the end of 2022, our Invested Customer base reached 183,000, Assets under Administration exceeded £3.0bn and Revenue for the year was £17.7m.[5] Through a combination of this growth, together with careful cost control, we achieved the important milestone of pre-marketing profitability in the last quarter of the year, paving the way for ongoing full profitability on an Adjusted EBITDA basis by the end of 2023.[6]

People are attracted to PensionBee, entrusting us with their pension savings because of the combination of simple to use technology, exemplary support and market leading service that we offer. Our colleagues are industrious, our technology is effective, secure and scalable and importantly, the investment solutions that we offer our customers enable them to be 'Pension Confident'. We empower our customers with knowledge and provide them with clarity and control over their retirement savings - where their savings are invested, how those investments are performing and what pension income their savings can be expected to generate. PensionBee is leading the market for those seeking a simple, straightforward way of collecting together their various pensions in one place and investing that money as they wish.

5. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.
6. Pre-marketing profitability measured using Adjusted EBITDA before Marketing. Full profitability measured using Adjusted EBITDA. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

> " Set against a backdrop of extreme global market volatility... PensionBee is a story of resilience and consistent delivery, with continued rapid growth and key profitability milestones all very much in line with the objectives we have set.

Environmental Considerations

Increasing concerns about the conduct of business in society and, in particular, the approach that businesses take to the environment, will dictate whether a business is sustainable over the medium term. Those businesses which are able to successfully demonstrate a responsible approach to our world will be the ones which prosper.

We believe that effectively managing our Environmental, Social and Governance ('ESG') priorities will help preserve our resilience and drive long-term value for all our stakeholders. We continue to pursue our ESG work transparently, disclosing our targets and relevant metrics, and believe this approach supports accountability and helps our stakeholders to be informed about our progress.

Much of 2022 has been spent working in partnership with BlackRock to launch PensionBee's Impact Plan, a mainstream impact investing product, and the latest in a series of PensionBee customer-led innovations for the UK pension industry. Our Impact Plan enables savers to deploy their pensions to build a better world whilst they save for retirement. We also continued to minimise our impact on the environment through our remote working policy and as a paperless pension provider.

As part of our ongoing commitment to increasing our transparency across all the strands of ESG, having previously disclosed under the Sustainability Accounting Standards Board, Workforce Disclosure Initiative and the Streamlined Energy and Carbon Reporting ('SECR') framework, this year we are pleased to be able to make climate-related disclosures under the Task Force on Climate-related Financial Disclosures ('TCFD') framework. Further details of our ESG activities can be found on pages 71 to 81 of the ESG Considerations section of the Strategic Report, and our SECR Reporting and TCFD Reporting are set out on pages 82 to 91 of the Climate-related Disclosures section of the Strategic Report.

Governance

The Board is committed to upholding the highest standards of corporate governance across the business, ensuring that these principles of good governance are embedded into our culture, at all levels. On the anniversary of our initial public offering, PensionBee took an important next step in our Company's evolution, graduating to the Premium Segment of the London Stock Exchange, confirming our commitment to upholding the highest standards of corporate governance while increasing the liquidity of the PensionBee stock. This important step was the result of a tremendous amount of effort by our in-house team working closely with our advisors. My thanks to them all.

In conjunction with our admission to the Premium Segment, we expanded our Board. The appointment of Lara Oyesanya as a Non-Executive Director brings extensive legal, regulatory

and commercial experience to the Board. We were also delighted to welcome Christoph J. Martin to the Board as an Executive Director in June 2022. Christoph joined PensionBee in 2019, graduating into the role of Chief Financial Officer in 2020, playing a key role in our listing and our elevation to the Premium Segment.

The Board continues to provide support and appropriate challenge to the Executive Management Team to ensure that the strategy is sound, achievable and ultimately delivered. Full details of the work of the Board and its Committees are set out in the Corporate Governance Report from page 99 onwards.

We believe that effective stakeholder engagement is key to the long-term sustainable success of our business and as such, our goal is to proactively engage with our key stakeholders, to understand their needs and interests and to respond accordingly. As a Board, when we make decisions, we carefully consider the interests of our customers, employees, shareholders, communities, suppliers, government and regulators and our planet, seeking to ensure positive outcomes for all. Further details of our approach are set out on pages 56 to 70 of the Stakeholders section of the Strategic Report.

Diversity, Inclusion & Equality

At PensionBee, our vision is to live in a world where everyone can look forward to a happy retirement. As a Company, our approach to diversity, inclusion and equality includes building a team that reflects society, in order to better reflect, represent and serve our diverse customer base. We have created a working environment in which everyone has equal access to opportunities and is treated with fairness and dignity.

For 2022, we worked towards attaining gender balance and representation at all levels and towards attaining representation of Asian/Black/Mixed/Multiple/Other ethnic backgrounds to match the UK population across all levels. PensionBee was proud to achieve 52% female and minority gender representation across its entire employee base, 50% at Executive Management level and 57% at Board level, naturally exceeding the FCAs requirements for companies to have at least 40% women on the board and at least one senior board position being held by a woman.[7] PensionBee also achieved 40% Asian/Black/Mixed/Multiple/Other ethnic representation across its entire employee base, 20% at Executive Management level and 14% at Board level, welcoming the introduction of the FCA's requirement for at least one board member being from an Asian/Black/Mixed/Multiple/Other ethnic background.[7]

7. All employee data supported by analysis from PensionBee's HR information system, November 2022. Executive Management and Board level data as at 31 December 2021.

Looking Forward

Looking forward, none of us can be confident that 2023 will be any less demanding than the past year. Adaptability will continue to be an essential attribute of enterprises which lead their markets Just as technology has enabled PensionBee to simplify the management of pension savings, so too has technology transformed the way we work. Offering choice, freeing many from the need to travel and enhancing productivity through increased interconnectivity, PensionBee has embraced flexible working patterns to the benefit of all of our people and to the benefit of the service we deliver. We can be confident that PensionBee will continue to prove resilient in the face of the unforeseen.

Navigating the headwinds we have all confronted in 2022 has required determination and skill. Success is a team sport. The year's outcome is the consequence of many, many individual actions, carefully executed by applying expertise, diligence and care. My thanks go to each and every one of our people - you are the authors of the success which we report here.

Mark Wood CBE
Non-Executive Chair
15 March 2023

3 Chief Executive Officer's Review

2022 has been a challenging year for all. We have witnessed war in Europe and exceptionally harsh and volatile global markets, punctuated by rising interest rates, the energy crisis and stubborn inflation that have meaningfully raised the cost of living for UK consumers. In spite of these headwinds, or perhaps because of them, retirement planning has never been more important.

Throughout this year, we have continued to focus on what matters: serving our customers and supporting them through these challenges. The external environment has brought to the fore difficult decisions for UK consumers. How should I save for the future? Should I delay my retirement?

PensionBee has been there to offer its customers guidance and support, the type of service that all consumers deserve from their pension providers. We are proud to have maintained our Excellent Trustpilot score (4.6★) and to have achieved impressive app store ratings (4.7 App Store rating and 4.5 Google Play rating), reflecting the priority we place on customer communication and rapid response times, with contribution to customer service from every management level within the business (2021: Trustpilot score of 4.6★, 4.8 App Store rating and 4.7 Google Play rating).

> "While the macroeconomic environment remains uncertain, we focus on what we can control: building a pension company you can believe in, trust and be proud to be a part of.

As a company, we place great value and emphasis on doing what we said we would do. Trust has never been more important, especially as we have cemented our place as a household brand name. With brand awareness of more than 50% achieved[8], we continued growing our customer base, reaching a total of 183,000 Invested Customers[9] on our technology platform by the end of the year (2021: 25% brand awareness and 117,000 Invested Customers). We attracted these customers through a combination of data-led online performance marketing channels and our brand channels, including television and our sponsorship of the 'Brentford Bees', a Premier League football club.

As a result, amid steep declines in global equity and bond markets that have affected pension values across the country, our Assets under Administration surpassed the £3bn mark and our Revenue grew by 38% as compared to the previous year.[10] Our high Customer Retention Rate of 97% and ongoing transfers and contributions from new and existing customers enabled us to record approximately £1bn of Gross Inflows.[11] This, combined with the foundations of our scalable technology platform and disciplined cost control, enabled us to reach key profitability milestones of pre-marketing profitability across the fourth quarter of 2022 and post-marketing profitability in November 2022, in line with our expectations.[12] We are primed to continue to deliver on this path, expecting to achieve ongoing full profitability on an Adjusted EBITDA basis by the end of 2023.[9]

This year was also notable for us with respect to environmental, social and governance ('ESG') considerations, as we conducted an exercise to assess ESG materiality from the perspective of our key stakeholders. We believe that all businesses must have a 'social licence' to operate, and as such we believe that meeting our ESG responsibilities to stakeholders will enable us to thrive over the long term. We were pleased to remain aligned with our stakeholders in our ambition to offer an inclusive and innovative product, one characterised by stewardship, purpose and excellent value, as well as to prioritise cyber security, diversity and inclusion and offering fulfilling careers for our team. With 91% of our workforce feeling aligned with our vision, mission and values[13], we are meeting our goal of being an employer of choice with an inspiring vision.

As we look forward to 2023 we recognise that the world is in transition: efforts to move to a low carbon economy and one that is characterised by less inequality dominate our national conversation. We are proud to be a part of this change with our innovative product offering that empowers UK consumers to be 'pension confident' and to have control over their retirements. Our newly-launched Impact Plan will enable our customers to prepare for retirement while investing in companies that help further the achievement of the United Nations Sustainable Development Goals.[14] We are also pleased to bring the 'regular withdrawals' feature to our customers, a product innovation we have developed over this year, in response to feedback from our customers over the age of 55.

While the macroeconomic environment remains uncertain, we focus on what we can control: building a pension company you can believe in, trust and be proud to be a part of. I am immensely proud of, and grateful to, the entire team for their dedication and hard work, for the spirit with which they approach our mission and vision and for upholding our values and culture.

Outlook

We believe that the UK pensions market will continue to grow at pace, despite the challenging financial markets, supported by the regulatory framework and favourable policy changes, the acceleration of the UK's transition to digital technology and underlying trends in the employment market that increasingly demand a modern pension consolidation solution like ours. New opportunities and developments in technology are expected to continue to accelerate change in the pensions industry in ways that will ultimately benefit all consumers. The need to save for retirement through an efficient and scalable platform has never been greater, especially as we grapple with a cost of living crisis.

Our resilient business model, leading customer proposition, household brand status, committed and dynamic leadership team and robust capital position, will see us uniquely positioned to continue to grow at pace, navigating any challenges that the year ahead brings.

We look forward to 2023 being yet another exciting year in the PensionBee story.

Romi Savova
Chief Executive Officer
15 March 2023

8. Source: PensionBee brand tracker. Prompted brand awareness in January 2023 measured through a consumer survey asking 'Which of the following have you heard of?' with respect to UK financial services brands: Aviva 83%, Scottish Widows 77%, Standard Life 66%, Royal London 55%, PensionBee 52%, Hargreaves Lansdown 36%, Vanguard 32%, Fidelity 30%, Nutmeg 30%, AJ Bell 21%, Interactive Investor 9%. Compares to prompted brand awareness for 2021 of 25%, sourced from Boring Money, February 2022.
9. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.
10. 38% change in Revenue calculated based on Revenue of £17.7m for the year to 31 December 2022 as compared to £12.8m for the year to 31 December 2021. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.
11. Gross Inflows of £1,060m, Gross Outflows of £(197)m, Net Inflows of £863m and Market Growth and Other of £(424)m for the year to 31 December 2022 as set out on pages 48 and 53 of the Operating and Financial Review. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.
12. Pre-marketing profitability measured using Adjusted EBITDA before Marketing. Post-marketing profitability measured using Adjusted EBITDA. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.
13. Source: PensionBee's annual Diversity, Inclusion, Equality & Support Survey, 2022. Compares to 96% of the workforce feeling aligned to PensionBee's mission, vision and values, as measured by PensionBee's Diversity, Inclusion and Engagement Survey, 2021.
14. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals, which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth - all while tackling climate change and working to preserve our oceans and forests. Source: sdgs.un.org/goals.

4 About Us

Our History

Since inception, we have been a consumer champion in a highly complex industry, ripe for disruption

PensionBee was founded in 2014 to simplify pension savings in the UK, following a difficult pension transfer experience for our CEO, Romi Savova, using traditional platforms and financial advisers, encountering archaic systems, excessive fees and complex paperwork.

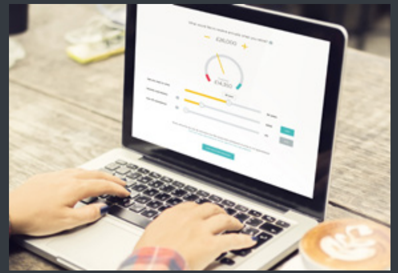
Since then, we have been challenging the status quo of an industry that has evolved without sufficient focus on consumer needs, characterised by poor communication, opaque fees and cumbersome processes. PensionBee has sought to change the industry for the better, modernising pensions, making pension management easy for its customers while they save for a happy retirement.

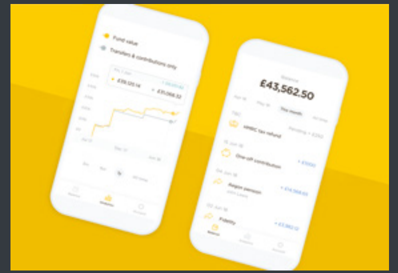
With over £3.0bn in Assets under Administration ('AUA') and 183,000 Invested Customers ('IC') at the end of 2022 (2021: £2.6bn of AUA and 117,000 IC), we have grown rapidly through direct-to-consumer marketing activities, becoming a household brand name for the mass market.[15] Our consistently maintained Customer Retention Rate in excess of 95% and an Excellent Trustpilot rating, reflect our commitment to outstanding customer service.

Along the way, we have taken important steps in our corporate development, including our initial public offering in April 2021 on the High Growth Segment of the London Stock Exchange ('LSE') and our subsequent transition to the Premium Segment of the LSE one year later, to raise the capital that we need to support sustainable and profitable growth and underscoring our commitment to the highest level of corporate governance.

15. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report. PensionBee's KPIs include alternative performance measures ('APMs'). APMs are not defined by International Financial Reporting Standards ('IFRS') and should be considered together with the Group's IFRS measurements of performance. PensionBee believes APMs assist in providing additional insight into the underlying performance of PensionBee and aid comparability of information between reporting periods.

PensionBee





2014

PensionBee is born

Our story begins when Romi Savova (CEO) tries to move her old workplace pension and has great difficulty switching providers. She decides there has to be a better way.

2015

Work begins

Romi and co-founder Jonathan Lister Parsons (CTO) quit their jobs and start building PensionBee, an online pension provider that puts the customer at its heart.

Our first employees join the Company, we move into our first office and the team begins work on the BeeHive and creation of the PensionBee brand.

2016

AUA: £19m
IC: 1k

PensionBee goes live

We launch our product with plans from BlackRock and State Street Global Advisors, helping savers combine their old pensions.

Mark Wood CBE, former Chief Executive of Prudential UK, joins as Chair.

2017

AUA: £108m
IC: 5k

Innovation and investment

We broaden our mix of customers with new product innovations. We introduce our drawdown service, enabling customers to make withdrawals easily online. We also launch our first responsible plan, providing our savers with a climate-conscious way of investing.

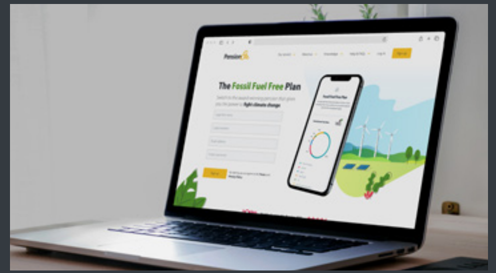
2018

AUA: £328m
IC: 17k

The app is launched

Our app goes live, giving customers the power to manage their pensions from their smartphones.

With the introduction of Open Banking, we also become the first pension provider to integrate with a number of banking and money management apps.



2019

AUA: £745m
IC: 38k

Acclaim from the industry

We become the first pension provider to adopt the Simpler Annual Benefit Statement, winning acclaim from both the government and pensions industry.

We introduce two new pension plans, 4Plus and Preserve, to broaden our appeal amongst customers nearing retirement, as well as a Shariah-compliant plan.

Michelle Cracknell CBE also joins the PensionBee Board as an Independent Non-Executive Director, bringing over 30 years' experience from the pensions and retirement planning industry.

2020

AUA: £1.4bn
IC: 69k

AUA exceeds £1bn and we launch the Fossil Fuel Free Plan

We campaign to show the rest of the pensions industry that there's demand for a fossil fuel free pension, based on customers' feedback. We succeed with commitments of >£100m, and launch the Fossil Fuel Free Plan in partnership with Legal & General.

We win praise for our high levels of innovation and customer service, as well as our industry-leading workplace diversity, when we are named 'Pension Provider of the Year' (UK Pensions Awards).

Mary Francis CBE joins our Board as Senior Independent Director.

2021

AUA: £2.6bn
IC: 117k

Becoming a publicly listed company

We become a publicly listed company with an IPO on the High Growth Segment of the Main Market of the London Stock Exchange, also giving our customers access to buy shares. This allows us to further expand and to innovate, so that we can help even more people look forward to a happy retirement.

We are awarded the Internet Crystal Mark and Plain English App Mark For our accessibly-designed website.

2022

AUA: £3.0bn
IC: 183k

AUA exceeds £3bn and we join the Premium Segment of the London Stock Exchange

We transition to the Premium Segment of the London Stock Exchange's Main Market, underscoring our commitment to upholding the highest standards of corporate governance and dedication to achieving our growth ambitions and increasing liquidity.

Lara Oyesanya joins our Board as an Independent Non-Executive Director.

Our 'Believe in the Bee' brand campaign launches with an ad featuring Brentford Football Club players, a cameo from our CEO, plus our distinctive new animated honey bee.

We win multiple awards, including 'FinTech of the Year' (UK FinTech Awards), 'Financial Inclusion' (FSTech Awards) and 'Employer of the Year' (FT Adviser Diversity in Finance Awards). We are awarded 5 Boring Money Best Buys 2022, including 'Best for Customer Service' and are accredited with Good With Money's 'Good Egg' mark.

Our Vision

We strive to help our customers achieve a happy retirement in the form of financial freedom, good health and social inclusion

Our vision acts as a blueprint for all our business activities, from outstanding customer service and intuitive product design, to investment solutions with some of the world's largest money managers and impactful corporate and social responsibility initiatives. As a pensions company with a long-term horizon for our customers, we seek to look beyond short-term gains to help our customers achieve a sustainable retirement income.

Financial Freedom

Our customers have a large variety of retirement goals and ambitions, whether purchasing homes close to their children, travelling around the world or simply living without any financial worries. Each customer is unique, but to achieve their ideal retirement, they all need sufficient income to cover their living expenses for the rest of their lives. This, at its core, is the concept of financial freedom.

For too long, consumers have struggled to manage their retirement savings. Pensions are often complicated and, combined with the added intricacies that can result from the accrual of multiple pension plans from different employers over the course of a career, present a significant obstacle for consumers wanting to take control of their retirement savings. PensionBee's technology platform is designed to make it easy for customers to consolidate their pensions, to make contributions in line with their saving goals, to invest in a range of diversified plans and, from the age of 55, to make on-demand and appropriate withdrawals. Through access to pension calculators and retirement forecasting tools, we seek to help our customers understand how much they need to save in order to achieve their desired income in retirement.

Good Health

We believe that good physical and mental health can be a major determinant of happiness in later life. Whilst quality nutrition and safe living conditions are important contributors to good health, we also believe that financial wellbeing can have a significant role to play.

Our platform has been designed in a user-friendly way so as to limit the stresses of engaging with one's pension and to help customers exercise greater control over their financial future.

Similarly, we also want to give our customers greater peace of mind by offering more ethically and environmentally conscious investment alternatives. Not only is there quantitative evidence from industry experts suggesting that sustainable investments yield greater returns over time, but there are significant financial risks associated with investing in pollutants such as oil and tobacco producers. These financial risks can be aggravated by government action (whether through outright bans or taxes), civil lawsuits, and adverse media coverage. In facilitating sustainable investments, we seek to enhance our customers' long-term pension wealth as well as their mental wellbeing.

Social Inclusion

We believe that the Company's product must be built to help people from all backgrounds to save for retirement. The UK's statutory secondary school national curriculum contains little formal financial education, and over the course of their lives, individuals do not all have the same exposure to financial concepts. As a result, many struggle to navigate the pensions system as adults.

By designing and building our product in recognition of these realities, we seek to help our customers overcome these educational barriers. For example, our technology platform is designed to make it easy and intuitive for customers to combine their pensions, we offer tools such as pension calculators and retirement forecasting modellers to help customers plan ahead and make suitable contributions, we help savers make on-demand and appropriate withdrawals, and we support all of this with excellent customer service and jargon-free communication.

In addition, we are an advocate for greater gender equality in UK companies. There is a large body of research suggesting that women have been held back by a lack of equal opportunities and systemic inequalities that prevent career progression. Research conducted by PensionBee suggests that these inequalities are perpetuated in later life with men having significantly larger pensions than women after the age of 45, despite having a shorter life expectancy.

We are also committed to encouraging other forms of equality in UK companies. Efforts to include, nurture and progress employees from all backgrounds, including diverse ethnicities can translate into higher engagement and lower attrition rates. We believe that there is a strong moral and economic case for increased diversity in UK companies. Greater equality can translate into improved Company performance, which in turn supports the pension growth of our customers.

Our Diversity, Inclusion and Equality Policy sets our approach and commitment to diversity and includes our broad goals, which include gender balance at all levels and representation of all minority ethnicities to match the UK population across all levels of the business. For 2022 we achieved 52% female and minority gender representation across our entire employee base, 50% at Executive Management Team level and 57% at Board level.[16] We also achieved 40% Asian/Black/Mixed/Multiple/Other ethnic representation across our entire employee base, 20% at Executive Management level and 14% at Board level.[16]

16. All employee data supported by analysis from PensionBee's HR information system, November 2022. Executive Management and Board level data as at 31 December 2021.

Our Customer Proposition

We are revolutionising the pensions industry through innovative technology, product leadership and excellent customer service

Pensions are often complicated and difficult to understand, presenting an obstacle for consumers to engage with their savings. Against this backdrop, PensionBee has developed a simple and easy to use mass market proposition that provides a solution to the consumer problem of saving for and managing their income throughout retirement.

Our customer proposition can be summarised as follows:

Combine

The average adult switches jobs multiple times over the course of their career. In doing so, they may accrue a number of disparate pensions with differing providers and cost structures which, as a result of a variety of factors which could include infrequent reporting, limited online functionality, and cumbersome communications processes, can prove difficult to manage effectively. By signing up with PensionBee, either via our website or by using our app, our customers are able to combine and transfer their existing pensions into the PensionBee Personal Pension with ease. Once their pensions have been transferred, customers are able to start managing their new pension online and can monitor their daily balance via our website or app.

Contribute

Our customers can make one-off or regular contributions to their PensionBee pension via easy bank transfer in under 60 seconds. For customers who make a personal pension contribution and are eligible for tax relief, we will automatically claim their 25% tax top-up from HMRC and add this to their pension balance. Customers can also make use of our retirement calculator, which provides an estimate of retirement income based on a number of assumptions including the size of the pension plan, chosen retirement age and ongoing contributions, to plan ahead for their retirement. Self-employed customers can open a new pension plan without transferring any old pensions.

Invest

We work with some of the world's largest asset managers to enable our customers to invest their pension savings easily and appropriately. We offer a curated selection of investment options, including our auto-pick (default) plan, which tailors our customers' asset allocation according to their ages, reducing the broad risk profile of their investments gradually as they grow older. For our at-retirement customers, we offer four options aligned with their broad objectives, including making regular withdrawals and simply investing for a longer period of time. For our ethically conscious customers, we offer a fossil fuel-free plan, an impact plan and a Sharia-compliant plan.

Withdraw

From the age of 55, our customers can withdraw a portion of their pension online in just a few clicks, bypassing a process which can in some cases involve many weeks filling out paperwork and jargon-filled forms, which are often sent only through the post. Customers may choose to take up to 25% of their pension free of tax, withdrawing their chosen amount either as a lump sum or in portions. In 2022, we developed the capability for our customers to set up regular withdrawals.

Our Team

Our team has the breadth and depth of experience across all disciplines to deliver excellent customer outcomes, drive growth and performance

Led by our founders Romi Savova and Jonathan Lister Parsons, we have a strong and established Executive Management Team. We have an experienced and diverse Board, led by our Chair Mark Wood CBE (former CEO of Prudential UK).

Our diverse and inclusive total workforce of 208 individuals[17] is motivated and empowered to achieve great results across all areas of the business, including customer service and engagement, brand and marketing, product development, technology, finance, corporate, legal and risk.

We develop and support our talent and strive to ensure that our people are actively engaged. Our strong culture and values enable us to attract and retain people who passionately believe in our vision. All our employees participate in long-term equity schemes, which further helps to drive engagement and an ownership mentality.

Further details can be found on pages 36 to 45 of the Our People section within the Strategic Report.

17. As at 31 December 2022. Total workforce of 208 includes 204 UK employees and four overseas contractors, but excludes the four Non-Executive Directors.

Our Values

We are guided by our five core values, so we do the right thing by our customers, colleagues and society

We are dedicated to ensuring that our five core values remain as guiding principles behind everything we do, so that everyone in the Company remains focused on doing the right thing for our customers, colleagues and society. As we continue on our growth path, there is a particular focus on protecting and maintaining the culture associated with these values - a strong focus on well-being, including regular 'Happiness!' meetings between employees and managers, has helped to embed this approach. We value our employees' happiness and we believe that happy employees lead to happy customers.

We have built a programme to focus specifically on the development and enhancement of our values-based culture, led by our Head of Culture, Inclusion and Wellbeing. We have embedded our values into our performance management approach and throughout relevant policies in order to achieve our strategic goals. Our Senior Independent Director, Mary Francis CBE, enjoys responsibility for employee engagement, and we regularly report on our people and culture at a Board and Committee level, given the importance we place on our culture and its success in driving the achievement of our strategy.

Further details and specific examples of how the Board and Company engage with our employees can be found on pages 56 to 70 of the Stakeholders section of the Strategic Report.

Love

The value of love drives everything we do at PensionBee. From engaging with our customers to product delivery, we go above and beyond to create an exceptional customer experience.

As we continue building a pension product for everyone, we are dedicated to creating an inclusive company that reflects our diverse society.

Honesty

We strive for total transparency around the pensions our customers have, including what service they can expect, the fees charged and how their pensions are faring.

We continue to demand a more honest and ethical approach to pension investments, as we believe this is crucial to our customers achieving a happy retirement.

Quality

People trust us with their pension savings, and we go above and beyond to show them that we deserve that trust.

We have partnered with some of the world's largest money managers on our pension solutions, and we apply the highest level of corporate governance standards within the business.

Simplicity

We are committed to making pensions less complex. Whether we are picking up the phone or building our product, we keep things simple, avoiding confusing jargon and complicated processes.

We have created simple tools for our customers to support their decision making, whether they are combining pensions for the first time, getting contributions back on track or are ready to start making withdrawals.

Innovation

PensionBee would not exist without innovation. Our drive to innovate means we are always seeking to 'wow' our customers and colleagues through new and improved ways of doing things.

We were one of the first pension providers to embrace Open Banking by partnering with some of the UK's leading money management apps, to offer innovative ways of investing sustainably, and we seek to work closely with trade bodies and the government to continue to modernise pensions.

Our Awards

2022 has been another strong year for PensionBee, with the strength of our innovation, customer service, technology, diversity and our ESG credentials being recognised by the industry

57
Awards won

PensionBee has received a high level of recognition from customers and third parties for our differentiated customer offering and high standard of customer service, our technology, diversity achievements and our ESG credentials.

Since inception, we have received a total of 57 awards, including the following 23 awards received in 2022:

★ **Winner**
Overall Best Buy for Pensions
Boring Money's Best Buy 2022

★ **Winner**
Best for Customer Service
Boring Money's Best Buy 2022

★ **Winner**
Best for low-cost SIPP more than £50K
Boring Money's Best Buy 2022

★ **Winner**
Best for low-cost SIPP less than £50K
Boring Money's Best Buy 2022

★ **Winner**
Best for Beginners
Boring Money's Best Buy 2022

★ **Winner**
Pensions Tech of the Year
UK Fintech Awards

★ **Winner**
Fintech of the Year
UK Fintech Awards

★ **Winner**
Diversity and Inclusion Award
UK Fintech Awards

★ **Winner**
Employer of the Year
Scale-Up Awards

★ **Winner**
Financial Inclusion Award
FSTech Awards

★ **Winner**
Pensions Tech of the Year
Europe FinTech Awards

★ **Winner**
FinTech of the Year
Europe FinTech Awards

★ **Winner**
Diversity and Inclusion Award
Europe FinTech Awards

★ **Winner**
Best Employer
Europe FinTech Awards

★ **Winner**
DC Innovation of the Year
UK Pensions Awards

★ **Winner**
Consumer Champion - Company
MoneyAge Awards

★ **Winner**
Employer of the Year (Small Firm)
FTAdviser Diversity in Finance Awards

★ **Winner**
Good Egg Accreditation
Good With Money

★ **Winner**
FinTech Company of the Year
FinTech Awards London

★ **Winner**
Power List
Women in Software Awards

★ **Winner**
Pensions Innovation
Finder Investing & Savings Innovation Awards

★ **Winner**
ESG Company of the Year
Investors Chronicle Celebration of Investment Awards

★ **Winner**
Digital PR Campaign of the Year - Finance
UK Digital PR Awards

5 Our Strategy

PensionBee's strategy is to be the best online pension provider for consumers

We want to be a pension company that customers can believe in, trust and be proud to be a part of. Consequently, our strategy starts with putting the consumer at the heart of everything we do.

We focus on growing our customer base across the UK, offering customers an excellent lifetime product and service experience powered by industry-leading technology and world-class investing solutions.

1 **Efficient Investment in Customer Acquisition and Growing Brand Awareness**

2 **Leadership in Product Innovation**

3 **Investment in and Development of our Industry Leading Technology Platform**

4 **Focus on Excellent Customer Service**

5 **Focus on Investment Solutions Designed for Customers**

1 Efficient Investment in Customer Acquisition and Growing Brand Awareness

Continued investment in marketing is key to driving further growth in customers, Assets under Administration ('AUA') and Revenue.[18] Due to PensionBee's broad customer appeal, we can adopt large, mass market advertising channels. We remain focused on reinforcing our brand identity and our presence as a household brand name, while advocating for our customers.

18. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

Key Highlights for FY2022:

Customer acquisition continued to be a core pillar of our strategy for 2022 as we demonstrated our ability to effectively and efficiently deploy a sizable marketing budget of £16.6m, despite the challenging macroeconomic environment.

Across the year, the majority of the marketing spend was deployed on the top three channels as expected, being TV, Out of Home and Paid Search, with the majority of the brand investment made in the first half of the year, supporting lower-cost acquisition activities in the latter part of the year.

Our proprietary in-house Data Platform continued to deliver valuable insights across all of our core marketing channels, helping to navigate decision-making in a challenging market. We were able to respond to the significant market volatility across the year, by focusing on acquiring a slightly younger customer cohort, optimising marketing spend across channels while keeping our Cost Per Invested Customer ('CPIC') in line with our desired threshold.[18]

By the end of 2022, we reached 1m Registered Customers, with approximately 183,000 of those being Invested Customers. We delivered Gross Inflows of approximately £1bn of AUA in 2022 (excluding market performance).[19]

19. Gross Inflows of £1,060m, Gross Outflows of £(197)m, Net Inflows of £863m and Market Growth and Other of £(424)m for the year to 31 December 2022 as set out on pages 49 and 50 of the Operating and Financial Review. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

We increased brand engagement through a continuous flow of content-led reports, our Pension Confident Podcast series, blog stories, consumer advocacy and national media campaigns.

Our position as a consumer champion has continued to be enhanced by our active participation in government working groups, regulatory and policy developments and consultations.

Our 'Yellow Chair' and 'Believe in the Bee' campaigns, which were rolled-out nationally across all channels, resonated with a wide target audience. They supported an increase in our brand awareness to more than 50%[20], cementing our status as a household brand name.

20. Source: PensionBee brand tracker. Prompted brand awareness in January 2023 measured through a consumer survey asking 'Which of the following have you heard of?' with respect to UK financial services brands: Aviva 83%, Scottish Widows 77%, Standard Life 66%, Royal London 55%, PensionBee 52%, Hargreaves Lansdown 36%, Vanguard 32%, Fidelity 30%, Nutmeg 30%, AJ Bell 21%, Interactive Investor 9%. Compares to prompted brand awareness for 2021 of 25%, sourced from Boring Money, February 2022.

We deepened our relationship as a sponsor of Brentford Football Club ('Brentford Bees'), by collaborating with them on our 'Believe in the Bee' campaign, which launched on prime time TV, and which will continue to run across 2023.

Our Focus for FY2023:

- Increasing brand awareness and building trust: positioning us as the pension provider of choice for everyone, by maximising reach through the use of mass marketing channels, including broadening our relationship with Brentford Football Club.
- Broadening customer appeal and increasing average pension savings with PensionBee: using more product-focused tailored marketing campaigns to reach specific customer groups (e.g consolidators, customers at retirement age and ethical savers).
- Deploying marketing spend efficiently: harnessing our proprietary Data Platform capabilities to optimise decisions on channel spend to support a reduction in CPIC by the end of the year.[18]

2 Leadership in Product Innovation

Continued product innovation is central to our strategy. The PensionBee customer proposition has been enabled by investment in continuous innovation and automation, allowing easy onboarding of customers and intuitive lifetime self-service. We will continue to develop products and features to cater for consumer demand, building on our proven track record of leading the pensions industry with innovation.

Key Highlights for FY2022:

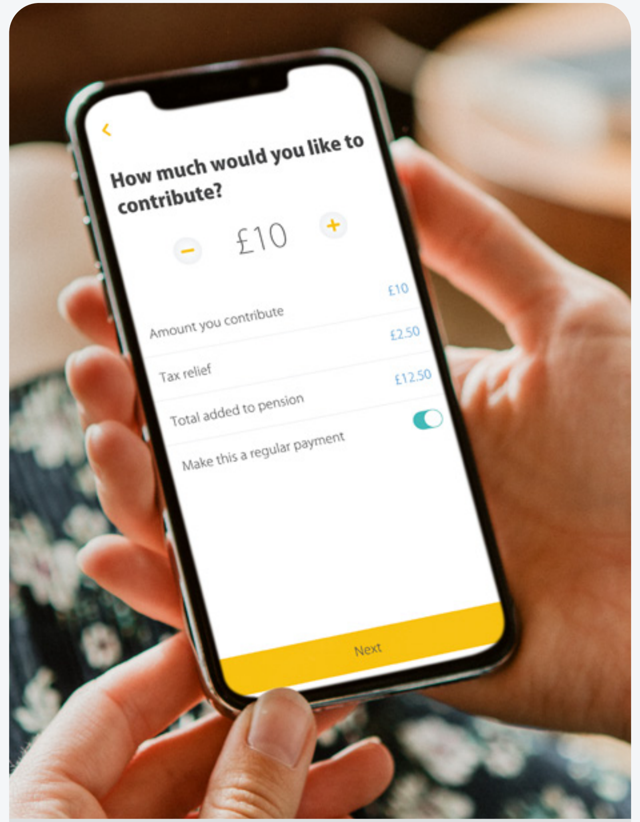
This was another year of strong innovations for the PensionBee product, helping to attract new customers, and enabling them to contribute more money into their pensions. Product developments that have reduced friction have enabled us to serve our customers with less and less human intervention, supporting improvements in efficiency and operating leverage over time.[21]

21. Operating leverage indicates scalability in terms of how revenue growth translates into the improvement of profitability metrics.

We further enhanced our drawdown features, to enable us to offer regular withdrawals to our drawdown customer base (over the age of 55), which we expect to play a greater role in our at-retirement customer acquisition activities as consumers increasingly search for easy-to-use technology to access their savings throughout retirement.

We developed and implemented the 'Stronger Nudge' to guidance initiative for the over 50s, to ensure that we are adhering to the latest regulatory requirements within our customer journeys.

We developed our tax relief calculator to help customers make the most of their pension contributions in the run up to the 2022/2023 tax year-end.

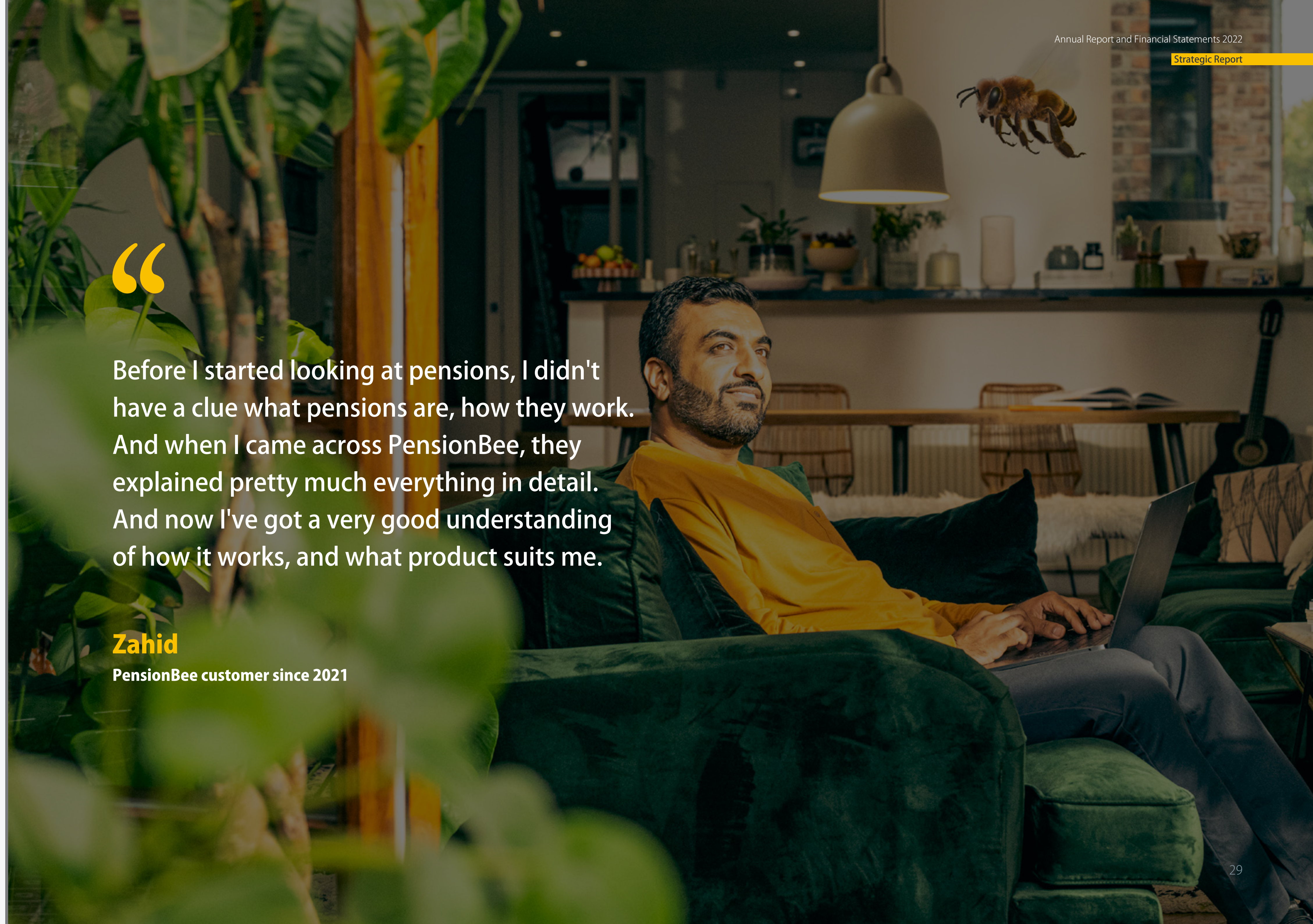


Having launched the 'Easy Bank Transfer' in-app feature that enabled a rapid set up for both one-off and recurring pension contributions in 2021, we expanded this product feature across the web estate to complement the in-app offering. We expect this feature to increase net flows from existing customers over time.

We focused on pension provider-based onboarding, deepening proprietary relationships and improving communication, to create efficiency improvements.

Our Focus for FY2023:

- Enhancing the customer experience and future-proofing scalability: delivering improvements in existing core product features and new, innovative product developments to improve user experience, making it even easier for customers to self-serve and reducing inbound queries.
- Making transfers more efficient: delivering process improvements to drive conversion and further developing bespoke electronic connections and procedures with large pension providers.
- Delivering investment clarity: empowering customers with the transparency, knowledge and tools they need to better understand their pension and save for a happy retirement.
- Increasing accessibility of engaging, relevant and targeted content: helping customers to understand, interact and engage with their pension, providing opportunities to drive pension pot size growth through additional contributions and consolidation.
- Researching and exploring possible areas of expansion beyond our pensions product offering.



"Before I started looking at pensions, I didn't have a clue what pensions are, how they work. And when I came across PensionBee, they explained pretty much everything in detail. And now I've got a very good understanding of how it works, and what product suits me.

Zahid

PensionBee customer since 2021

3 Investment in and Development of our Industry Leading Technology Platform

Our proprietary technology is modern, scalable and secure, and designed to support the growth, operational efficiency and other objectives of the business. The cloud-based and API-driven platform provides the foundations on which to continue to build dynamic and innovative products, while maintaining full control over the experience delivered to customers in a cost-efficient manner. The security and compliance of the technology is a top priority, and we maintain a robust information security assurance framework that is independently audited and certified under ISO 27001. We make investments in technology to drive further automation and improve the customer experience.

Key Highlights for FY2022:

Deepening our commitment to developing our information security practices, we launched our 'BeeSecure' information security strategy to align with our existing ISO 27001 and Cyber Essentials Plus certifications.

BeeSecure INFORMATION SECURITY

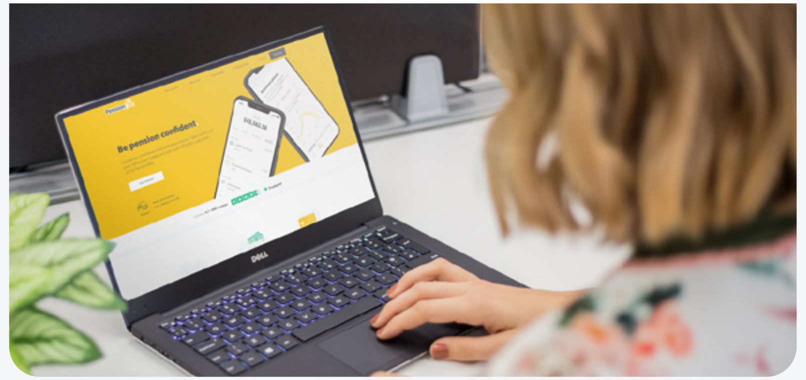
We implemented information security enhancements and continued to advance our processes and controls, including engineering and management training in rapid cyber incident response. Over 2022, the Company simulated two distinct attacks on its systems and developed a robust response strategy to reduce risk and optimise its preparedness.

Within the technology team, we have adopted organisational and operational practices that reflect a 'domain expert' model of operating: with individuals aligned to self-contained, decoupled product teams.

We continued to invest in our proprietary Data Platform, increasing levels of infrastructure resilience and automation. We integrated the Data Platform reporting into Product, Operations and Finance departments, reducing manual work and increasing the quality of data-driven decision-making.

We continued to support operational efficiency gains through automation, increasing our ratio of Invested Customers to employees by 24%, from approximately 743 at the end of 2021 to approximately 970 at the end of 2022.[22]

22. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.



We increased levels of infrastructure resilience and automation to support pension transfer activity. We joined The Investing and Saving Alliance ('TISA') Exchange to facilitate digital pension transfers based on Open Standards.

TISA

Our Focus for FY2023:

- Further increasing our sophistication in Information Security: maintaining our ISO 27001 certification and supplementing our Information Security controls in line with our BeeSecure strategy.
- Maintaining rapid development and release cycles: targeting improvements in productivity, product development velocity and personal skills development.
- Expanding the Data Platform: building out our self-service Data products to deepen the utilisation of the Data Platform capabilities within the business and to continue to drive return on investment. Integrating updates to third-party solutions for core pension administration use cases including payments, pension payroll and SWIFT-based digital pension transfers.

4 Focus on Excellent Customer Service

We are focused on making pensions easy to understand and accessible to everyone through simple, straightforward language and engaging visuals. Industry-leading ratings evidence our excellent customer service track record. Our scalable technology-led platform is supported by easily accessible human interaction with 'BeeKeepers', providing customers with a dedicated account manager from the moment they are on the platform, assisting them through the on-boarding process and helping them understand the platform functionality.

Key Highlights for FY2022:

Customer service continues to be a distinguishing marker of our offering to consumers. We have built and maintained a culture that promotes employee, and in turn customer, happiness.

Given the backdrop of extreme market volatility across the year, being able to support and guide our customers has proved to be more important than ever.

Despite having experienced greater levels of inbound communication, we have continued to achieve industry-leading response times on communications on all channels (live chat, phone, email).

Within customer service, we focused on greater specialisation, with dedicated roles in Customer Communications, BeeKeeper Operations and Nectar Collector Operations enabling us to manage the simplicity, efficiency and effectiveness of our customer service operations.

We maintained our Excellent Trustpilot Score of 4.6★ (based on 8,270 reviews) and achieved app store ratings of 4.7 and 4.5 on the Apple Store and Google Play Store respectively at the end of the year.[23] Our internally measured Net Promoter Score was 54.[24]

23. Compares to Excellent Trustpilot score of 4.6★, 4.8 App Store rating and 4.7 Google Play rating, for 31 December 2021.
24. PensionBee's internally measured Net Promoter Score ('NPS') of 54 as at 31 December 2022. Compares to an NPS of 63 as at 31 December 2021. NPS is a customer loyalty and satisfaction measurement taken by asking customers how likely they are to recommend us to others on a scale of 0-10. NPS is calculated by subtracting the percentage of customers who answer the NPS question with a 6 or lower (known as 'detractors') from the percentage of customers who answer with a 9 or 10 (known as 'promoters').

Testimony to the continued strength of our customer service, we have maintained a consistently high Customer Retention Rate of >95% over several years, including 97% across 2022, which supports the predictability of our recurring revenues.[22]

Our excellent customer service has been reflected in the plethora of Awards we have received for 2022, including winning Boring Money's Best Buy 2022 for 'Best for Customer Service'.

boring BEST FOR CUSTOMER SERVICE 2022

Our Focus for FY2023:

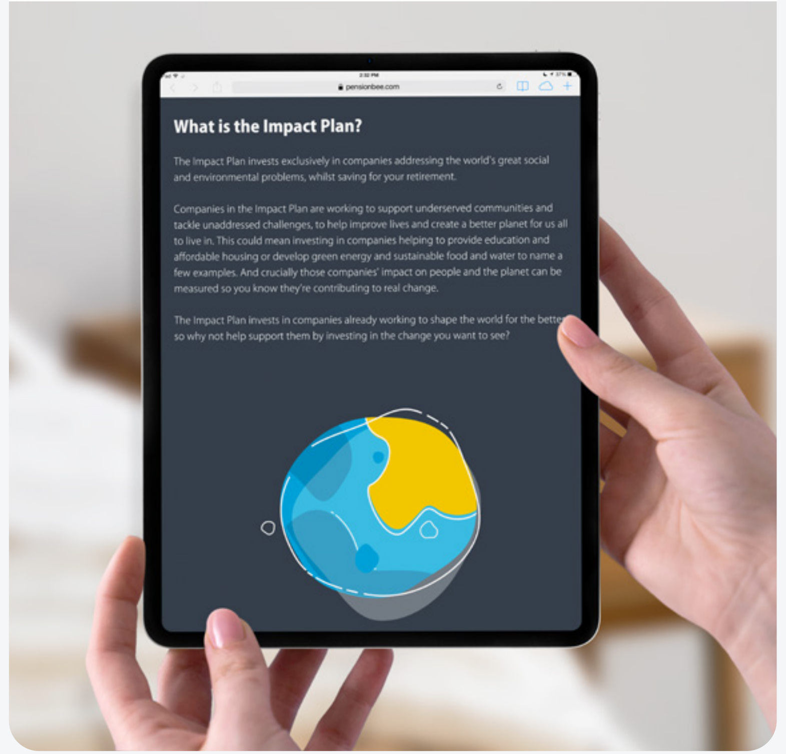
- Continuing to deliver exceptional customer service: focusing on the quality of our team, and reinforcing the quality of our systems and processes to maintain industry-leading response times.
- Developing a data-led model of measuring customer service productivity and effectiveness: to enable us to report on customer service operations seamlessly.

5 Focus on Investment Solutions Designed for Customers

We have partnered with some of the world's largest money managers (BlackRock, HSBC, Legal & General and State Street Global Advisors) to manage our customers' pensions. We engage with our customers to ensure all our investment solutions continue to meet our customers' needs.

Key Highlights for FY2022:

We responded to customer demand for the UK's first mainstream impact investing product, by working with the asset management industry across 2022, ultimately selecting BlackRock to partner with in the creation of the PensionBee Impact Plan, which launched in early 2023. It seeks to elevate the ambition of savers, so that their pensions can build a better world whilst they save for retirement. This represents the latest in a series of PensionBee customer-led innovations for the UK pensions market.



We have also regularly engaged with new asset managers to scan the market for better value products on behalf of our customers. Additionally, we conducted our annual value for money exercise, to compare the price and performance of our existing plan range to similar products, in order to ensure that we continue to offer excellent value for money plans for our customers in a changing market.

After many years of lobbying our asset managers, we secured proxy voting rights in respect of three of our investment plans, Tailored, Tracker and 4Plus, representing approximately 86% of the asset base.[25] This means we can vote in line with our customers' expectations from the 2023 proxy voting season onwards.

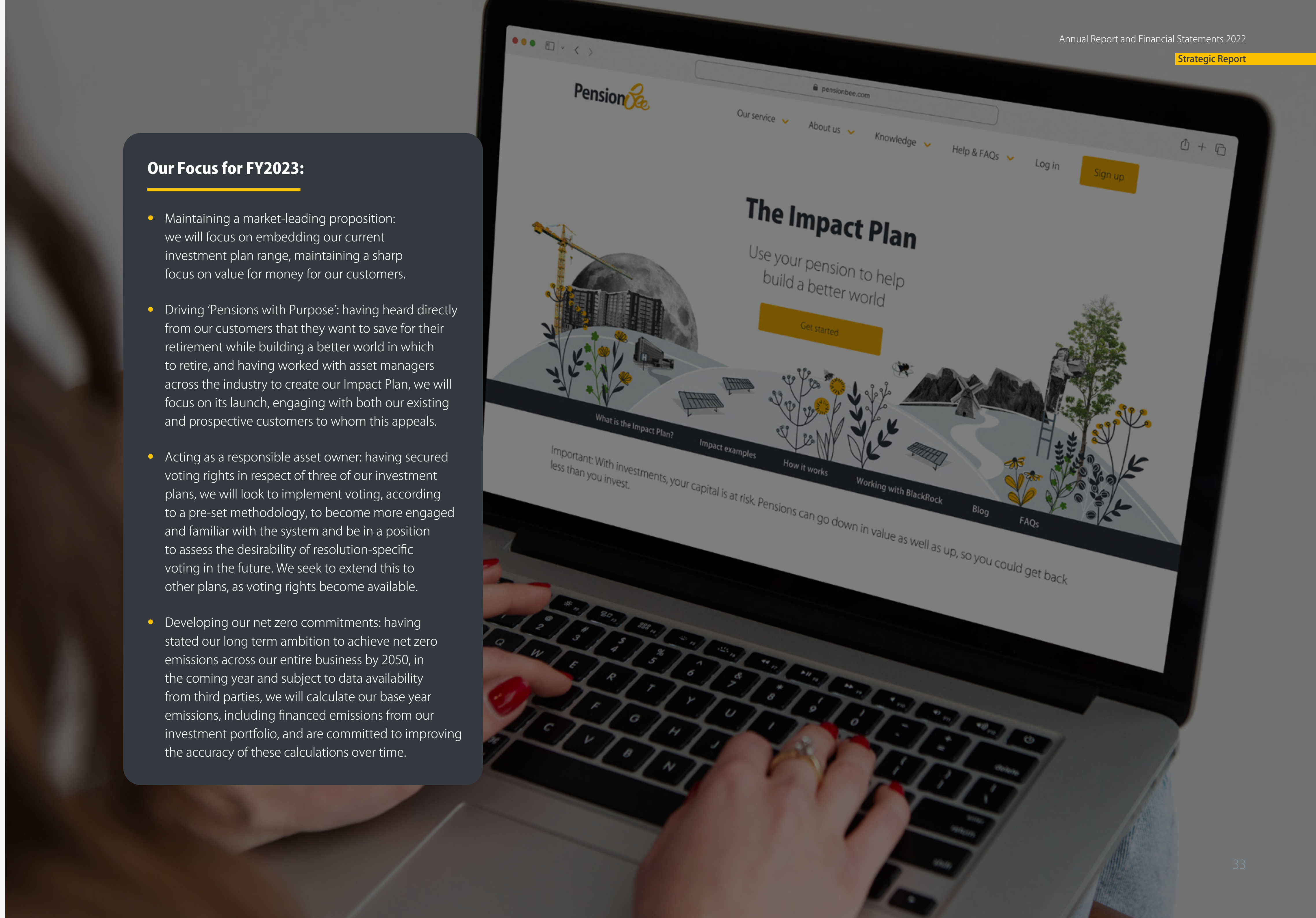
25. 86% of PensionBee's Assets under Administration as at 31 December 2022. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

We maintained a market-leading investment proposition by continuing our ongoing and active engagement with our asset management partners, solving for customer needs and ensuring they continue to provide the highest levels of service and security.

We continued to engage with our asset managers to enhance the Environmental, Social and Governance ('ESG') credentials of our investment offering, in line with our customers' expectations. In 2022, BlackRock announced a commitment to achieve a 50% reduction in carbon emissions intensity by 2029 on our most popular plan, Tailored.

Our first full Governance Advisory Arrangement assessment, led by Zedra, concluded that the PensionBee Investment Pathway product provides excellent value for money. Our extensive work in the area of ESG and customer engagement was also noted by the Zedra Chair of Trustees.

We have been recognised by the industry for our approach to responsible investing, having won ESG Company of the Year in the Investors Chronicle Celebration of Investment Awards 2022 and having received the 'Good Egg' accreditation from Good with Money.



Our Focus for FY2023:

- Maintaining a market-leading proposition: we will focus on embedding our current investment plan range, maintaining a sharp focus on value for money for our customers.
- Driving 'Pensions with Purpose': having heard directly from our customers that they want to save for their retirement while building a better world in which to retire, and having worked with asset managers across the industry to create our Impact Plan, we will focus on its launch, engaging with both our existing and prospective customers to whom this appeals.
- Acting as a responsible asset owner: having secured voting rights in respect of three of our investment plans, we will look to implement voting, according to a pre-set methodology, to become more engaged and familiar with the system and be in a position to assess the desirability of resolution-specific voting in the future. We seek to extend this to other plans, as voting rights become available.
- Developing our net zero commitments: having stated our long term ambition to achieve net zero emissions across our entire business by 2050, in the coming year and subject to data availability from third parties, we will calculate our base year emissions, including financed emissions from our investment portfolio, and are committed to improving the accuracy of these calculations over time.

6 Our Business Model

We have a simple business model: to increase our recurring revenues by growing our customer base and helping our customers to save for retirement, while maintaining cost efficiency through our scalable technology platform

PensionBee provides an easy-to-use technology platform for the mass market, enabling customers to have control over their pensions. We adopt a simple, transparent fee structure, based on the pension plan an individual chooses after their pensions have been consolidated on our technology platform. We do not provide financial advice and we do not charge a fee for the initial consolidation of pensions, nor an additional platform fee, nor are there any one-off fees for switching investments. The ongoing annual management fee ranges from 0.50% to 0.95% of an individual's pension assets, depending on the investment plan chosen, with no minimum pension size requirement. Fees halve on the portion of a customer's pension assets in excess of £100,000.

PensionBee's business model is built around the following elements:

Efficient Direct-to-Consumer Distribution

We have a direct-to-consumer acquisition model, reflecting the importance of managing the end-to-end relationship with our customers and having total control over the quality of experience, which are key to customer retention.

Our direct-to-consumer distribution model encompasses scalable marketing channels, including search, social media, television, out-of-home advertising, sports sponsorships and radio. The branding and digital proposition resonates with a mass market audience, allowing us to advertise efficiently across most prevailing media.

We are disciplined and responsive in our approach to marketing, deploying spend across channels, with a focus on rapid payback - on average within the first few years of acquiring a customer.

Recurring Asset-Based Revenue

PensionBee offers a lifetime customer proposition, designed to enable individuals to fulfil their retirement savings goals and withdrawal needs. Invested Customers generate growing lifetime value, with our straightforward charging structure driving predictable, recurring revenue that grows with Invested Customers' savings on the technology platform.

We earn Revenue through the administration of our customers' retirement savings. Our Revenue is substantially recurring in nature as the annual charges are calculated daily as a percentage (basis points) of the value of Assets under Administration ('AUA') and will continue to be earned on an ongoing basis whilst PensionBee administers those assets.[26] The mix of investment plans has an impact on the levels of fees charged and therefore Revenue.

AUA and Revenue have been underpinned by the strength of PensionBee's customer proposition and our leading market position. AUA and Revenue growth reflect customers' attitudes and behaviours with respect to contributions, consolidation of pensions and withdrawals over time. Growth comes through existing and new customers adding more investments into their accounts through pension consolidation and contributions. We aim to minimise asset outflows through our continual delivery of excellent customer service, product innovation and investment solutions designed to meet our customers' needs. The direct nature of our relationship with our customers has resulted in PensionBee achieving high levels of Customer and AUA Retention Rates (each in excess of 95% as at 31 December 2022) generating predictable lifetime revenues and cash flows.[26]

AUA and Revenue are a function of the underlying market value of the investments customers hold in their accounts, and are therefore inextricably linked to the health of the global markets, including stock markets and bond markets. Stock markets give an indication of investment growth and the most relevant proxy measure tends to be the movement in the major global stock market indices, including those in the United States and in the United Kingdom. Whilst short-term fluctuations may decrease the value of AUA, pension investors' exposure to the stock market has historically increased their retirement savings, and therefore could be expected to increase our AUA and Revenue over the longer run.

26. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

Scalability of Operations

PensionBee only offers its customers highly liquid, scalable investment management solutions from the world's largest asset managers. The investment solutions generally track prominent global indices and provide unrestricted capacity for inflows and the highest levels of liquidity.

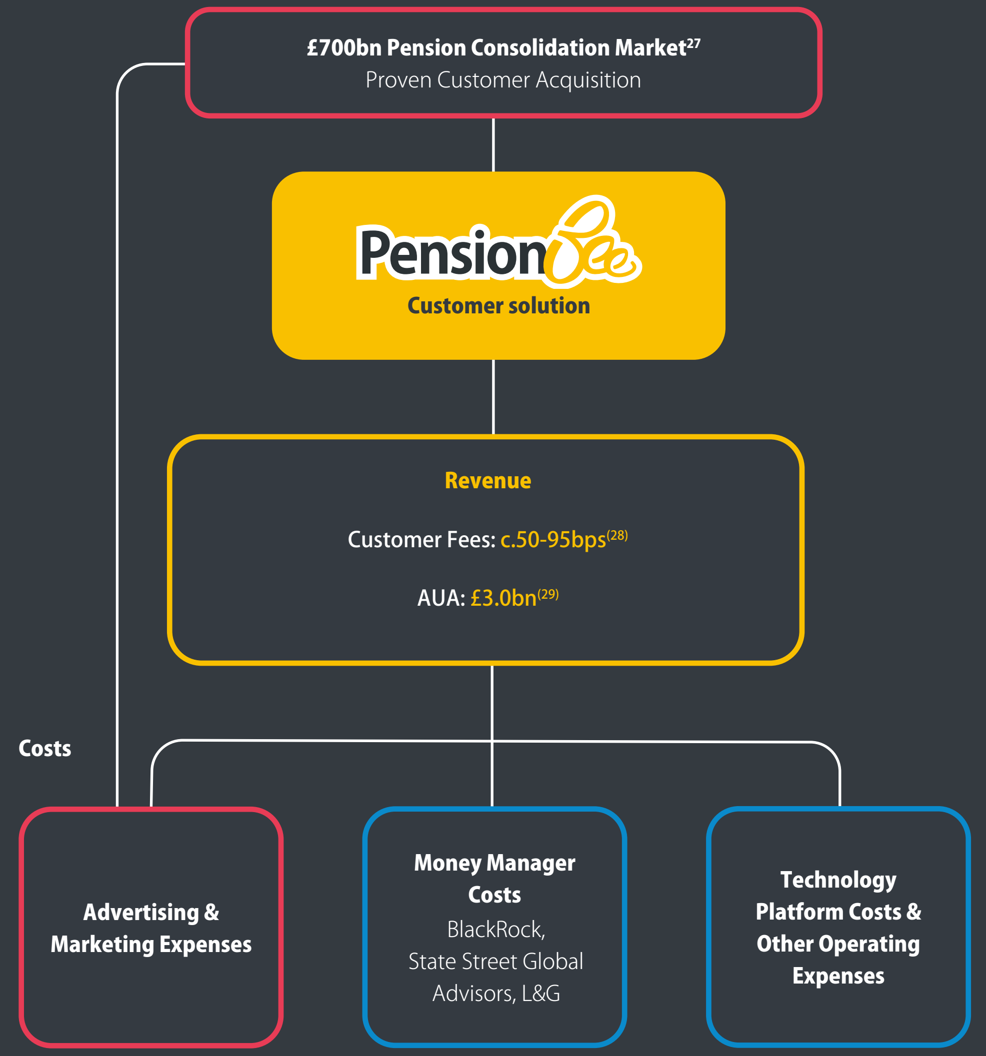
We continually invest in our technology, product development and our people in an efficient and disciplined manner. Our operations are highly scalable and we expect to benefit from operating leverage and increasing cost efficiency as we grow.

Our customer proposition is tech-enabled, allowing for easy onboarding of customers and intuitive self-service throughout a customer's lifetime. We utilise technology to ensure that our service is as efficient and automated as possible, such that adding new customers and assets has only a marginal cost impact. Our technology is scalable, secure and reliable, built on dynamic, world-class cloud-native platforms.

We pride ourselves on our excellent customer service, complementing our digital offering with dedicated customer account managers who offer lifetime customer support. The customer success team benefits from a single view of the customer, enabling efficient and personalised service.

27. Office for National Statistics - Pension Wealth: Wealth in Great Britain, April 2018 to March 2020, January 2022. Transferable Pensions (the Pension Consolidation Market) - approximately £722bn of wealth held in personal and deferred workplace pensions that are no longer receiving employer contributions. These pensions lend themselves more easily to pension consolidation activities. See further discussion in the Market Opportunity section of the Strategic Report.
28. Customer fees paid based on the range of funds on offer as at 31 December 2022.
29. Assets under Administration as at 31 December 2022.

PensionBee's Business Model



7 Our People

Diversity, Inclusion and Equality

We have a well established history of fostering diversity and inclusion, aligning with our vision of living in a world where everyone can look forward to a happy retirement. We believe that one aspect of achieving a happy retirement is social inclusion. Our diverse workforce helps us serve pension savers across the UK and to build a truly inclusive product that reflects the needs of society.

We have two main aims in our approach to diversity, inclusion and equality: to build a team that is representative of all areas of society, across all levels of the business to better reflect and represent our diverse customer base, and to create an inclusive working environment where everyone has equal access to opportunities and is treated with fairness and dignity.

Our Diversity, Inclusion and Equality Policy sets out our approach and commitment to diversity and includes our broad goals of gender balance at all levels and representation of all minority ethnicities to at least match the UK population across all levels.

We welcome everyone regardless of gender, race, origin, religion, size, age, sexuality or disability and will not tolerate any conduct which harms others. We are committed to opposing and preventing all forms of unlawful discrimination and to creating a working environment free of bullying, harassment, victimisation and unlawful discrimination, where every person's individual differences and contributions are valued and respected.

In 2022, we built the Culture Programme to focus specifically on the development and enhancement of our values-based culture. The programme was designed following a series of focus groups where we spoke to approximately 50 employees and gathered 15 hours of valuable qualitative feedback. Sessions were organised to explore themes raised in both our annual Diversity, Inclusion, Equality & Support Survey and through our internal anonymous feedback tool. Some sessions specifically focused on the lived experiences of different groups of people working at PensionBee.

The themes were as follows:

Focus Groups	Lived Experience Focus Groups
• Wellbeing and benefits	• Women
• Culture, communication, and engagement	• Black/African/Caribbean/Black British Women
• Remuneration	• Asian/Asian British
• Performance Management	• Disability/Neurodiversity
• Diversity & Inclusion	• LGBTQ+
	• English as a Second Language

PensionBee was recognised as a special place to work and the areas for improvement that were identified included the need for more opportunities to get to know each other and form personal or meaningful connections, a more proactive Diversity and Inclusion agenda, and more clarity around training budgets and development opportunities. The results of the research and action plans were communicated to employees at a Company-wide presentation, with materials also published in our PensionBee employee handbook.

Workforce Composition

By the end of 2022, PensionBee had a total workforce of 208 individuals.[30] For 2022, we achieved 52% female and minority gender representation across the entire employee base and a 44% male representation, 50% female representation at Executive Management level and 57% at Board level.[31] The Company satisfied the Hampton-Alexander Review[32] requirement for at least 33% female representation at Board level and the FCA requirement to have at least 40% women on the Board, with at least one senior board position being held by a woman.[33]

The Company also achieved 40% Asian/Black/Mixed/Multiple/Other ethnic representation across its employee base, 20% at Executive Management level and 14% at Board level.[31] The Company satisfied the FCA requirement for at least one Board member being from an Asian/Black/Mixed/Multiple/Other background.

Each year we ask everyone to complete an anonymous Diversity, Inclusion, Equality & Support Survey about how they feel about diversity, inclusion, engagement and support at PensionBee. The results for 2022 are shown in the Employee Engagement section that follows.

30. As of 31 December 2022. Total workforce of 208 includes 204 UK employees and four overseas contractors, but excludes the four Non-Executive Directors.
31. All employee data supported by analysis from PensionBee's HR information system, November 2022. Executive Management and Board level data as at 31 December 2021.
32. https://www.gov.uk/government/publications/ftse-women-leaders-hampton-alexander-review
33. Chapter 9 of the Listing Rules, specifically LR 9.8.6R(9) states that at least 40% of individuals on the board should be women, at least one at least one of the senior positions on the board (chair, chief executive, senior independent director or chief financial officer) should be held by a woman, and at least one individual should be from a minority ethnic background.

Composition of PensionBee's Workforce by Race or Ethnicity[34]

Racial or Ethnic Background	PensionBee Survey Responses 2022[35]	PensionBee Survey Responses 2021[36]	UK as per 2021 Census	London as per 2021 Census
Asian or Asian British	13%	10%	9%	21%
Black, African, Caribbean or Black British	14%	17%	4%	14%
Latina/o/x or Other	6%	4%	2%	6%
Mixed or Multiple Ethnic Groups	7%	10%	3%	6%
White	57%	58%	82%	54%
No Response or Rather not Say	3%	-		

Composition of PensionBee's Workforce in Leadership Positions by Gender[37]

	Number of Board Members	Percentage of Board Members	Number of Senior Positions on the Board (CEO, CFO, SID and Chair)	Number of Executive Management	Percentage of Executive Management
Men	3	43%	2	5	50%
Women	4	57%	2	5	50%
Other Categories	-	-	-	-	-
Not Specified/Prefer not to Say	-	-	-	-	-

Composition of PensionBee's Workforce in Leadership Positions by Race or Ethnicity[37]

	Number of Board Members	Percentage of Board Members	Number of Senior Positions on the Board (CEO, CFO, SID and Chair)	Number of Executive Management	Percentage of Executive Management
White British or Other White	6	86%	4	8	80%
Mixed/Multiple	-	-	-	-	-
Asian/Asian British	-	-	-	1	10%
Black/African/Caribbean/Black British	1	14%	-	1	10%
Other Ethnic Group, including Arab	-	-	-	-	-
Not Specified/Prefer Not to Say	-	-	-	-	-

34. All employee data supported by analysis from PensionBee's HR information system, November 2022 and December 2021.
35. Data is based on a 91% disclosure rate and 4% 'rather not say' disclosures.
36. Data is based on a 100% disclosure rate.
37. Supported by analysis from PensionBee's HR information system, November 2022.

Gender Pay Gap

We believe gender balance at all management levels will also reduce the UK's gender pay gap. Therefore, we annually report publicly on female representation and the gender pay gap at PensionBee.

For 2022, we achieved 52% female and minority gender representation across the entire employee base[38] and a median hourly pay gap of 0% across our Company (2021: 1.6%)[39]. This gap was in line with PensionBee's target of 0% with a variance of 5% above or below owing to the overall size of the employee base.

	Pay Gap	Number of Employees
Median Hourly Pay Gap	0%	144[40]

Evidence suggests that gender-equality interventions deliver benefits, both in terms of worker satisfaction and business performance, and as such, we intend to continue to:

- Recruit women who have the potential to reach senior management.
- Support the career development and progression of women at mid-tier level to senior roles.
- Recruit females into roles that traditionally do not have gender diversity, such as developers and other technology roles.

Closing the Gender Pension Gap

Currently, the gender pension gap represents an obstacle to the achievement of financial freedom for everyone, on average 38% and in some parts of the UK almost 60%.[41] We believe that bold action is required to challenge this gap, so that women can enjoy similar levels of wealth in retirement as men. This is particularly important as women tend to live longer and often bear their own care costs.

In 2022, PensionBee continued to campaign to raise awareness and to close the gender pension gap through press activity, with national coverage aimed at addressing the impact of different working patterns for men and women.

38. Supported by analysis from PensionBee's HR information system, November 2022.
39. Gender pay gap calculated in accordance with UK Government methodology: www.gov.uk/guidance/making-your-gender-pay-gap-calculations. A positive percentage means women have lower pay than men, a negative percentage means men have lower pay than women, a zero percentage means no gap in pay between men and women.
40. Data excludes individuals who have not elected to disclose and individuals who do not qualify for inclusion. For this year's analysis we included Board members, in line with external guidance.
41. Source: PensionBee research: '2021 gender pensions gap analysis by region'.

PensionBee's Parental Leave Policy

Becoming a parent is a life changing moment and providing support for all new parents as they navigate this stage in their life journey is key. Our gender-inclusive Paid Parental Leave Policy aims to address some of the challenges that face parents, and to support them in maintaining an engaging and fulfilling career alongside their new responsibilities.[42] It applies to anyone taking on parental duties, regardless of their biological relationship to the new arrival and irrespective of gender. We are immensely proud to report a new mother retention rate of 100% in the first year after parental leave.

> "PensionBee's flexible hours have been very useful to me and my team... I've had a number of different arrangements, like working a few days a week or taking larger chunks off and then working solidly for a block. Flexibility has been really valuable to me in pursuing what I want to do in life. Now, I work four days a week and use my time to start a family. It's great to be able to spend time with my 14 week old son, and it's really helpful as a new parent to have that flexibility... The days of being nine to five in an office are long gone and that's not how you're going to attract great talent. I truly believe that your life inside and outside of work needs to work together harmoniously for you to actually do your best in both of those environments.
>
> **- Father at PensionBee**

42. www.pensionbee.com/parental-leave-policy

Paying a Living Wage

PensionBee is an accredited Living Wage Employer, furthering its mission to champion diversity and representation in the pensions industry.[43] We pay all our employees a London Living Wage as a minimum, regardless of where they are located across the UK. Effective as of January 2023, we also implemented an 8.1% increase at the entry-level and applied a £2,000 increase at all salary levels across the entire workforce, to reflect changes in the Living Wage due to the cost of living crisis.

PensionBee is also a member of ShareAction's Good Work Coalition, regularly supporting public campaigns to address income inequality, tackle in-work poverty and lobby FTSE-listed companies to pay their employees a fair wage. In 2022, we supported campaigns calling for publicly listed companies to prioritise support for their lowest-paid employees and to meet the new real Living Wage rates during the cost of living crisis.

These activities have helped us to facilitate fulfilling careers and to foster an even more diverse and inclusive environment at PensionBee, as well as encouraging change in the wider business landscape.

Employee Engagement

In recognition of the importance we place on our people and our culture, we have built a programme to focus on the development and enhancement of our values-based culture. Led by the Head of Culture, Inclusion and Wellbeing, we developed and formalised a programme based on engagement with employees across the Company, through focus and lived experience groups designed to capture the breadth of our diverse employees' experiences. Having identified what employees valued about the culture at PensionBee and priority areas for improvement, the Company then developed a series of initiatives to enhance employees' experience where opportunities for improvement were identified as part of a continuous process across the year.

Aligning with our values of Honesty and Love, we have taken active steps to involve and consult employees where possible, to ensure everyone is listened to and well-represented. We have a number of ongoing initiatives in place to make sure we maintain and build upon our diverse and inclusive workplace so that all employees can build fulfilling careers:

- Weekly all-Company Show N Tell meetings with CEO and Executive Management Team.
- Bi-monthly 'Happiness!' meetings for employees to discuss their wellbeing with their manager.
- Annual Diversity, Inclusion, Equality & Support Survey.
- Annual manager feedback survey.
- Board-led workforce engagement events.
- Anonymous channels for employees to submit any requests, concerns, or issues they may have.
- 'Diversity Champions' appointed to help represent employees and promote diversity and inclusion within the Company.
- Qualified Mental Health First Aiders, trained to provide mental health support to our employees.

We built on our Company-wide hybrid Town Hall meetings, providing all employees with the opportunity to meet and engage with our full Board to address queries and concerns, and providing the Board with direct, valuable insights. Our 2022 employee engagement event facilitated discussion on themes that employees voted for as being most important in influencing their decision to choose to work for, and remain with, PensionBee. Each member of the Board led on a particular theme that resonated with them and participated in a 'deep dive' discussion with a smaller group. The teams then came back together to share their discussion points with the wider Company.

Employees also informed us that they value in-person activities to build relationships with other colleagues. We responded by organising the following events for colleagues across the UK in 2022:

- London Pride picnic with a lip-syncing workshop led by drag artist Marianmarythe6th.
- London Halloween party.
- Manchester lunch with the Founders.
- Glasgow conservation work with RSPB Wildlife Charity with the Executive Directors.
- London Christmas party.
- London to Brighton Charity Bike Ride for Great Ormond Street Hospital.
- Sunflower planting to 'Brighten Up Bankside' (a local neighbourhood project).
- Individual team socials.

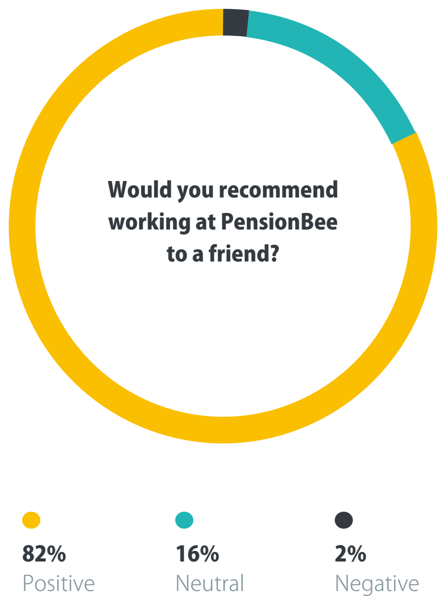
Another initiative that has proven successful was our 'PensionBee Speaks' series, which provided the opportunity for employees, or friends of PensionBee, to lead talks on issues that they are passionate about, raising awareness and empowering everyone to speak-up. Sessions included: raising awareness about antisemitism, building a successful career as a person with autism and racism encountered by Black children in the UK. In response to employee feedback, and in order to build the confidence of all our colleagues, we also delivered a public speaking skills workshop series in partnership with the Speaker's Trust Charity.

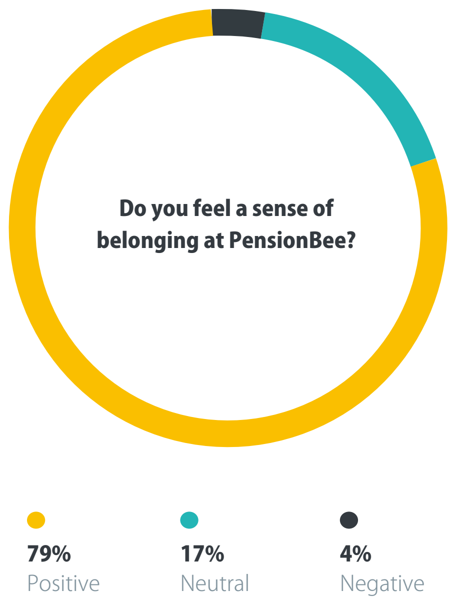
Measuring our Progress

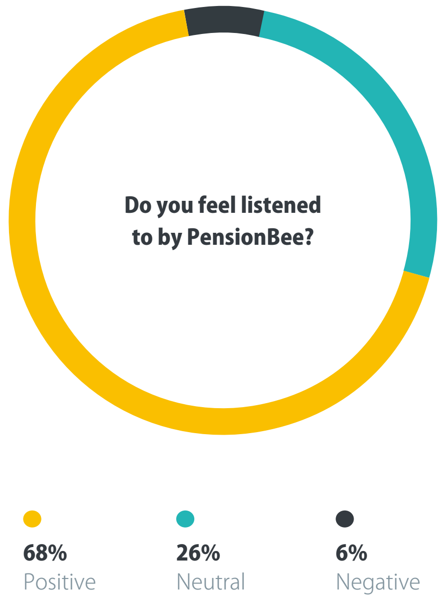
Measuring our progress and seeking feedback from our employees about how we are performing in terms of facilitating fulfilling careers and maintaining a diverse and inclusive environment is important. Our annual Diversity, Inclusion, Equality & Support Survey for all our employees explores themes related to wellbeing, longevity and remuneration.

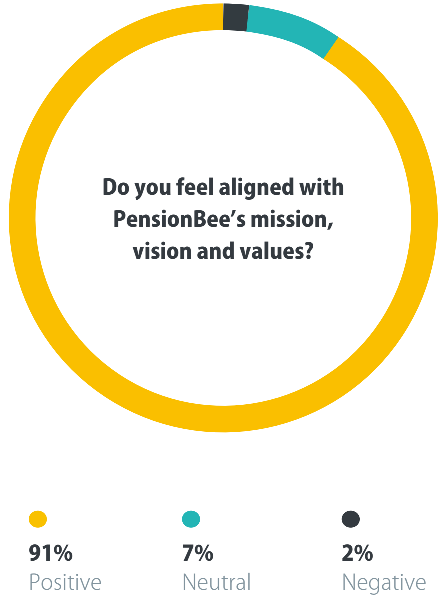
For 2022, the data suggested that employees felt aligned with the Company's mission, vision and values, and that their job helped them to stay connected to PensionBee's goals. We felt proud to have achieved a workplace in which 91% of colleagues inform us that they feel connected with PensionBee's mission, vision and values, particularly in a context where most people work remotely.

43. www.pensionbee.com/press/pensionbee-becomes-accredited-living-wage-employer









Disability Confident Employer

In 2022, PensionBee joined the UK Government's Disability Confident Employer Scheme[44]. 'Disability Confident' organisations play a critical role in changing attitudes towards disabilities, by altering behaviours and cultures within their own business practices and communities. As hidden disabilities account for 80% of the disabled population, membership to this scheme allows prospective employees and other businesses to easily identify PensionBee as a workplace which places great importance on offering equal opportunities. Additionally, the scheme allows us to increase our understanding of disabilities, and how to aid new and existing disabled employees in reaching their full potential at work.

We became a 'Disability Confident' Employer following employee feedback in our 2021 annual Diversity, Inclusion, Equality & Support Survey, and set ourselves this important goal for 2022. As such, we have reconfirmed our commitment to employing people from the widest pool of talent, securing skilled staff from diverse backgrounds. We also expanded our New Manager Training to include better guidance and support for employees who are neurodiverse and/or have disabilities.

As part of the scheme we have made five public commitments as an employer:

- Inclusive and accessible recruitment.
- Communicating vacancies to encourage applications from disabled people.
- Offering an interview to disabled people.
- Providing reasonable adjustments.
- Supporting existing employees.

44. www.pensionbee.com/press/pensionbee-becomes-a-disability-confident-employer

Charters, Pledges and Social Impact Initiatives

To support our vision of living in a world where everyone can look forward to a happy retirement, and to facilitate fulfilling careers in our diverse and inclusive workplace and beyond, we are proud to have continued our public commitment to the following initiatives in 2022:

- ABI Making Flexible Work Campaign and Charter[45]
- ABI Transparent Parental Leave and Pay Initiative[46]
- Accredited Living Wage Employer[47]
- Careers & Enterprise Company[48]
- Make My Money Matter[49]
- Race at Work Charter[50]
- Social Mobility Pledge[51]
- Tech Talent Charter[52]
- The Diversity Project[53]
- The Workforce Disclosure Initiative Investor Coalition[54]
- Time to Talk (Time to Change)[55]
- Women in Finance Charter[56]

These public commitments not only signal to our current and prospective employees that we care about helping people from all backgrounds thrive at PensionBee, they also encourage other businesses to adopt more inclusive practices.

45. www.pensionbee.com/press/pensionbee-joins-abi-flexible-work-charter
46. www.pensionbee.com/press/abi-transparent-parental-leave-and-pay-initiative
47. www.pensionbee.com/press/pensionbee-becomes-accredited-living-wage-employer
48. www.pensionbee.com/press/pensionbee-work-experience-programme
49. www.pensionbee.com/press/pensionbee-joins-make-my-money-matter-campaign-launch
50. www.pensionbee.com/press/pensionbee-signs-the-race-at-work-charter
51. www.pensionbee.com/press/pensionbee-joins-social-mobility-pledge
52. www.pensionbee.com/press/pensionbee-signs-tech-talent-charter
53. www.pensionbee.com/press/pensionbee-announces-partnership-with-the-diversity-project
54. www.pensionbee.com/press/pensionbee-joins-the-workforce-disclosure-initiative
55. www.time-to-change.org.uk
56. www.pensionbee.com/women-in-finance

Diversity Awards

In 2022, we were proud to have achieved recognition for our focus and achievements in diversity, including:

★ **Winner**
Employer of the Year
Scale-Up Awards

★ **Winner**
Financial Inclusion Award
FSTech Awards

★ **Winner**
Diversity and Inclusion Award
UK Fintech Awards

★ **Winner**
Diversity and Inclusion Award
Europe FinTech Awards

★ **Winner**
Best Employer
Europe FinTech Awards

★ **Winner**
Employer of the Year (Small Firm)
FTAdviser Diversity in Finance Awards

★ **Winner**
Power List
Women in Software Awards

Remuneration

PensionBee has an established employee Remuneration Policy ('Policy') providing clear and guiding principles for decisions around employee remuneration that ensures fair, competitive and appropriate pay for all. Our goal is to ensure that the mix and balance of remuneration is appropriate to attract, motivate, retain and fairly reward employees whilst balancing the needs of our business and customers. The Policy is underpinned by the PensionBee values:

Simplicity

We want to make our remuneration policy easy to understand.

Love

Our approach to remuneration aims to foster inclusivity and therefore applies to the whole Company. Furthermore, we recognise the social inequalities that exist within our society and aspire to close all diversity pay gaps, including among genders and ethnicities.

Quality

We recognise that performance levels may differ between employees and for any given individual at different periods of time. In addition, the time commitment, level of responsibility and formal experience (including professional qualifications) tend to increase with seniority. This variability is reflected in our compensation structure.

Innovation

We aim to inspire an ownership mentality among our employees, therefore, equity compensation will continue to be offered at all levels of the Company.

Honesty

We aim to keep our policies transparent at all levels of the Company.

Components of Employee Remuneration	
Base Cash Salary	• We aim to set base cash salaries at a level that enables us to attract and retain the people that we need to thrive, whilst balancing our financial resources as a company. • The primary driver for our base cash salary levels is external benchmarking. This is conducted annually by the Executive Management Team in respect of their departments and centrally reviewed by the People team.
Equity Schemes	• The purpose of granting equity is to encourage everyone to think and behave like owners, and to recognise the vital contribution every individual makes towards achieving our mission and vision. • Prior to becoming a listed company, PensionBee operated an EMI and non-EMI option scheme. Post-listing we operate long-term incentives and a deferred bonus, both granted in the form of nil-cost options.
End of Year Bonus	• The bonus structure is determined as a percentage of salary, ranging from 15-100%. The percentage increases with seniority to reflect increasing levels of responsibility and to remain competitive with market averages. • The proportion of the bonus based on Company vs. individual performance also varies across all levels, with the Company proportion accounting for more at senior levels where individual performance is more directly reflected in Company performance. • The Company proportion of the bonus is deferred and paid with equity in the form of nil-cost options. The individual performance-based bonus is paid entirely in cash, except for at senior levels, where a portion is paid in equity to encourage long-term engagement with our vision, mission and values.
Pension Scheme	• Employees who meet the automatic enrolment criteria set out by the Government are automatically enrolled into the PensionBee Personal Pension, within 6 weeks of their employment start date. • PensionBee contributes an amount equivalent to 5% (which is matched by the employee) of qualifying earnings as part of monthly compensation.
Other Benefits	• Income Protection Insurance • UK HealthCare Cash Plan • Thrive Mental Wellbeing platform • SmartHealth GP online • Bippit financial coach • LifeWorks discount platform


Pension

8 Market Opportunity

We operate in the vast UK Defined Contributions private pensions market, with a focus on the rapidly growing pension consolidation opportunity

UK Private Pensions Market

For some time now, there has been broad consensus across the political spectrum that the state pension alone will not provide sufficient retirement income and there is a growing awareness of a related issue, the 'savings gap', whereby individuals are not saving enough to provide for the retirement they expect. As a result, the UK government has promoted the growth of the private pension market.

A private pension is typically a tax-efficient way to save money for later in life, providing an income for retirement. Whilst individuals in the UK may rely on a number of sources from which to draw income during retirement, private pension assets are the largest component of wealth in the UK, representing a greater proportion of wealth than other types of assets, including property. Private pensions account for approximately 42% of the £300,000 approximate median household wealth.[57]

The UK private pensions market is vast and the Office for National Statistics ('ONS') estimated the UK's total private pension wealth to be approximately £6.5tr across the average of the 2018-2020 period.[57]

Defined Contribution Private Pensions Market

PensionBee's product proposition is focused on Defined Contribution ('DC') pensions. Unlike employer guaranteed (final salary) Defined Benefit pensions, Defined Contribution pensions build up a pension pot using personal and employer contributions (if applicable) plus investment returns and tax relief.

The DC Private Pensions Market came to the fore in 2012 with the advent of automatic-enrolment, a regulatory requirement for employers to enrol eligible employees into workplace pensions. Automatic-enrolment has resulted in over 10m individuals actively contributing into a DC workplace pension.[57] In December 2020, the FCA estimated that there were a total of 26.7m pension savers within its regulatory perimeter.[58] Overall, the UK's DC wealth stood at approximately £1.0tr across the average of the 2018-2020 period.

The growth in the UK DC pension market, both in terms of number of individual savers and the aggregate wealth managed within schemes, is expected to continue owing to the broad shift from Defined Benefit to Defined Contribution pensions and the simultaneous increase in contributions supported by regulation.

Pension Consolidation Market

Within the labour market individuals are moving jobs more frequently and stand to be auto-enrolled in a number of pension plans. As a result, there are many potential advantages to combining multiple pension pots, including keeping track of and managing pension savings more easily, reducing charges and choosing desirable investments.

PensionBee further segments the DC Private Pensions Market into active workplace pensions, which benefit from active employer contributions and therefore are rarely transferred, and transferable pensions, including deferred workplace pensions and personal pensions ('Transferable Pensions' or the 'Pension Consolidation Market').

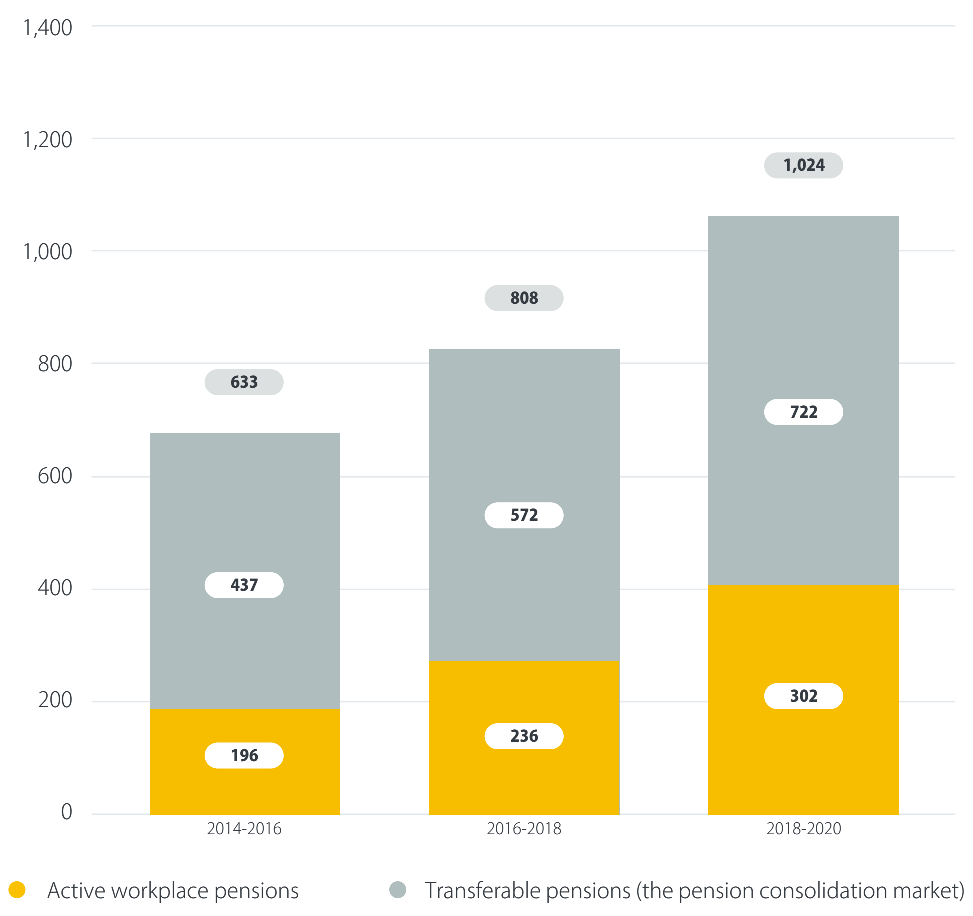
- **Active Workplace Pensions** - approximately £302bn of wealth held in pensions into which individuals or employers are regularly or actively contributing, usually during working life.
- **Transferable Pensions (the Pension Consolidation Market)** - approximately £722bn of wealth held in personal and deferred workplace pensions that are no longer receiving employer contributions. These pensions lend themselves more easily to pension consolidation activities.

PensionBee primarily targets the Pension Consolidation Market, which represents the majority of the Defined Contribution Pensions Market and has grown rapidly by approximately 65% from the average across 2014-2016 to the average across 2018-2020.[57]

57. Office for National Statistics - Pension Wealth: Wealth in Great Britain, April 2018 to March 2020, January 2022.
58. Financial Conduct Authority - Evaluation of the impact of the Retail Distribution Review and the Financial Advice Market Review, December 2020.

PensionBee estimates that there are approximately 35m individuals with an average of two old pensions to consolidate[59] and approximately 4.1m self-employed individuals taking responsibility for securing their retirement incomes, many of whom may have previously contributed to employer pensions, whilst others may be seeking to benefit from an easy way to manage their pension savings.[60] Our customer proposition caters for all of these individuals, providing both a consolidation solution and enabling customers to start a new self-employed pension.

The Pension Consolidation Market (£ bn)



59. Calculated by dividing £722bn of Transferable Pensions across 2018-2020, by an average of 2 pension pots and a transferable pension pot value of £10,273, based on PensionBee data as at the end of 2021.
60. Office for National Statistics: Employees and self-employed by industry, February 2022.

9 Operating and Financial Review[61]

Continued Growth across all Key Metrics in 2022 and achievement of Adjusted EBITDA before Marketing Profitability in the Fourth Quarter of 2022[62]

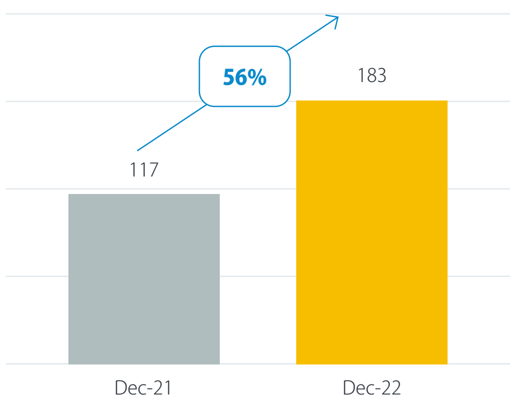
Trading for the financial year 2022 has been strong and in line with expectations.

We have continued to deliver significant growth across all our major Key Performance Indicators. During 2022, the number of Invested Customers ('IC') increased by 56% to 183k and Assets under Administration ('AUA') increased by 17% to over £3.0bn driven by strong Net Flows of £863m.[62] Revenue increased by 38% to £17.7m with Annual Run Rate ('ARR') reaching £19.5m.[63]

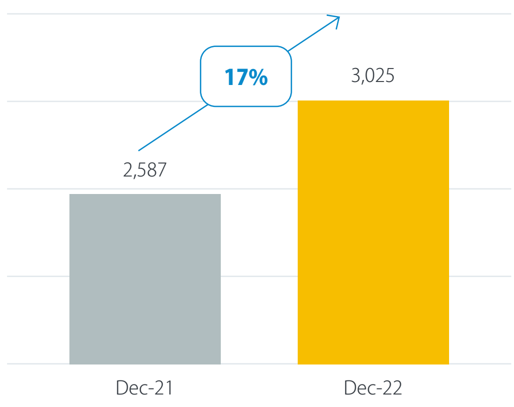
Becoming a profitable business has been a key objective for PensionBee. On the path to achieving this objective, we are pleased to have delivered positive Adjusted EBITDA before Marketing of £0.2m in the fourth quarter of 2022 (fourth quarter of 2021: £(1.5)m), in line with our previously stated guidance and in spite of the backdrop of a challenging macroeconomic environment and volatile capital markets. Profit/(Loss) before Tax for 2022 was £(22.4)m (2021: £(25.0)m).

The Adjusted EBITDA before Marketing profitability milestone was achieved by virtue of our recurring and predictable Revenue, supported by our high Customer Retention Rate of 97%, and by the generation of operating leverage achieved through our scalable technology platform and careful cost control. It also demonstrates the strength of our business model, our ability to realise operating leverage throughout the business cycle, even during periods of high uncertainty and volatility in the capital markets, and the strength of our execution capability.

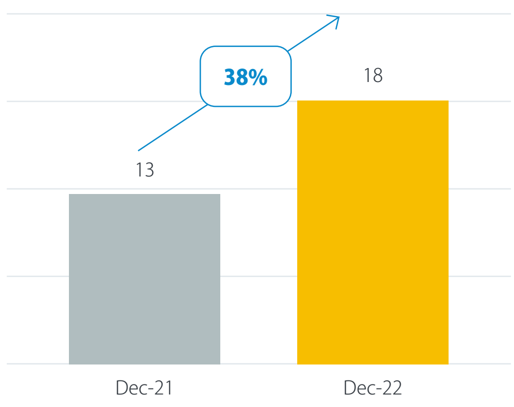
Growth in Invested Customers (000s)



Translates into Increasing AUA (£m)



Which Drives Revenue (£m)



61. See pages 54 and 55 of the Measuring our Performance section of the Strategic Report.
62. As at 31 December 2022. Invested Customers ('IC') means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans. Assets under Administration ('AUA') is the total invested value of pension assets within PensionBee Invested Customers' pensions. It measures the new inflows less the outflows and records a change in the market value of the assets. AUA is a measurement of the growth of the business and is the primary driver of Revenue. Net Flows measures the cumulative inflow of PensionBee AUA from consolidation and contribution ('Gross Inflows'), less the outflows from withdrawals and transfers out ('Gross Outflows') over the relevant period.
63. As at 31 December 2022. Revenue means the income generated from the asset base of PensionBee's customers, essentially annual management fees charged on the AUA, together with a minor revenue contribution from other services. Annual Run Rate Revenue is calculated using the Recurring Revenue for the month of December multiplied by 12.

Marketing Investment made us a Household Brand Name and delivered Strong Growth

	As at Year End		
	Dec-2022	Dec-2021	YoY
Advertising and Marketing Expenses			
Advertising and Marketing Expenses (£m)	(16.6)	(12.9)	29%
Cost per Invested Customer (£)[64]	248	246	within threshold
Customers			
Registered Customers (thousands)[61]	986	658	50%
Invested Customers (thousands)[61]	183	117	56%
Same Year RC:IC Conversion (% of RC)[61]	19%	18%	+1ppt

While profitability is a key objective for the business, with a vast market opportunity, we simultaneously continued to execute on our growth strategy, through investments in our brand and performance marketing channels. As such, Advertising and Marketing Expenses increased from £12.9m in 2021 to £16.6m in 2022.

Taking advantage of growing national awareness of pensions, our investment in brand building campaigns and initiatives saw us become a household name, achieving prompted brand awareness of more than 50%.[65] We rolled out our 'Yellow Chair' and 'Believe in the Bee' campaigns nationally, across all channels. Furthermore, we continued to raise our profile through being the official pension partner sponsor of Brentford Football Club.

Customer acquisition was supported by our proprietary in-house Data Platform, which continued to deliver valuable insights across all of our core marketing channels, helping us to navigate decision-making in a challenging external market. Our agility enabled us to respond and adjust our spend across channels, re-focusing on the acquisition of more receptive customer cohorts. Our acquisition strategy included brand campaigns being launched predominantly in the first half of the year, with more lower-cost acquisition activities following later in the year, allowing for a reduction in the Cost per Invested Customer ('CPIC') by the end of 2022.[66]

64. Cost per Invested Customer ('CPIC') means the cumulative advertising and marketing costs incurred since PensionBee commenced operations up until the relevant point in time divided by the cumulative number of Invested Customers at that point in time. This measure monitors cost discipline of customer acquisition. PensionBee's desired CPIC threshold is £200-£250.
65. Source: PensionBee brand tracker. Prompted brand awareness in January 2023 measured through a consumer survey asking 'Which of the following have you heard of?' with respect to UK financial services brands: Aviva 83%, Scottish Widows 77%, Standard Life 66%, Royal London 55%, PensionBee 52%, Hargreaves Lansdown 36%, Vanguard 32%, Fidelity 30%, Nutmeg 30%, AJ Bell 21%, Interactive Investor 9%. Compares to prompted brand awareness for 2021 of 25%, sourced from Boring Money, February 2022.
66. See pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

As a result of the marketing investment, we achieved strong customer growth with stable CPIC and grew our Invested Customer base by 56% to 183,000 by the end of 2022.

Cost Disciplined Acquisition coupled with High Retention Rates delivered Strong Asset Growth

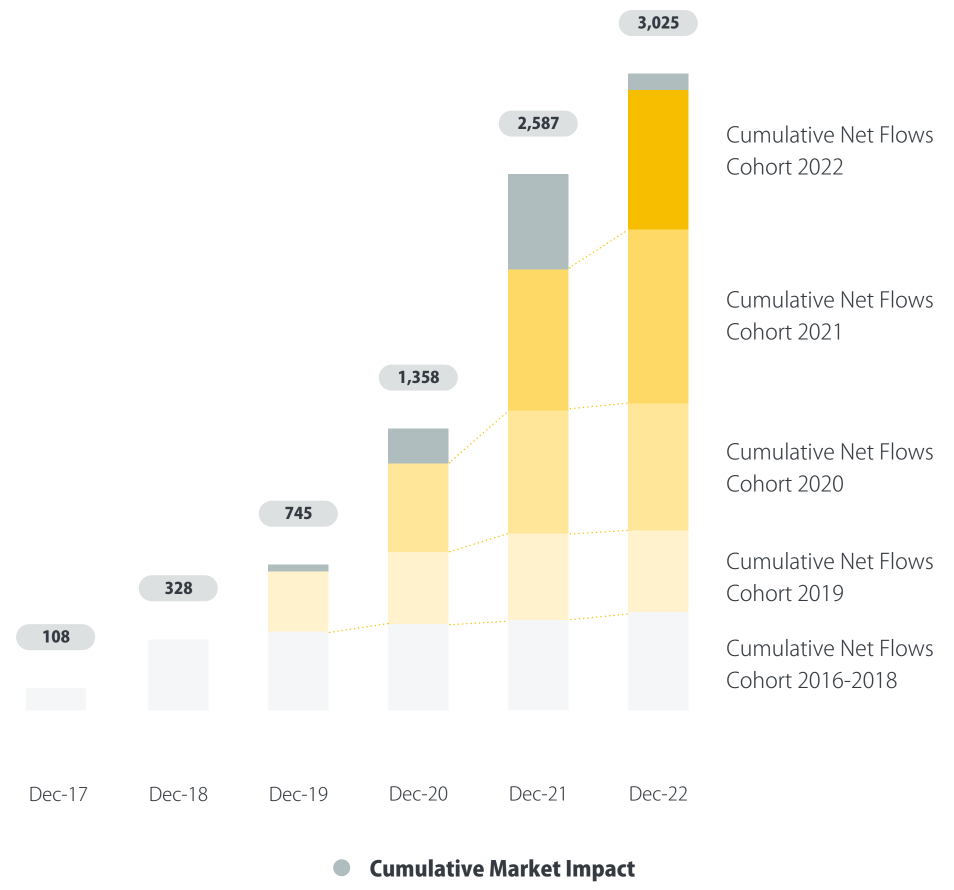
	As at Year End		
	Dec-2022	Dec-2021	YoY
Customer Retention Rate (% of IC)[66]	**97%**	**97%**	**stable**
AUA Retention Rate (% of AUA)[66]	**97%**	**96%**	**+1ppt**
Opening AUA (£m)	**2,587**	**1,358**	**91%**
Gross Inflows (£m)	1,060	1,099	-4%
Gross Outflows (£m)	(197)	(145)	36%
Net Flows (£m)[66]	**863**	**955**	**-10%**
Market Growth/(Contraction) and Other (£m)	(424)	275	n/m
Closing AUA (£m)	**3,025**	**2,587**	**17%**
Net Flows (£m)[66]	**863**	**955**	**-10%**
Of which Net Flows from New Customers (£m)	685	729	-6%
Of which Net Flows from Existing Customers (£m)	178	226	-21%

We delivered a 17% year-on-year increase in AUA from £2,587m to £3,025m in 2022, highlighting the resilience of our AUA and underscoring our ability to grow, in spite of the challenging global macroeconomic environment.

We maintained Gross Inflows for the year in excess of £1bn (2021: £1bn) as a result of cost-disciplined new customer acquisition and a high sustained Customer Retention Rate of 97% (2021: 97%).

From the £863m of Net Flows generated across the year (2021: £955m), growth from new customers represented the vast majority, with Net Flows from New Customers of £685m (2021: £729m), reflecting the successful execution of cost-disciplined new customer acquisition and demonstrating our ability to optimise marketing across channels and return on investment. Total Net Flows were lower compared to last year, which was ultimately because of declining global markets (see below for more details). Over the period we acquired 66,000 new Revenue-generating Invested Customers (2021: 48,000).

Net Flows by Customer Cohorts (£m)



Our existing customers have continued to grow their savings with us, with Net Flows from Existing Customers of £178m generated in 2022 (2021: £226m). Since inception, we have consistently enjoyed high Customer Retention Rates and AUA Retention Rates in excess of 95%, with this trend having remained stable in 2022. We saw existing customers consolidating additional pensions into their PensionBee online pension plans and customers contributing to their pensions, whilst maintaining relatively low levels of withdrawals, in line with historical levels. We are pleased to have observed underlying growth in Net Flows[67] from all annual customer cohorts across 2022.

However, unstable global markets did have an adverse effect on AUA, with Market Growth/(Contraction) and Other of £(424)m in 2022 (2021: £275m). As is customary in the pensions industry, our customers' pensions are invested predominantly in global equity capital markets, which were impacted by a number of macroeconomic factors including increasing inflation, rising interest rates and geopolitical tensions. As such, the decline in global market performance during the year had an impact on our asset base, similar to the experience of other companies in the sector.

Resilient Revenue Margin drove an Overwhelming Majority of Recurring Revenue

	As at Year End		
	Dec-2022	Dec-2021	YoY
Contractual Revenue Margin (% of AUA)[67]	0.69%	0.69%	stable
Realised Revenue Margin (% of AUA)[67]	0.63%	0.64%	stable
Annual Run Rate Revenue (£m)	**19.5**	**16.3**	**20%**
Revenue (£m)	**17.7**	**12.8**	**38%**

We translated strong year-on-year AUA growth of 17% over 2022 (2021: 91%) into 38% (2021: 103%) growth in Revenue, reaching £17.7m (2021: £12.8m), underpinned by the stable Contractual Revenue Margin. The Contractual Revenue Margin is the headline annual management fee paid by customers before applying discounts for incremental pension savings above £100,000. The Contractual Revenue Margin remained resilient at 0.69% (2021: 0.69%), as did the Realised Revenue Margin (the annual management fee after discounts) of 0.63% (2021: 0.64%).

As the vast majority of our Revenue is derived from annual management fees charged as a percentage of AUA, the high retention of Invested Customers and AUA makes the overwhelming majority of our Revenue recurring in nature. Therefore, the Annual Run Rate Revenue for December 2022 offers measurement of our progress and provides visibility and predictability with respect to future years' Revenue.

67. See pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

We Scaled our Business Efficiently by Investing in our People, Product Offering and Technology

	As at Year End		
	Dec-2022	Dec-2021	YoY
Money Manager Costs (£m)	**(2.8)**	**(2.3)**	**23%**
Employee Benefits Expense (excluding Share-based Payments) (£m)	(9.6)	(7.4)	28%
Other Operating Expenses (£m)	(8.2)	(6.6)	26%
Technology Platform Costs & Other Operating Expenses (£m)	**(17.8)**	**(14.0)**	**27%**

Our proprietary technology is modern, scalable and secure. The cloud-based and API-driven platform provides the foundations on which to continue to build dynamic and innovative products, while maintaining full control over the experience delivered to customers in a cost-efficient manner. The scalability of the technology platform is key in driving operating leverage through not only empowering more efficient marketing deployment, but also operational efficiencies in administration and intuitive self serving capabilities for our customers.

During 2022, we made further investments in our technology platform. Investments made in our Data Platform were instrumental in supporting decision-making around marketing budget allocation, helping us to remain agile as we have navigated the volatile external environment. We dedicated resources towards making ongoing efficiency improvements in consolidation activity and optimising our transfer processes. The systems' investments made over the past few years have supported the delivery of increased productivity for the PensionBee team and enhanced efficiency for our customers, enhancing our operating leverage.

Continued product innovation is central to our strategy and also supports the realisation of operating leverage over time. The PensionBee customer proposition has been enabled by investment in continuous innovation and automation, allowing easy onboarding of customers and intuitive lifetime self-service.

During 2022, continuous product innovations helped to increase our Invested Customer base and enable them to contribute more into their pensions. We officially launched the 'Easy Bank Transfer' feature, enhanced our 'Refer A Friend' program, and implemented the 'Stronger Nudge' journey for customers over 50, further tailoring our product to our customers' needs. To complement the ease of contributions, we worked on producing an easy-to-use tax relief calculator aimed at helping our customers make the most of their tax allowances in the run up to the end of the 2022/23 tax year.

Our product developments reduced friction in the customer journey and enabled our customers to self-serve more efficiently, without the need to contact us. For instance, we upgraded existing electronic transfer processes and further integrated with Altus Transfer Gateway, which led to improvements in internal processing and faster transfer times for some paper-based workplace pension schemes. Our investments in product and feature extension have not only empowered customers with more intuitive self-serving features but have also supported efficiency improvements and the generation of operating leverage over time.

As a result of the investment into the technology platform and the drive to improve automation, we have expanded specialist roles in technology, product and marketing. However, average headcount in customer service has remained stable as a function of the vast automation improvements and team optimisation. Overall headcount increased from approximately 155 average full-time employees in 2021 to approximately 185 in 2022, and the associated Employee Benefits Expense increased to £9.6m for 2022 (2021: £7.4m).

Other Operating Expenses increased to £8.2m (2021: £6.6m), reflecting costs to support increased headcount and new customer acquisition, and other fixed costs. Benefits from the investment in automation have positioned us well on our path to achieving Adjusted EBITDA profitability by the end of 2023.

Money Manager Costs increased to £2.8m in 2022 (2021: £2.3m), a lower rate than the increase in Revenue, due to the maintenance of competitive pricing with money managers.

Profitability Metrics

	As at Year End		
	Dec-2022	Dec-2021	YoY
Adjusted EBITDA before Marketing (£m)	(3.0)	(3.6)	17%
Adjusted EBITDA Margin before Marketing (% of Revenue)	**(17)%**	**(28)%**	**+11ppt**
Adjusted EBITDA (£m)	(19.5)	(16.4)	-19%
Adjusted EBITDA Margin (% of Revenue)	**(110)%**	**(129)%**	**+18ppt**
Profit/(Loss) before Tax (£m)	(22.4)	(25.0)	10%

One of the key profitability metrics that we have measured is Adjusted EBITDA before Marketing, given the discretionary nature of the marketing spend. This measure includes Money Manager Costs, Technology Platform Costs and Other Operating Expenses but excludes Advertising and Marketing Expenses, Share-based Payment costs and Transactions Costs. We delivered positive Adjusted EBITDA before Marketing of £0.2m across the fourth quarter of 2022, with an improvement in Adjusted EBITDA before Marketing Margin from (28)% to (17)% in 2022.

We also made further progress towards Adjusted EBITDA profitability, as operating leverage was realised due to the scalability of the technology platform and the continued efficient deployment of marketing spend. Adjusted EBITDA Margin improved from (129)% in 2021 to (110)% in 2022. Adjusted EBITDA captures Advertising and Marketing Expenses but excludes the Share-based Payment costs and Listing Costs.

Other Costs

	As at Year End		
	Dec-2022	Dec-2021	YoY
Share-based Payment (£m)	(1.9)	(3.9)	-52%
Listing Costs (£m)	(0.7)	(2.9)	-77%
Finance Costs (£m)	-	(1.4)	n/m
Profit/(Loss) before Tax (£m)	**(22.4)**	**(25.0)**	**10%**
Taxation (£m)	0.3	0.3	n/m
Basic Earnings per Share	**(9.97)p**	**(11.86)p**	**16%**

Profit/(Loss) before Tax narrowed to £(22.4)m for 2022 from £(25.0)m in 2021, reflecting our progress towards profitability and showcasing the operating leverage in our model, whilst we continue to grow.

The decrease in Share-based Payment costs for 2022 reflected the accelerated vesting and granting of options in 2021 as a result of the Company's public listing.

Listing Costs in 2022 primarily consisted of fees and expenses incurred in relation to our transfer to the Premium Segment of the Main Market of the London Stock Exchange, with the costs in 2021 relating to the preparation for our Initial Public Offering in April 2021.

Finance Costs decreased as PensionBee did not hold any debt across 2022. The 2021 fees were associated with the £10m Revolving Credit Facility ('RCF') that we entered into with National Westminster Bank Plc on 22 March 2021 and later cancelled in September 2021. Initially sought as part of a prudent liquidity management strategy, it was no longer deemed necessary due to the strong cash position and attractive future prospects. The RCF was never drawn, but a cancellation fee was incurred.

Taxation included enhanced tax credits in relation to routine Research and Development refunds. No deferred tax asset was recognised with respect to the carried forward losses.

Basic Earnings per Share ('EPS') was (9.97)p for 2022 (2021: (11.86)p), the improvement reflecting the progress made towards profitability.

Financial Position

The Group's balance sheet remains strong. At the end of 2022, the Cash and Cash Equivalents balance was £21.3m (2021: £43.5m). Robust cost management was deployed to ensure that favourable supplier terms were agreed with long term contracts being reviewed periodically. As of the end of 2022, the Group had no significant borrowings. Net cash and cash equivalents decreased by £22.2m in the 2022 financial year due to the planned deployment of investment in marketing, our technology platform and additional headcount, to generate future returns (2021: net increase of £36.8m, driven by the increase in funding as a result of the Company's listing in April 2021).

Regulatory Capital and Financial Resources

PensionBee Limited, a subsidiary of the Company, is authorised and regulated by the FCA and therefore adheres to capital requirements set by the FCA. As of December 2022, the capital resources stood at £20.5m (unaudited) as compared to a capital resource requirement of £1.2m (unaudited), resulting in coverage of 16.6x. We have maintained a healthy surplus over our regulatory capital requirement throughout the year and continue to manage our financial resources prudently.

Summary Financial Highlights*

	As at Year End		
	Dec-2022	Dec-2021	YoY
Annual Run Rate Revenue (£m)**	**19.5**	**16.3**	**20%**
Revenue (£m)	**17.7**	**12.8**	**38%**
Money Manager Costs,[68] Technology Platform Costs & Other Operating Expenses (£m)[69]	(20.6)	(16.3)	26%
Adjusted EBITDA before Marketing (£m)**	**(3.0)**	**(3.6)**	**17%**
Adjusted EBITDA Margin before Marketing (% of Revenue)**	(17)%	(28)%	+11ppt
Advertising and Marketing Expenses (£m)	(16.6)	(12.9)	29%
Adjusted EBITDA (£m)**	**(19.5)**	**(16.4)**	**-19%**
Adjusted EBITDA Margin (% of Revenue)**	(110)%	(129)%	+18ppt
Profit/(Loss) before Tax (£m)	**(22.4)**	**(25.0)**	**10%**
Basic Earnings per Share	**(9.97)p**	**(11.86)p**	**16%**

*See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

**PensionBee's KPIs include alternative performance measures ('APMs'), which are indicated with a double asterisk. APMs are not defined by International Financial Reporting Standards ('IFRS') and should be considered together with the Group's IFRS measurements of performance. PensionBee believes APMs assist in providing additional insight into the underlying performance of PensionBee and aid comparability of information between reporting periods. A reconciliation to the nearest IFRS number is provided in Note 25 of the Financial Statements 'Alternative Performance Measures' on page 180.

68. Money Manager Costs are variable costs paid to PensionBee's money managers.
69. Technology Platform Costs & Other Operating Expenses comprises Employee Benefits Expense (excluding Share-based Payment) and Other Operating Expenses.

10 Measuring our Performance

When looking at the overall performance of PensionBee, we use a range of key performance indicators ('KPI's) to monitor and assess our progress against our strategy.

Financial Performance Measures

Revenue*	**2022: £17.7m** 2021: £12.8m	38%	Revenue means the income generated from the asset base of PensionBee's customers, essentially annual management fees charged on the AUA, together with a minor revenue contribution from other services.
Annual Run Rate ('ARR') Revenue*	**2022: £19.5m** 2021: £16.3m	20%	Annual Run Rate Revenue is calculated using the Recurring Revenue for the relevant month (December) multiplied by 12. This alternative performance measure has been selected to provide a more up-to-date metric for revenue given the amount of AUA in the relevant month. This metric will be retired from the Company's ongoing regular reporting framework from 2023 onwards, given the primary focus on the Revenue metric as the Company reaches profitability.
Adjusted EBITDA*	**2022: £(19.5)m** 2021: £(16.4)m	-19%	Adjusted EBITDA is the operating profit or loss for the year before taxation, finance costs, depreciation, share-based compensation and listing costs. This measure is a proxy for operating cash flow.
Adjusted EBITDA Margin*	**2022: (110)%** 2021: (129)%	+18ppt[70]	Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of revenue for the relevant year.
Profit/(Loss) before Tax ('PBT')	**2022: £(22.4)m** 2021: £(25.0)m	10%	Profit/(Loss) before Tax is a measure that looks at PensionBee's profit or losses for the year before it has paid corporate income tax.
Basic Earnings per Share ('EPS')	**2022: (9.97)p** 2021: (11.86)p	16%	Basic Earnings per Share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

* PensionBee's Key Performance Indicators include alternative performance measures ('APM's), which are indicated with an asterisk. APMs are not defined by International Financial Reporting Standards ('IFRS') and should be considered together with the Group's IFRS measurements of performance. PensionBee believes APMs assist in providing additional insight into the underlying performance of PensionBee and aid comparability of information between reporting periods. A reconciliation to the nearest IFRS number is provided in Note 25 of the Financial Statements 'Alternative Performance Measures' on page 180.

70. A ppt is a percentage point. A percentage point is the unit for the arithmetic difference of two percentages.

Non-Financial Performance Measures

Assets under Administration ('AUA')	**2022: £3.0bn** 2021: £2.6bn	17%	Assets under Administration is the total invested value of pension assets within PensionBee's Invested Customers' pensions. It measures the new inflows less the outflows and records a change in the market value of the assets. This KPI has been selected because AUA is a measurement of the growth of the business and is the primary driver of Revenue.
AUA Retention Rate (% of AUA)	**2022: 97%** 2021: 96%	+1ppt	AUA Retention measures the percentage of retained PensionBee AUA from transfers out over the average of the year. High AUA retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction.
Net Flows	**2022: £863m** 2021: £955m	-10%	Net Flows measures the cumulative inflow of PensionBee AUA from consolidation and contribution ('Gross Inflows'), less the outflows from withdrawals and transfers out ('Gross Outflows') over the relevant period.
Registered Customers ('RC')	**2022: 986k** 2021: 658k	50%	Registered Customers measures customers who have started the sign-up process and have submitted at least a name and an email address and includes those customers who are classified as Active Customers. This metric will be retired from the Company's ongoing regular reporting framework from 2023 onwards. Whilst the Registered Customers metric is a longer-term indicator of customer pipeline, the focus is on Invested Customers that generate AUA.
Same Year RC:IC Conversion	**2022: 19%** 2021: 18%	+1ppt[71]	Same Year RC:IC Conversion percentage is calculated by dividing the number of Invested Customers as at the end of the period by the number of Registered Customers as at the end of the period. This measure monitors PensionBee's ability to convert customers through the acquisition funnel. This metric will be retired from the Company's ongoing regular reporting framework from 2023 onwards. Whilst the Registered Customers metric is a longer-term indicator of customer pipeline, the focus is on Invested Customers that generate AUA.
Active Customers ('AC')	**2022: 273k** 2021: 172k	59%	Active Customers means all customers who have requested to become an Invested Customer by accepting PensionBee's terms of business but for whom the transfer or contribution process is not yet completed and all customers who are classified as Invested Customers. This metric will be retired from the Company's ongoing regular reporting framework from 2023 onwards. Whilst the Active Customers metric is a more short-term indicator of customer pipeline, the focus is on Invested Customers that generate AUA.
Invested Customers ('IC')	**2022: 183k** 2021: 117k	56%	Invested Customers means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans.
Customer Retention Rate (% of IC)	**2022: 97%** 2021: 97%	Stable	Customer Retention Rate measures the percentage of retained PensionBee Invested Customers over the average of the year. High customer retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction.
Cost per Invested Customer ('CPIC')	**2022: £248** 2021: £246	Within threshold	Cost per Invested Customer means the cumulative advertising and marketing costs incurred since PensionBee commenced operations up until the relevant point in time divided by the cumulative number of Invested Customers at that point in time. This measure monitors cost discipline of customer acquisition. PensionBee's desired CPIC threshold is £200-£250.
Contractual Revenue Margin (% of AUA)	**2022: 0.69%** 2021: 0.69%	Stable	Contractual Revenue Margin means the weighted average contractual fee rate across PensionBee's investment plans (before applying any size discount) calculated by reference to the amount of AUA held in each plan across the period. This metric will be retired from the Company's ongoing regular reporting framework from 2023 onwards, with the introduction of Realised Revenue Margin (as set out below).
Realised Revenue Margin (% of AUA)	**2022: 0.63%** 2021: 0.64%	Stable	Realised Revenue Margin expresses the recurring Revenue over the average quarterly AUA held in PensionBee's investment plans over the period.

71. A ppt is a percentage point. A percentage point is the unit for the arithmetic difference of two percentages.

11 Stakeholders

We are dedicated to understanding the views, interests and concerns of all our stakeholders to inform our decision-making. Proactive and regular engagement ensures we remain responsive to changing needs

Engagement takes place with all our stakeholder groups, across all levels throughout the Company. Such engagement is reported to the Board to inform decision-making and business outcomes. The Board also participates in direct engagement with certain stakeholder groups and importantly, with our employees.

This year, we also engaged with our stakeholders on our first 'ESG Materiality Assessment', aimed at giving us deeper insight into the environmental, social and governance themes of most importance to our stakeholders, further details of which can be found on pages 71 to 81 of the ESG Considerations section of the Strategic Report.

A summary of the ways in which the Company engaged with stakeholders, having regard to what is most likely to promote the long-term sustainable success of the Company, follows.

Stakeholder Engagement | Our Customers

How we Engaged

Continuously high levels of customer service:

- 45k phone calls, 25k live chats, 103k[72] email cases closed within 24 hours

72. Represents 56% of total email cases.

Multi-channel customer feedback:

- >250k emails, live chats, phone calls and customer reviews
- c.80% of Invested Customers invited to a survey on their investment views
- Multiple surveys, focus groups and individual customer interviews supporting the launch of the PensionBee Impact Plan
- 70 customer interviews held
- UX tester community expanded to include more than 600 customers
- Customers invited to share ongoing feedback via monthly newsletters
- All Invested Customers invited to share their views for the ESG Materiality Assessment

Customer ratings:

- 1,996 public Trustpilot reviews for 2022, ending the year with a score of 4.6★ out of 5 (based on 8,270 total reviews)
- Our internally measured Net Promoter Score was 54[73]

73. PensionBee's internally measured Net Promoter Score ('NPS') of 54 as at 31 December 2022 compares to an NPS of 63 as at 31 December 2021.

Interests and Concerns

ESG Materiality Assessment Topics
Excellent value plan range:

- Understanding performance in a challenging market environment
- Good value for money products that meet their needs
- Clear and transparent charging
- Knowing their savings are secure
- Being able to easily contact our customer success team
- Peace of mind with respect to their financial future
- Education to support them through the cost of living crisis

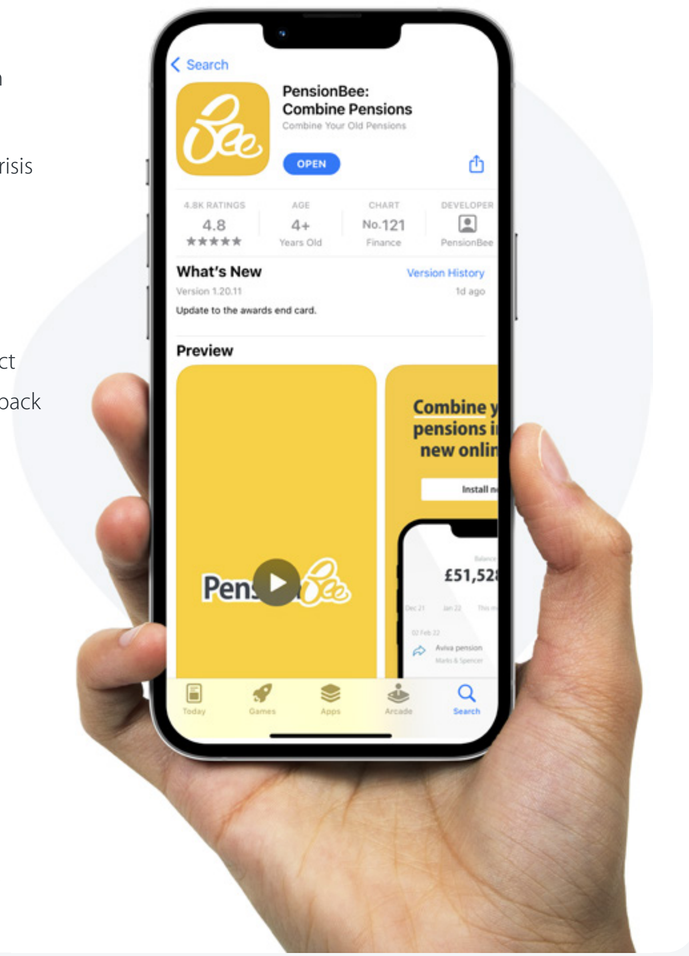
Pensions with purpose and stewardship:

- Knowing their pension does not cause undue harm to society or to the planet
- PensionBee acting as a good steward of their assets
- The ability to invest their pension with real-world impact
- Knowing that PensionBee listens and responds to feedback
- Commitment to Net Zero
- Sustainability ratings on plans

Product innovation and inclusivity:

- Product simplicity and safety, designed with the vulnerable in mind
- A pension that works for everyone, including the self-employed or those on low-incomes
- Tools to help ensure they are saving enough
- Ability to make regular withdrawals
- Speeding up difficult transfers
- Product innovation, continuously evolving the product and service in response to changing customer needs

4.6 ★★★★★
8,270 total reviews

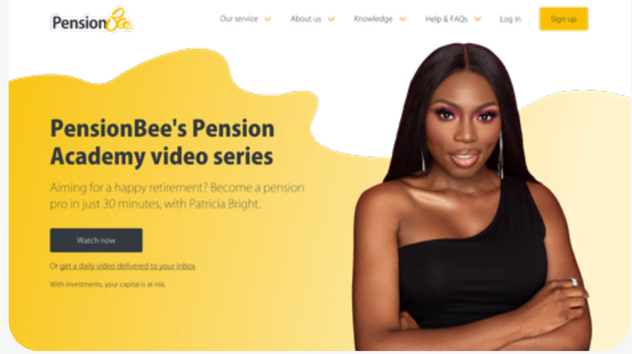


Stakeholder Engagement | Our Customers

Our Responses

Excellent value plan range:

- 'What happened to pensions this month' customer blog series (95k unique views)
- Podcast on educational topics such as cost of living crisis (17k downloads)
- 'Pensions Academy' offering bite size educational videos on pensions (17k unique views)
- Other customer-requested educational blog content (45k unique views)
- Our content reached a wide audience (with social media educational topics reaching 800k people and c.20k engagement actions generated)
- BeeKeeper training sessions on market volatility led by asset managers
- Annual value for money work, to ensure our plans offer excellent value
- AgeWage scores, independent assessment of value for money across the plan range to show how well they performed against a benchmark



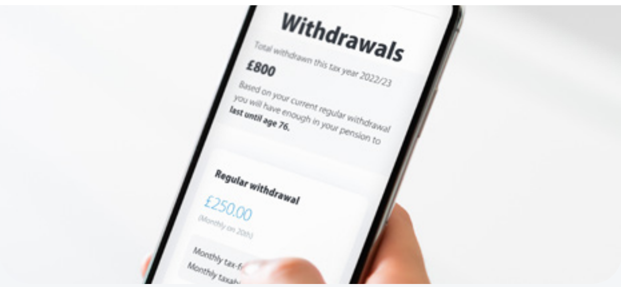
Pensions with purpose and stewardship:

- Supported high-profile shareholder resolutions on the Living Wage
- Oversaw adoption of formal ESG policy and carbon reduction targets in the Tailored Plan
- Secured voting on 86% of the asset base[74]
- Created the PensionBee Impact Plan in direct response to customer feedback, which was launched in early 2023
- Engaged with asset managers on key topics of interest to our customers (e.g. deforestation, protecting human rights in core business operations and supply chains)

74. 86% of Assets under Administration as at 31 December 2022, across the Tailored, Tracker and 4Plus Plans.

Product innovation and inclusivity:

- Weekly 'Temperature Check' summary of all inbound customer feedback
- Monthly 'Hive Mind' customer behaviour insights report
- Quarterly 'Customer Voices' report to disseminate interview insights across the business
- Customer feedback drives our product roadmap, prioritising features based on customers' needs
- Launched a new regular drawdown feature
- Offered Open Banking contributions across the technology estate
- Launched the FCA's 'Stronger Nudge' feature
- Onboarded the new PensionBee Impact Plan
- Upgraded and re-launched our Refer a Friend programme
- Automated transfers in from more paper-based pension providers
- Introduced new roles within the Customer Operations team, including a Learning and Development Manager and Performance Manager, to further support the team in the maintenance of excellent quality customer service



Stakeholder Engagement | Our Employees

How we Engaged

Regular ways we engaged in person/virtually:

- Weekly Company Show N Tell sessions with CEO and Executive Management
- Bi-monthly 'Happiness' meetings for all employees to discuss wellbeing
- All-Company Town Hall and Board-led events, with participation from our Senior Independent Director who enjoys specific responsibility for employee engagement
- 16 virtual 'PensionBee Speaks' events, led by employees and external guest speakers
- In person team building activities across the UK (e.g. an LGBT+ Pride picnic in London, an RSPB Wildlife Charity volunteer conservation event in Glasgow, and a team lunch in Manchester)
- Annual 'Time to Talk' event, led by employees
- Regular team social events
- Annual performance process where employees are formally evaluated against our PensionBee values

Regular surveys / feedback:

- Annual Diversity, Inclusion, Equality & Support Survey
- Annual manager feedback survey
- Anonymous reporting tool for concerns and feedback
- Lived experience focus groups
- All employees invited to participate in our ESG Materiality Assessment

Further support:

- Diversity champions
- Mental Health first aiders
- Workplace benefits package, including free access to therapy
- Dedicated training sessions based on employee needs

Interests and Concerns

ESG Materiality Assessment Topics

Fulfilling careers:

- Feeling aligned with PensionBee's mission and values
- Feeling a sense of belonging and knowing everyone can succeed as themselves
- Pay structure, pay gap reporting and analysis
- Paying and campaigning for a Living Wage for all

Diversity and inclusion:

- Blind internal hiring and promotion policy
- Diversity and inclusion celebrations and social events
- Public commitments to diversity, inclusion and equality
- Supporting neurodiverse employees, employees with disabilities and their managers
- Feeling supported during times of economic and social instability

Stakeholder Engagement | Our Employees

Our Responses

Fulfilling careers:

- Launched a Culture Programme to develop and enhance values-based culture on an ongoing basis, including several Company-wide training sessions
- Company-wide training to increase awareness of non-inclusive behaviours
- Applied a £2,000 cost of living salary increase from 2023 onwards[75]
- Awarded all employees equity incentives under our Remuneration Policy, consistent with our historic approach to wide employee ownership
- Evolved the performance matrix for each role, aligning to Company's values-based culture
- Held a Board-led Town Hall session addressing various themes identified as being important to employees
- Company awareness-raising event on neurodiversity to engage with colleagues, with Board and Executive Management Team participation
- Lara Oyesanya, our new NED, led a Company-wide introductory presentation, speaking about her lived experiences and career journey
- Launched a virtual public speaking training series for all employees in partnership with Speaker's Trust Charity, with some sessions led by Executive Management
- Held a series of employee-led events on themes including anti-racism, neurodiversity, and inclusive communications
- Published our Community Involvement Policy
- Joined the ABI's Making Flexible Work Charter

75. Effective as of 1 January 2023.

Diversity and inclusion:

- Applied an 8.1% increase to entry level salaries, in line with our commitment as a Living Wage employer[75]
- Applied a task-based and anonymous approach to internal hiring
- Provided all employees and the Board with Diversity and Inclusion training
- 'PensionBee Speaks' events held, with guest speakers such as from Independent Age, The Guardian and More Diverse Voices, covering topics such as the needs of the elderly, anti-racism in schools, diversity in the tech industry and designing inclusive communications
- Team events, including an LGBT+ Pride picnic
- Employee-led events, including a parenting panel discussion with participation from Executive Management, an anti-semitism awareness raising session, and a company-wide virtual quiz about Black history
- Joined the 'Disability Confident' employer scheme
- Maintained gender parity, consistent with our commitment to the Women in Finance Charter and our published Diversity, Inclusion and Equality Policy[76]
- Disclosing company and investor signatory of the Workforce Disclosure Initiative

76. www.pensionbee.com/diversity-policy

Stakeholder Engagement | Our Shareholders

How we Engaged

Regular ways we engaged in person/virtually:

- Regular virtual engagements including one-to-one shareholder meetings, roadshows around results and shareholder conferences
- Regular communication of financial and operational results, including quarterly trading updates, interim results, annual results, with presentations to shareholders and analysts and recordings being made available on our website
- Provided rapid responses to incoming shareholder queries
- Invited key shareholders to participate in our ESG Materiality Assessment through survey and interviews
- Held our first hybrid AGM in May 2022, with a recording being made available on the website

Interests and Concerns

Corporate governance:

- Adhering to the highest standards of corporate governance
- Compliance with public company reporting and procedures

Business, performance and leadership:

- Resilience in a challenging market environment
- Highest standards of data and information security
- Business aligned with incoming regulation and market changes (e.g. Consumer Duty)
- Execution of strategy and performance against targets and Company's guidance
- An experienced and committed Board and Executive Management Team
- Liquidity in the shares

ESG Materiality Assessment topics:

- Fulfilling careers
- Excellent value plan range
- Social licence to operate
- Cyber Security
- Pensions with purpose and stewardship

Our Responses

Corporate governance:

- The Company demonstrated its commitment to the highest standards of corporate governance by transferring to the Premium Segment of the Main Market of the London Stock Exchange and continuing to comply with the UK Corporate Governance Code
- Public commentary by our CEO on the importance of maintaining the highest levels of corporate governance, as part of the public debate on topics such as shareholder rights and dual-class share structures, changes to the FCA's Listing Rules and the success of tech IPOs

Business, performance and leadership:

- Added an additional Independent Non-Executive Director, Lara Oyesanya, to the Board in conjunction with the transfer to the Premium Segment
- Added the Chief Financial Officer, Christoph J. Martin, to the Board as an Executive Director
- Further extended the Executive Management Team, with the addition of the Chief Risk Officer
- Continued unwinding of lock-up arrangements in respect of pre-IPO shareholders to support increasing liquidity
- Became a Premium listed company, which means the Company's shares are eligible for FTSE index inclusion

ESG Materiality Assessment topics:

- Fulfilling careers (see Our People, Our Stakeholders (Employees))
- Excellent value plan range (see Our Stakeholders (Customers), Investment Committee Report)
- Social licence to operate (see Our Stakeholders (Employees and Communities), ESG Considerations (Workforce Disclosure Initiative))
- Cyber Security (see Managing our Risks, Audit and Risk Committee Report)
- Pensions with purpose and stewardship (see Our Stakeholders (Customers), ESG Considerations (Understanding our Customers' Investment Views))

Stakeholder Engagement | Our Communities

How we Engaged

Surveys:

- Conducted nine 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
- Invited 21 community partner organisations to participate in our ESG Materiality Assessment

Co-design:

- Developed work experience programmes for students of four London state secondary schools
- Worked with Birkbeck University, Careers & Enterprise Company, The Diversity Project, and Woodside High School, to deliver targeted inclusion focused presentations and workshops about building a fulfilling career within the business and financial services sectors
- Shared insights about the UK pension landscape with employees at Independent Age, a charity, as part of a workshop exchange

Strategic partnerships:

- Active participant, signatory and disclosing company under the Workforce Disclosure Initiative
- Member of ShareAction's Good Work Coalition, joining public campaigns
- Public commitments as a member of the Disability Confident Employer Scheme
- Public commitments as a signatory of the Social Mobility Pledge

Interests and Concerns

ESG Materiality Assessment Topics

Fulfilling careers:

- Equal pay for equal work
- Transparent policies that support flexible working patterns
- Transparent, gender-inclusive parental leave policies
- Closing the gender pension gap
- All companies paying wages that represent the true cost of living in the UK

Diversity & Inclusion:

- Ensuring concerns of marginalised groups are heard in the pension system
- Businesses that reflect society at every level
- Recruiting diverse talent, including those without degrees, or financial sector experience
- Supporting local communities, partnership building

Climate leadership:

- A responsible plan range focused on creating a safer, fairer, kinder future
- Climate leadership in pensions
- Transparency in reporting on relevant environmental metrics
- Clear ESG ratings and sustainability labels for all pension plans to prevent greenwashing
- A safe, fair, climate transition for all, minimising climate change vulnerability

Stakeholder Engagement | Our Communities

Our Responses

Fulfilling careers:

- Published our Community Involvement Policy, with employee volunteer allowance[77]
- Employees supported various organisations by volunteering, sharing their career stories and leading an inclusion-focused workshop for students with learning disabilities
- Accredited Living Wage Employer, paying all employees a London Living Wage regardless of where they live in the UK
- Supported public campaigns led by the Good Work Coalition to get all FTSE100 companies and supermarkets to start paying a Living Wage

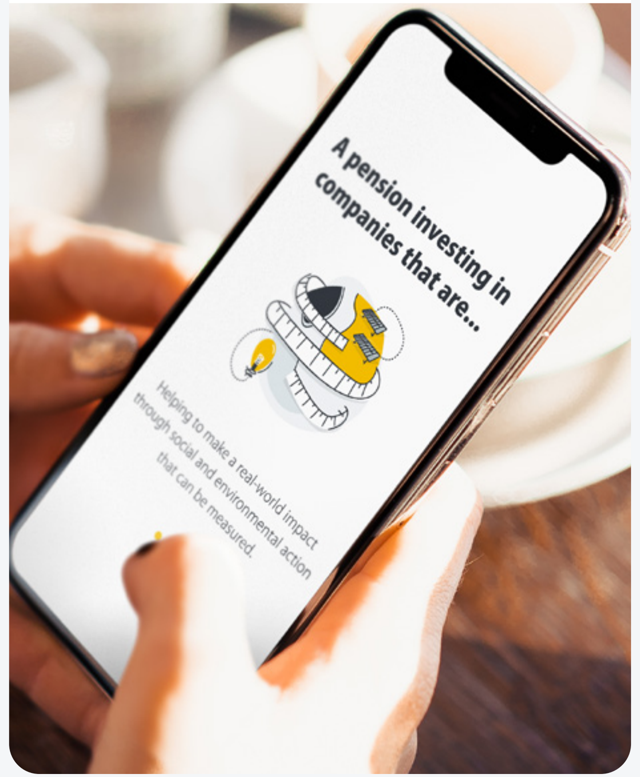
77. www.pensionbee.com/community-involvement-policy

Diversity & Inclusion:

- Joined ABI's Making Flexible Work campaign, published our remote / flexible working policies
- Member of the ABI's Transparent Parental Leave and Pay Initiative
- Diversity, Inclusion and Equality Policy with targets updated and shared with employees
- Participated in the steering group of the Diversity Project
- Participated in the Tech Talent Charter, to drive greater inclusion and diversity in the UK tech sector
- Delivered work experience for students from four local state secondary schools, as part of our outreach commitment under the Social Mobility Pledge
- Donated laptops to two local organisations that focus on inclusion, including to Woodside High School (inclusion department) and Mer-IT (community-based training provider)
- Reflected our diverse customer base in our marketing campaigns

Climate leadership:

- Selected as participant in the Mayor of London Business Climate Challenge Initiative 2022
- Active member of Better Bankside's Environment Working Group
- ESG integration across plan range
- PensionBee Impact Plan
- Public commitment to Net Zero



Stakeholder Engagement | Our Suppliers

How we Engaged

Supplier onboarding process:

- Regularly assess, review and select suppliers that have adequate controls in place, particularly certifications of independent auditing
- Only work with suppliers that ensure our customer data is not at risk of being exposed or misused and with voluntary completion of Data Protection Impact Assessments
- Enhanced supplier due diligence, which includes a comprehensive Information Security section and an evaluation matrix to assess supplier responses

Maintaining and actively monitoring the relationship:

- Managed relationships with suppliers, to ensure appropriate service provision and be front of line for feature enhancements or other improvements
- Monitored reporting on SLAs, transactions volume, interaction with PensionBee customers
- Regular engagement with Stewardship teams of our asset managers

Oversight of supply chains:

- Engaged with our biggest suppliers on their workforce issues
- Gathered workforce data on our biggest suppliers
- Published our first Supply Chain Mapping report for 2021/2022[78]

78. www.pensionbee.com/investor-relations/esg

Interests and Concerns

Supplier onboarding process:

- Standardisation of supplier due diligence and suitability assessments to enable better comparison across the supplier base
- Fair expectation in the delivery of projects

Maintaining and actively monitoring the relationship:

- Insight into customer trends and survey results
- Product and service innovation
- Value creation and expertise
- Collaborative working opportunities
- Effective governance and operations
- Prompt payment

Oversight of supply chains:

- London Living Wage
- Gender composition and gender pay gap
- Safe and healthy working conditions

Our Responses

Supplier onboarding process:

- PensionBee Responsible Supplier Policy and Code of Conduct[79]
- PensionBee Information Security Policy
- Implemented new internal system for more efficient supplier invoice processing

Maintaining and actively monitoring the relationship:

- PensionBee is a disclosing company and investor signatory of the Workforce Disclosure Initiative
- 2022 WDI disclosure score of 89%, against a financial sector average of 67%[80]
- Asked suppliers to also disclose under the Workforce Disclosure Initiative

Oversight of supply chains:

- Checked the supply chains of our top 20 suppliers (representing 84% of our supply chain in 2022) also paid a Living Wage
- Checked suppliers' supply chains were protected by effective discrimination and harassment policies in the appropriate legal jurisdictions of operation
- Multiple engagements with our asset managers' stewardship teams, to share our customers' views on voting around Living Wage pay gaps and other areas of importance

79. www.pensionbee.com/investor-relations/esg
80. The disclosure score is the number of questions to which the Company provided meaningful data, expressed as a percentage i.e. it is a measurement of the completeness of the response, not the quality of its answers or its workforce policies and practices.

Stakeholder Engagement | Government and Regulators

How we Engaged

Direct engagement:

- Engagement with Government Ministers, other government officials and regulators at meetings and events
- Regularly invited to join Government business roundtable events
- Direct correspondence with MPs, Government departments and policy makers on matters of crucial importance to our customers, with a focus on pension switching rights

Government and regulatory consultations:

- Regular contributor to Government consultations
- Regulatory matters were regularly considered by the Board

Public commentary:

- Frequent commentator on issues of national importance to our customers and all pension savers

Cross-industry working:

- Member of industry bodies for pensions and fintech

Interests and Concerns

The Financial Conduct Authority's new Consumer Duty, which seeks to set higher and clearer standards of consumer protection across financial services through:

- An overarching principle that requires firms to act to deliver good outcomes for retail customers
- Cross-cutting rules that firms: act in good faith, avoid foreseeable harm, enable and support customers to pursue their financial objectives
- Outcomes that relate to crucial elements of the firm-consumer relationship; consumers receive communications they can understand, products and services that meet their needs and offer fair value, and get the support they need, when they need it

The Minister for Pensions and the Department for Work and Pensions ('DWP') seeks to deliver a reliable, high-quality pensions system to improve retirement outcomes for all

DWP's delivery body, the Money and Pensions Service, offers impartial, free money and guidance, Stronger Nudge appointments and leads on the Pensions Dashboards workstream

Our Responses

Meetings and participation:

- Steering Group member of Government's Pensions Dashboard Programme
- Member of the Pension Scams Industry Forum
- Regular engagement with DWP on transfer delays, consumer detriment and pension switching guarantees
- Attended business roundtables at 10 Downing Street on UK technology ecosystem
- Multiple engagements with the FCA, including on topics of interest, such as transfers, transfer times, digitisation and general industry developments

Responding to consultations:

- Contributed to Government consultations regarding the development of regulation and policies which impact upon PensionBee, its customers and all pension savers

Speaking on policy issues:

- Regularly invited to comment on topics such as the gender pensions gap, charges, switching rights, transfer legislation, open pensions, lifetime allowance, responsible investing, investment pathways, voting rights, scams awareness, pensions policy, UK technology ecosystem and Listing Rules

Collaborative working:

- Member of the Association of British Insurers

Stakeholder Engagement | Our Planet

How we Engaged

Scope 1 and 2 emissions:

- Fully remote working offered to everyone at PensionBee to reduce travel
- Recycling or donating used IT equipment and office furniture
- Paperless pension provider
- Monitoring building energy usage

Scope 3 emissions:

- Offering a core range of ESG screened plans
- Working with managers to increase screening on all plans
- Listening to customer concerns on the environment
- Asserting customer views for voting on climate issues with money managers:

Partnerships:

- Founding pledge partner of the 'Make My Money Matter' campaign
- Support environmental campaigns and shareholder resolutions

Interests and Concerns

A safe, clean world to retire in:

- Fair access to the world's resources
- Tackling climate poverty to protect the most vulnerable societies
- Removing plastics from our ecosystem
- Halting deforestation

Investment offering:

- Pensions that build a safe, healthy planet for everyone
- A just and fair transition to a low carbon economy
- Greenwashing
- Minimising the environmental impact of the biggest corporate polluters

Stakeholder Engagement | Our Planet

Our Responses

Minimising our environmental impact:

- Completed Streamlined Energy and Carbon Reporting 2022[81]
- Completed Task Force for Climate-Related Financial Disclosures 2022[81]
- Published our Carbon Neutrality Statement under PAS2060[82]
- Committed to achieving net zero emissions by 2050[82]
- Office uses 100% renewable REGO sustainable green electricity
- Continued to be one of the UK's only paperless pension providers
- Cloud-hosted web services remove the need for servers
- Fully remote working offered to all employees to reduce travel
- Bicycle storage and showers available for those who wish to cycle to work
- Old IT equipment donated to our partner school
- Old office equipment recycled

81. See pages 82 to 91 of the Climate-related Disclosures section of the Strategic Report.
82. www.pensionbee.com/investor-relations/esg

ESG integration into the investment range:

- Announced the launch of the PensionBee Impact Plan
- Adoption of 50% carbon reduction by 2029 targets in our most popular plan, Tailored
- Secured voting rights for 86% of the asset base, to further support environmental shareholder resolutions[83]
- Completed SASB reporting 2022[82]
- Only work with asset managers who are members of the Net Zero Asset Managers Initiative

Strategic climate partnerships:

- Continued our campaign for industry to reduce widespread use of paper
- Selected as participant in the Mayor of London Business Climate Challenge Initiative 2022
- Active member of Better Bankside's Environment Working Group
- Signed the World Wide Fund for Nature letter asking the regulators to facilitate the alignment of the financial services sector with net zero

83. 86% of Assets under Administration as at 31 December 2022, across the Tailored, Tracker and 4Plus Plans.

Section 172 Statement

Section 172 of the Companies Act 2006 ('s172') requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard to matters including the items set out in the table that follows.

The Board seeks to understand and carefully consider our key stakeholders' interests, concerns and perspectives. The Board recognises that each decision will have a different impact and relevance to each stakeholder, so a sound understanding of their priorities is key. While the Board engages directly with some groups of stakeholders, engagement takes place at all levels of the Company, across the business.

Feedback from the engagement at Board level and across the business is reported back to the Board and the Board Committees to help inform decision-making. The Board exercises independent judgement when balancing any competing interests in order to determine what it considers to be the most likely outcome to promote the long-term sustainable success of the Company.

Further details and specific examples of how the Board and Company engage with our stakeholders, and their interests and needs, can be found above on pages 56 to 69 of this Stakeholders section.

Further details of how the Board operates, including certain of the matters it discussed during the year, having regard to its s172 duties, are contained on pages 108 to 114 of the Corporate Governance Statement within the Corporate Governance Report.

Section 172 Requirement	Further Information
The likely consequences of any decisions in the long term	About Us, pages 10-24 Our Strategy, pages 25-33 Our Business Model, pages 34-35 Our People, pages 36-45 Operating and Financial Review, pages 48-53 Measuring our Performance, pages 54-55 Stakeholders, pages 56-70 ESG Considerations, 71-81 Climate-related Disclosures, pages 82-91 Managing our Risks, pages 92-97
The interests of the Company's employees	About Us, pages 10-24 Our People, pages 36-45 Stakeholders, pages 56-70 ESG Considerations, 71-81
The need to foster the Company's business relationships with suppliers, customers and others	About Us, pages 10-24 Stakeholders, pages 56-70 ESG Considerations, pages 71-81
The impact of the Company's operations on the community and environment	About Us, pages 10-24 Our Strategy, pages 25-33 Stakeholders, pages 56-70 Climate-related Disclosures, pages 82-91 ESG Considerations, pages 71-81 Managing our Risks, pages 92-97
The desirability of the Company maintaining a reputation for high standards of business conduct	Managing our Risks, pages 92-97 Corporate Governance Statement, pages 108-114 Audit and Risk Committee Report, pages 121-127
The need to act fairly as between shareholders and the Company	Stakeholders, pages 56-70 ESG Considerations, pages 71-81 Corporate Governance Statement, pages 108-114

12 ESG Considerations

Introduction

PensionBee's mission is to make pensions simple, so that everyone can look forward to a happy retirement. We work to make this vision a reality for our customers, in the form of financial freedom, good health and social inclusion.

We believe that effectively managing our Environmental, Social, and Governance ('ESG') priorities will help preserve our resilience and drive long-term value for all our stakeholders. We pursue our ESG work transparently, disclosing our targets and relevant metrics, an approach which supports accountability and enables us to keep our stakeholders apprised of our progress.

In 2022 we conducted our first ESG materiality assessment ('ESG Materiality Assessment'), which provided us with deeper insights into the ESG themes of most importance to our stakeholders, helping us frame our approach to ESG and to prioritise our ESG work.

This year, we continued to be led by our customers' investment views, as we worked on the development of our PensionBee Impact Plan, ahead of its successful launch in early 2023. Customers told us they wanted to save for retirement whilst seeing their money have measurable real world impact, something not generally available to savers in the UK Defined Contribution pensions market. Our Impact Plan served as another example of PensionBee customer-driven innovation: elevating the ambition of all savers to build a pension pot for retirement while building a better world to retire into, helping to realise the PensionBee vision.

After many years of campaigning, we were also successful in securing 'Voting Choice' across 86% of the asset base.[84] This means that from the 2023 proxy voting season onwards, we will be able to vote in support of shareholder resolutions to help direct change in investee companies. We will, of course, be led by our customers on their voting choices, listening to their views through surveys and seeking to understand how they best want to drive change in the companies their pensions are invested in.

Finally, this year as part of our commitment to increasing our transparency across all the strands of ESG, we disclosed under the Task Force for Climate-related Financial Disclosures ('TCFD') for the first time, and continued to report under the Sustainability Accounting Standards Board ('SASB') framework, the Workforce Disclosure Initiative ('WDI') and the Streamlined Energy and Carbon Reporting ('SECR') frameworks. We will continue to disclose under additional frameworks as data becomes available and in response to future incoming regulation as it relates to climate-related disclosures.

84. 86% of Assets under Administration as at 31 December 2022, across the Tailored, Tracker and 4Plus Plans.

ESG Materiality Assessment

We were pleased to further our stakeholder engagement in 2022, with the introduction of our first ESG Materiality Assessment. The aim was to undertake a process designed to identify the most important or 'material' topics impacting us and our stakeholders. A topic is considered to be material to PensionBee if:

- It is of importance to our stakeholders, influencing their assessments and decisions related to PensionBee.
- It has an impact on our business model, Revenue and profitability and helps us achieve our mission and vision, to make pensions simple so everyone can look forward to a happy retirement.

We engaged with customers, employees, shareholders and community partners through surveys, interviews and our Board-led Town Hall, to gain insights to enable us to understand current and future opportunities for our business and to bring greater transparency to our ESG work, at the same time helping us to build stronger working relationships with all our stakeholders.

The outcome of this work (presented in the following 'Materiality Matrix') served to inform our sustainability and ESG roadmap for 2023 and beyond and helped us to reaffirm our business strategy and goals. Where we can successfully identify and prioritise the ESG issues most critical to our business, we can focus activity in the areas where we can, and should, have the most impact.

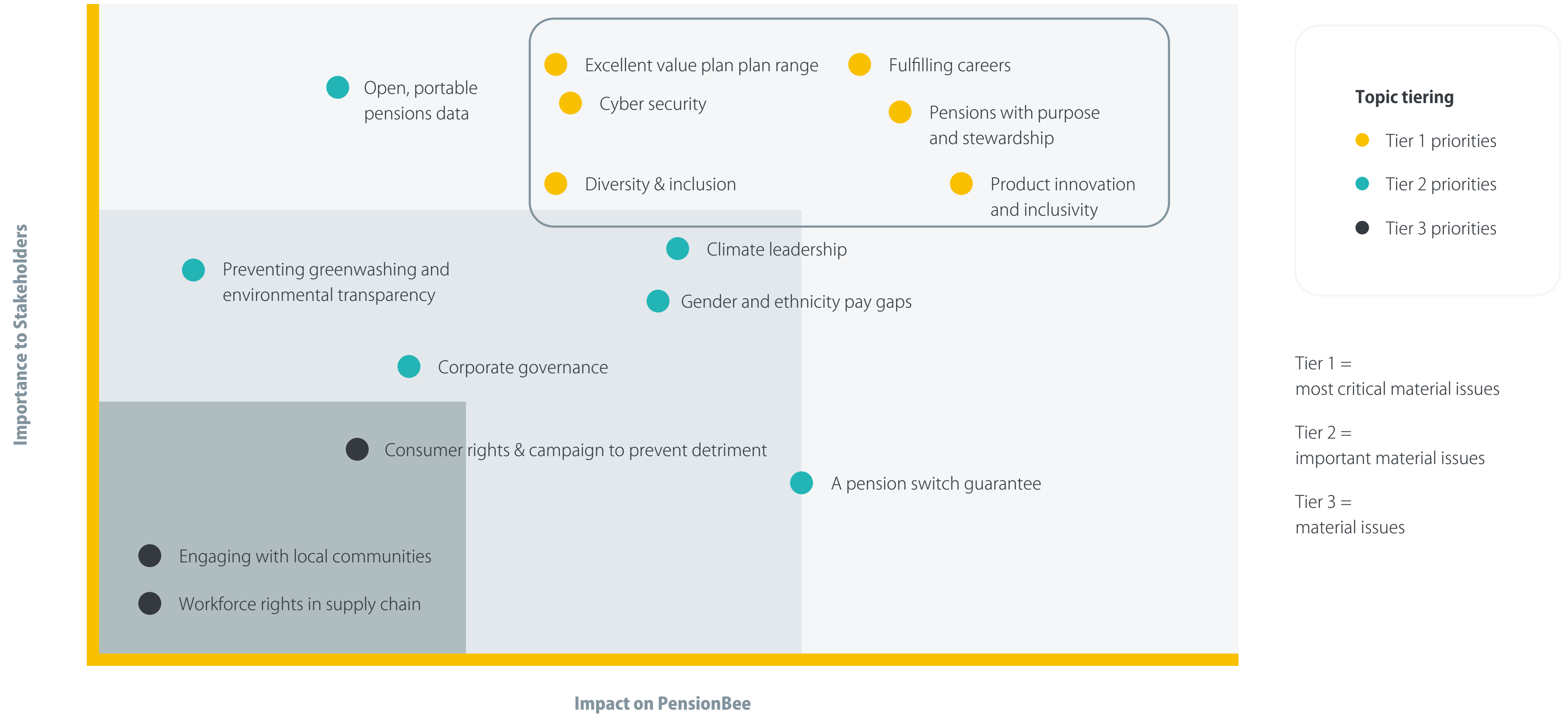
Work on our first ESG materiality assessment was supported by ESG data reporting specialists, Nossa Data. Our full ESG Materiality Assessment report can be found on the Company's website: www.pensionbee.com/investor-relations/esg

Materiality Matrix

We asked each of our stakeholder groups to rank 15 ESG topics in order of importance to them through a survey, following up with individual interviews and invitations to share follow-on feedback.

The resulting Materiality Matrix captures all the ESG topics and presents their relative importance to both internal and external stakeholders as well as the impact on PensionBee. Whilst we believe all the topics presented in our ESG Materiality Assessment below are important to our business, the Materiality Matrix uses prioritisation tiering, positioning topics of most relative importance and impact in the top right hand corner. Conversely, topics positioned in the bottom left hand corner are relatively less important to stakeholders and have relatively less impact on our business.

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.[85]

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.

85. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals ('SDGs'), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth - all while tackling climate change and working to preserve our oceans and forests. Source: sdgs.un.org/goals

Topic	Description	Alignment with PensionBee Strategy and Goals	Further Disclosure within Annual Report	Alignment with UN Sustainable Development Goals
Excellent value plan range	Continuing to offer market leading investment plans that generate returns for customers	Focus on investment solutions designed for customers	• Stakeholders (Customers) - pages 56-70 • Investment Committee Report - pages 119-120	1 No poverty; 8 Decent work and economic growth
Product innovation and inclusivity	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	• Stakeholders (Customers) - pages 56-70 • ESG Considerations (Customer Engagement with our Product) - pages 71-81	8 Decent work and economic growth
Pensions with purpose and stewardship	Developing a responsible plan range focused on creating a safer, fairer, kinder future whilst using voice and vote to drive positive change in investee companies	Focus on investment solutions designed for customers	• Stakeholders (Customers) - pages 56-70 • ESG Considerations (Understanding our Customers' Investment Views) - pages 71-81	3 Good health and well-being; 6 Clean water and sanitation; 7 Affordable and clean energy; 8 Decent work and economic growth; 10 Reduced inequalities; 13 Climate action
Cyber Security	Continuing to monitor PensionBee's cyber security practices to ensure enhanced protection	Investment in and Development of our Industry Leading Technology Platforms	• Managing our Risks - pages 92-97 • Audit and Risk Committee Report - pages 121-127	9 Industry, innovation and infrastructure
Diversity & Inclusion	Recruiting from all backgrounds with no prior experience or degree needed so that businesses reflect society at every level	Gender balance at all levels. Representation of all minority ethnicities to match the UK population across all levels of the business (as defined by the 2021 census)	• Our People - pages 36-45 • Stakeholders (Employees) - pages 56-70 • Directors' Remuneration Report - pages 128-146	4 Quality education; 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities
Fulfilling careers	Maintaining a culture in which people can find meaning in their work and build a happy and fulfilling career	Focus on excellent customer service Building and maintaining a culture that promotes employee, and in turn customer, happiness.	• Our People pages 36-45 • Stakeholders (Employees) - pages 56-70 • Directors' Remuneration Report pages 128-146	8 Decent work and economic growth

Environmental

As an online and paperless pension provider with a remote-first workforce of 208 employees,[86] a small office footprint and cloud-based web services, we have a relatively limited direct impact on the environment. However, with Assets under Administration of approximately £3.0bn at the end of 2022, we have the opportunity to have a greater influence and positive impact through the investment portfolios managed by our asset manager partners.

Understanding our Customers' Investment Views

In 2022, we conducted our third annual survey of customers in our Tailored Plan. We invited customers to share in-depth views on how and where they expected their money to be invested, to ensure that our default investment solution continues to meet their evolving needs and expectations. We ask the same set of opening questions each year, to measure changing attitudes over time, and also additionally measure different emerging annual trends we observe in society and popular culture.

This survey data informs our investment approach, but also enables us to meaningfully engage with the stewardship teams of our asset manager partners on the environmental and social issues of greatest importance to our customers.

We publicly support other institutional investors in shareholder-led resolutions where our customers have told us there is an issue of concern, such as fossil fuel financing.

We used survey data from customers in our Tailored Plan to engage on the theme of deforestation, and to communicate customer expectations to BlackRock, the plan's money manager.[87]

As a result of regular surveying, we have also been able to select a voting policy that best aligns with our customers' interests and expectations. From the 2023 proxy voting season onwards we will vote using the ISS Socially Responsible Investment (SRI) voting policy.

On the ESG theme of 'pensions with purpose', in 2022 we prepared for the launch of the PensionBee Impact Plan. The plan came about owing to insight uncovered from our 2021 Fossil Fuel Free Plan survey that a growing number of customers want a pension that directly plays a part in solving the world's biggest social and environmental challenges.[88] The development of this plan in 2022 involved a series of customer focus groups to better understand expectations. After finding no existing suitable mainstream options available in the market, we began working with our money manager, BlackRock, to create a new plan customised to PensionBee customer needs.

"

What I like about PensionBee is that you never sit still. You're always looking to develop yourselves from customer feedback.

- PensionBee customer

"

I just wanted to thank you for inviting me to participate in today's session regarding your work with the Impact Plan as a product for PensionBee customers. I quite enjoyed the discussion and also really appreciate that you're seeking the opinion of your customers when developing this.

- PensionBee customer

"

I support your ambition and hope it'll come to fruition shortly. I'd also be surprised if there isn't an appetite for this type of product too. For too long have customers been without proper options in the pension market.

- PensionBee customer

86. As of 31 December 2022. Total workforce of 208 includes 204 UK employees and 4 overseas contractors, but excludes the four Non-Executive Directors.
87. www.pensionbee.com/blog/2022/march/views-shape-future-of-tailored-plan
88. www.pensionbee.com/blog/2021/december/investing-for-positive-change

Integration of ESG into our Investment Plans

We believe that integrating material ESG factors into our customers' investments will benefit our customers, our society and our planet.

As a result of our general index-based investing approach, our customers have ownership in thousands of companies around the world. We believe in the 'engagement with consequences' approach, meaning that we want to work with all companies to help them become better corporate citizens and create an investment system that rewards positive impact on our society and our planet. Nevertheless, we recognise there will always be some companies that it is not possible to engage with as a result of their business activities and also that many of our customers wish to entirely exclude certain companies from their pensions.

We seek to apply baseline ESG exclusionary screens where both the asset class and the plan investment objectives allow. First, screens can be applied to equities and fixed income, but cannot yet as easily be applied to gilts, government bonds, cash or alternative investments such as commodities or REITs. Second, other objectives, such as 'values-based' or 'religion-based' investing, or a target return will take precedence over screening.

The equity and fixed income portions of our core plan range are fully screened for violators of the United Nations Global Compact and manufacturers of controversial weapons. Screened plans are: the Tailored Plan, Tracker Plan, Fossil Fuel Free Plan and Pre-Annuity Plan, which together represented 93% of our asset base.[89]

In addition to applying baseline screens, we have reduced our overall exposure to tobacco and thermal coal over time. Over 99% of the Tailored Plan, our largest plan by customers and assets, passes BlackRock baseline screens for tobacco, thermal coal, civilian firearms and nuclear weapons. Our asset managers used FTSE and MSCI definitions in applying their exclusions.

We continued to work with asset managers to further expand the scope of ESG integration into our plan range. In 2022, BlackRock announced it was adopting a formal ESG policy for their LifePath strategy, which the Tailored Plan is based on, and committed to achieving a 50% reduction in carbon emission intensity by 2029.

All of our asset managers, BlackRock, State Street and Legal & General Investment Management are aligned with the TCFD recommendations, and they are all members of the Net Zero Asset Managers Initiative. They regularly disclose their own net zero commitments and also support the companies in which they invest in developing credible transition plans of their own, including setting corporate emission reduction goals.

89. 93% of Assets under Administration, as at 31 December 2022.

Finally, in 2022 we were pleased to announce our latest sustainable investing option, in response to customer demand for a mainstream impact investing option. We worked extensively with BlackRock in 2022 to create the PensionBee Impact Plan. The plan exclusively invests in companies solving the world's greatest social and environmental challenges. It also has the most stringent exclusion criteria of all our PensionBee plans. The plan seeks to elevate the ambition of UK savers, that their pension can build a better world whilst they save for retirement. The plan will launch in early 2023 and represents the latest in a series of PensionBee customer-led innovations for the UK pensions market.

Carbon Neutral and Net Zero Commitments

In 2022, PensionBee announced that it had achieved carbon neutrality of Scope 1 and Scope 2 (market-based) emissions in accordance with PAS 2060.[90]

We have also committed to achieving net zero emissions across the entire business by 2050. This commitment is applicable to all direct (Scope 1) and indirect (Scope 2) operational emissions, as well as emissions from our wider value chain (Scope 3). Further details of our emissions reporting are set out on pages 82 to 91 of the Climate-related Disclosures section of the Strategic Report.

Minimising our Impact on the Environment

In order to minimise our environmental impact, we only use cloud-hosted web services which remove the need for servers. Our website is powered by 100% renewable energy with Cloudflare Pages, now in partnership with The Green Web Foundation, for which we have received a green certification.

Companies that commit to powering their operations with 100% renewable energy with Cloudflare are required to match their total energy usage with electricity produced from renewable sources. Our office premises on Blackfriars Road used 100% renewable REGO sustainable green electricity and we are committed to reducing carbon emissions each year. The office is centrally located next to Southwark and Waterloo stations and is easily accessible by public transport. We also offer bike storage and showers for those who wish to run, walk or cycle.

We continued to offer fully remote working to all employees, which greatly reduced commuting emissions for those who wished to work permanently from home, as well as allowing us to recruit from further afield, in a more inclusive way. We also had low business travel emissions as most of our meetings were held virtually or in central London, where we are based.

PensionBee is a paperless pension provider. Our communications are digital, with annual statements available to download in the BeeHive. We estimate the pensions industry still sends out approximately 40m paper packs each year by post and we have long campaigned for other providers to reduce their use of paper.

90. https://www.pensionbee.com/investor-relations/esg

We donated old working laptops to our partner school, which were used by their careers service to increase employability prospects through online training and skills development. Other unneeded office equipment was recycled or given away to employees.

The Mayor's Business Climate Challenge

In 2022, PensionBee won a place on the Mayor's Business Climate Challenge ('BCC'), an ambitious energy efficiency programme which supports businesses to reduce their energy consumption, to accelerate building-decarbonisation efforts and contribute to London's target of becoming a net zero city by 2030.[91]

Emissions from heating and powering London's commercial and industrial buildings currently make up approximately 36%[91] of the capital's carbon footprint. The BCC has been developed to help participating businesses to make buildings more energy efficient, reduce energy costs and ultimately cut carbon emissions, supporting businesses on their pathway to achieving net zero.

In 2022, PensionBee applied to participate in the Challenge through Better Bankside[92], our Business Improvement District, a business led-partnership in our local area of Southwark and Bankside, and we pledged to reduce our energy consumption by 10% in the participating year. We will receive technical advice from specialised energy consultants to help make our workplace more energy efficient.

Environmental and Sustainability Disclosures

In 2022, we continued disclosing under the Streamlined Energy & Carbon Reporting ('SECR') framework. We have reported on all of the emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

We expanded our disclosure under the Sustainability Accounting Standards Board to include a secondary industry (Technology & Communications - Software & IT Services). In 2021, we disclosed under our primary SICS industry (Financials - Asset Management & Custody Activities).

We also began disclosing under the recommendations of the Taskforce for Climate-related Financial Disclosures ('TCFD').

As part of our commitment to increasing our transparency in all the strands of ESG, we will disclose under additional frameworks as data becomes available and in response to future incoming regulation as it relates to climate-related disclosures.

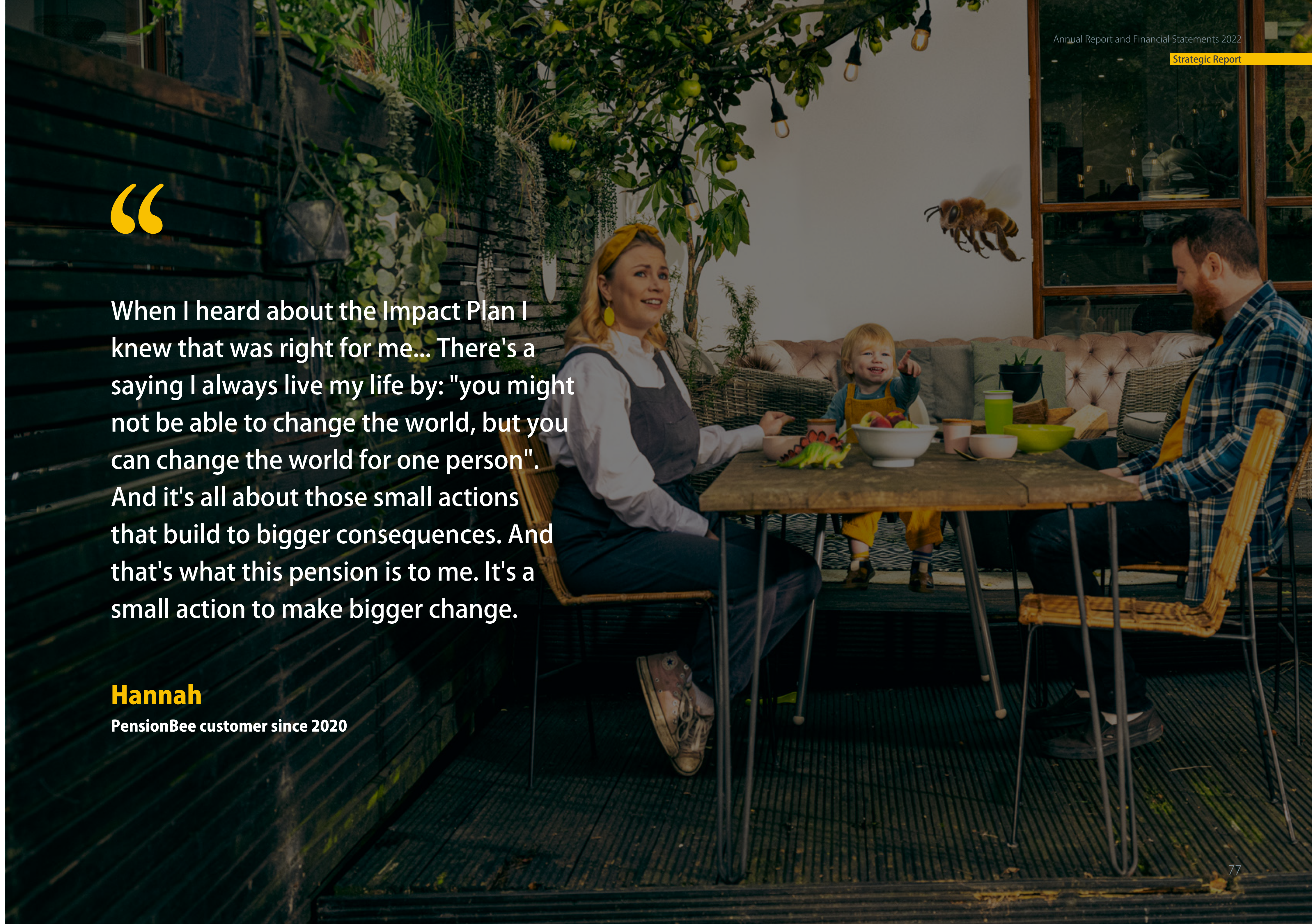
The TCFD and SECR are set out on pages 82 to 91 of the Climate-related Disclosures section of the Strategic Report.

91. www.london.gov.uk/programmes-strategies/environment-and-climate-change/climate-change/zero-carbon-london/mayors-business-climate-challenge
92. betterbankside.co.uk

Environmental Awards

During 2022, we were proud to have achieved recognition for our focus on and achievements relating to our environmental impact, including:

- Winner of 'ESG Company of the Year' in the Investors Chronicle Celebration of Investment Awards 2022.
- Winner of the 'Good Egg Accreditation' from Good With Money.
- Highly Commended for 'Marketing/Advertising Campaign of the Year' for our Fossil Fuel Free Plan in the BusinessGreen Leaders Awards.



"

When I heard about the Impact Plan I knew that was right for me... There's a saying I always live my life by: "you might not be able to change the world, but you can change the world for one person". And it's all about those small actions that build to bigger consequences. And that's what this pension is to me. It's a small action to make bigger change.

Hannah

PensionBee customer since 2020

Social

Our published Diversity, Inclusion and Equality Policy sets out our broad goals for 2022, which included gender balance and representation at all levels and representation of Asian/Black/Mixed/Multiple/Other ethnic backgrounds to match the UK population across all levels.

For 2022, we were proud to have achieved 52% female and minority gender representation across our entire employee base, 50% at Executive Management level and 57% at Board level.[93] We also achieved 40% Asian/Black/Mixed/Multiple/Other ethnic representation across our entire employee base, 20% at Executive Management level and 14% at Board level.[93]

Further detail is set out on pages 36 to 45 of the Our People section of the Strategic Report.

We seek to maintain a socially inclusive workplace that not only reflects the rich diversity of the UK population but is also a welcoming place for historically under-represented groups in the pensions and financial services sector. In this regard, we were proud to expand our work experience programme in 2022, inviting groups of students from different schools to spend time in the PensionBee office. We also continued our work in the local community and campaigned on workforce transparency and fair wages for all.

Workforce Disclosure Initiative

PensionBee is an investor signatory of the Workforce Disclosure Initiative ('WDI'), part of an investor coalition of 63 institutions, with approximately $10tr in assets under management, that comes together to set the global standard for workforce disclosures and to campaign for the improvement of conditions of workers around the world. The WDI aims to improve corporate transparency and accountability on workforce issues, provide companies and investors with comprehensive and comparable data and help increase the provision of good jobs worldwide.

From 2021 onwards, we became a disclosing participant under the WDI and were short-listed for an award in the 'Best First Time Responder' category. We received a special mention in the 'Workforce Action' category, at the Workforce Transparency Awards, attended by both WDI respondents and supporters. In 2022, our WDI disclosure score was 89%, as compared to a financial sector average of 67% and an average all company disclosure score of 68%.[94] From 2022, we also began to ask the companies in our supply chain to disclose under the WDI.

93. Supported by analysis from PensionBee's HR information system, November 2022.
94. This score represents the number of questions to which the Company provided meaningful data, expressed as a percentage i.e. it is a measurement of the completeness of the response, not the quality of its answers or its workforce policies and practices.

Good Work Coalition

Since 2020, we have been an active member of ShareAction's Good Work Coalition, where we join other investors to collectively engage companies on good work standards, such as paying the Living Wage, providing secure work, and taking action on diversity and inclusion. We have been an accredited Living Wage Employer since 2020, and we pay all our employees at least a London Living Wage, regardless of where they live in the country.

In 2022, we signed open letters, publicly calling for all FTSE100 companies to pay all their workers a Living Wage, our third year of supporting this campaign. We attended Good Work investor workshops and roundtables on the topics of insecure work and diversity and inclusion.

We supported the Good Work Coalition's 2022 campaign on 'Engaging the Supermarket Sector on the Living Wage', attending investor engagement workshops with representatives from the supermarkets, adding our public support and calling upon our asset managers to support the Living Wage shareholder resolution at Sainsbury's AGM in June 2022.[95]

Customer Engagement with our Product

Our mission is to make pensions simple so that everyone can look forward to a happy retirement. We work to make this vision a reality for our customers by offering an excellent value plan range, pensions with purpose, product innovation and inclusivity and the highest standards in cyber security.

During the course of 2022, our customers shared valuable feedback with us through a variety of channels, such as TrustPilot, Retently, and email. Feedback was tagged and recorded, helping to drive our product roadmap, and helping us to ensure that we prioritised features that resonated with our customers' needs.

Customer interviews formed another crucial element of our engagement work. We conducted 70 case study interviews during 2022, led by our Engagement, Product and Design Teams. Our customers' comments and stories were regularly featured across national media, amplifying their voices to help change perceptions of pensions and highlight the experiences of ordinary savers. We facilitate this in order to improve the pensions system for all savers across the UK.

The Engagement Team launched a PensionBee Customer Voices Report in 2022, to highlight evolving customer needs and preferences to our colleagues in the context of the continuously changing consumer and policy landscape. Regular insights were also shared internally during our Company-wide Show N Tell sessions, where we shared interviews or sometimes invited customers to directly share their feedback live. This helped us foster a stronger sense of connection between customers, our customer-facing and non-customer-facing colleagues, and to link more closely the work we do at PensionBee, to real human lives. The Product and Design teams also published a metrics-focused weekly Temperature Check Report and a monthly Hive Mind Report to highlight current and emerging trends in satisfaction levels and direct action where it is needed.

95. www.pensionbee.com/press/living-wage-resolution-june-2022

> "I'm always included by PensionBee. I'm sent stuff. I don't necessarily have to be involved, but you're inviting me to surveys or sending me information all the time. That allows me to have my say if I want to have my say, which is great. A lot of companies set things up and then forget the customers. And I think you've got the balance quite right."

- PensionBee customer

Working with Local Schools

Our school partnerships support our aim to promote a financial services sector where anyone can build a fulfilling career, regardless of their background or personal characteristics, and a world where everyone can understand their finances.

Through engagement with charters and national campaigns focused on social inclusion, we have learned of the importance of exposure to employers and professionals for school students. This is true, particularly in schools with large numbers of pupils with characteristics that are not currently well represented in the financial services and technology industries, such as children on free school meals who are from socio-economically disadvantaged backgrounds, pupils from minority ethnic backgrounds, and students who are less-abled.

In 2022, we deepened our work with local state schools by creating tailored work experience placements for students from different state schools and launched a disability inclusion-focused partnership with Woodside High School. We also extended our engagement activities to students at Birkbeck University, via the Diversity Project, as well as through the Careers & Enterprise Company.

Students from four UK state secondary schools came to our London office for tailored work experience placements, based on their interests and the school's insights about their needs. Students had the opportunity to interact with a variety of employees at PensionBee, including members of our Executive Management Team, who participated in Q&A sessions and on the feedback panel for student 'pitch' presentations.

Our partnership with Woodside High School, where 29% of the students are eligible for free school meals and 90% are from a minority ethnic background, focuses on creating a sense of inclusion amongst students with learning difficulties and mental health challenges, via face-to-face interaction with a range of PensionBee employees. We also donated laptops to the school's department for inclusion. These activities were linked to the outreach commitments we made as part of our Disability Confident membership and as signatories of the Social Mobility Pledge.[96]

> "PensionBee has been really generous this year. The company has supported our students by donating laptops, leading an inclusion-focused workshop, and working with us to develop targeted work experience opportunities. The company is showing our students that they are welcome in the world of business and finance, and the sector offers opportunities for them to build fulfilling careers. This is especially appreciated right now. Due to the cost of living crisis and fuel bills, our schools need all the help they can get."

- Ada Gokay, Assistant Head of Inclusion & Special Educational Needs Co-ordinator, Woodside High School in London

96. www.socialmobilitypledge.org

Working with Charities

In 2022, we collaborated with multiple charities in various ways, including a digital insight exchange with Independent Age, a team-building volunteering event with RSPB Wildlife Charity, and a charity bike ride from London to Brighton to fundraise for Great Ormond Street Hospital. We also donated laptops to Mer-IT, a community interest company that recycles old devices for training use in vocational community repair workshops, to promote IT recycling as well as social inclusion.

Additionally, we launched our Community Involvement Policy[97], allocating all of our employees a full day's allowance of volunteering leave.

Engaging with charities helps increase career fulfilment for our employees, many of whom have shared that they value meaningful opportunities to participate in activities with colleagues from across the business, in ways that are different from their day-to-day workplace interactions.

Working with Local Communities

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. Some topics covered have included a talk on the lived-experiences of traveller communities in the UK, a workshop on inclusive communications led by More Diverse Voices, a talk on racism and radical histories in Britain's South Asian communities, a talk by a Guardian journalist who shared their experiences reporting on race, a presentation from a start-up CTO about being Black in Tech, and a talk from the the founder of the Institute of Neurodiversity raising awareness about the work of the organisation and her own career experiences.

Since our office moved back to the London Bankside area in early 2022, we have also rejoined as a community member of Better Bankside[98]. In 2022, we participated in a wide range of community initiatives such as the 'Brighten Up Bankside' local sunflower planting challenge, the Business Climate Challenge, joined Better Bankside's Environment Working Group and our employees participated in their local history and culture walks programme.

97. www.pensionbee.com/community-involvement-policy
98. betterbankside.co.uk

Governance

Corporate Governance

Further details on the Company's approach to governance can be found on pages 108 to 114 of the Corporate Governance Statement within the Corporate Governance Report.

Data Security and Privacy Controls

Further detail is set out on pages 92 to 97 of the Managing our Risks section of the Strategic Report.

Transfers Out / Scams

We continued to be an active member of the Pension Scams Industry Forum in 2022, attending monthly meetings with representatives from across the anti-scams community. We followed the principles of the PSIF Code of Good Practice for suspicious transfer out requests, and also shared scams intelligence with other members of the community.

PensionBee continued to be a member and signatory of The Pensions Regulator's Pledge to Combat Pension Scams. We worked collaboratively with the rest of the industry to warn members about the risks of scams and campaign for additional protections for savers.

Whilst we welcomed the 2021 transfer regulations to prevent pensions scams, we spent much of 2022 highlighting consumer detriment caused by a small group of providers using them to block legitimate transfers.

We wrote numerous public letters to the Government urging the Department of Work and Pensions to clarify ambiguous rules being used to obstruct normal transfer activity. Whilst the Government did subsequently add further guidance as to the intent of its regulations, it was ignored by some pension scheme trustees and thousands of savers continued to be prevented or delayed from moving their pensions to PensionBee in accordance with their wishes. While the specific matter was subsequently broadly resolved, we continue to campaign for a Pension Switch Guarantee to bring predictability and efficiency to savers' pension switching rights.

Supply Chain Mapping

We acted ethically in our business dealings and expected our suppliers to uphold ethical principles too, urging them to adopt appropriate policies within their own businesses. As a disclosing participant and investor signatory of the WDI, we committed to carrying out an assessment (part of our human rights due diligence) to map our supply chain.

As a financial technology company, PensionBee's supply chain was mainly composed of technology suppliers, asset managers and advertising suppliers for acquisition purposes (TV, radio, out of home, online). We also had professional services providers for services such as audit, legal, compliance, public relations and pension transfers.

Our biggest suppliers were large companies based in either the UK or Ireland, subject to Modern Slavery Legislation, Gender Pay Gap Information legislation, and other comparable EU legislation (in Ireland). As the bulk of our suppliers provided technology or online advertising services and were based in low-risk countries, we assessed the threat of human rights issues in their businesses to be low risk. None of our suppliers were located or had direct operations in high-risk countries[99].

In 2022 we published our first Supply Chain Mapping Report where we describe our engagement with our suppliers, our learnings and how we plan to improve.[100] We want all companies to become better corporate citizens and help build a business ecosystem that rewards positive impact on society and on the planet. We do not expect every company in our supply chain to be perfect, but we do value their willingness to cooperate with us on these issues and to improve their business practices.

99. We define high-risk countries those associated with poor human rights practices, including poor workplace conditions issues, discrimination, child labour, forced or compulsory labour, lack of freedom of association and collective bargaining - further details of the definition: www.unepfi.org/humanrightstoolkit/geographic.php, www.unepfi.org/humanrightstoolkit/supplychain.php
100. www.pensionbee.com/investor-relations/esg

13 Climate-related Disclosures

Streamlined Energy & Carbon Reporting

The section below includes our second year of reporting under the Streamlined Energy & Carbon Reporting ('SECR') requirements. The reporting period is the same as the Company's financial year, from 1 January 2022 to 31 December 2022.

Organisation Boundary and Scope of Emissions

We have reported on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2018. These sources fall within the Company's consolidated financial statements.

An operational control approach has been used to define our organisational boundary. This is the basis for determining the Scope 1, 2 and 3 emissions for which the Company is responsible.

All carbon dioxide emissions and energy consumption figures relate to emissions in the United Kingdom. The Company does not have any operations in offshore areas.

Methodology

For the Company's reporting, the Company has employed the services of a specialist advisor, Verco, to quantify and calculate the Greenhouse Gas ('GHG') emissions associated with the Company's operations.

The following methodology was applied by Verco in the preparation and presentation of this data:

- The calculation of the energy consumed for the following categories:
  - Combustion of fuel (not applicable to the Company).
  - Operation of its facilities.
  - Purchase of electricity, heat, steam or cooling by the Company for its own use.
- Selection and application of appropriate emission factors ('DEFRA') to the Company's activities to calculate GHG emissions in line with the Greenhouse Gas Protocol, published by the World Business Council for Sustainable Development and the World Resources Institute ('WBCSD/WRI GHG Protocol').
- Scope 2 emissions reporting methods – application of location-based and market-based emission factors to the electricity supplies.
- Inclusion of all the applicable Kyoto gases, expressed in carbon dioxide equivalents, or CO_2e.
- Presentation of gross emissions, as the Company does not purchase carbon credits (or equivalents).
- Verco was not retained to do any verification of the consumption data that was submitted by PensionBee. Verco undertakes quality assurance of all works throughout the SECR process.

Absolute Emissions

The total Scope 2 GHG emissions from the Company's operations in the year ending 31 December 2022 were as follows:

- 12.1 tonnes of CO_2 equivalent (tCO_2e) when using a 'location-based' emission factor methodology for Scope 2 emissions.
- 0.00 tonnes of CO_2 equivalent (tCO_2e) when using a 'market-based' emission factor methodology for Scope 2 emissions.

The Scope 2 emissions reported above include purchased electricity, which covers the energy used for heating its facilities.

Note that no Scope 1 emissions are generated by PensionBee, so these are not included in this report. Scope 3 emissions are also not included because quoted companies are not required to report on any Scope 3 categories.

Intensity Ratio

As well as reporting the absolute emissions, the Company's GHG emissions are reported below using the metric of tonnes of CO_2 equivalent per million pounds of Revenue. This was selected as the most appropriate metric due to its relevance and importance to the Company's investors.

The intensity metric is as follows:

- 0.67 CO_2e per million pounds revenue using the location-based method.
- 0.00 CO_2e per million pounds revenue using the market-based method.

Target and Baselines

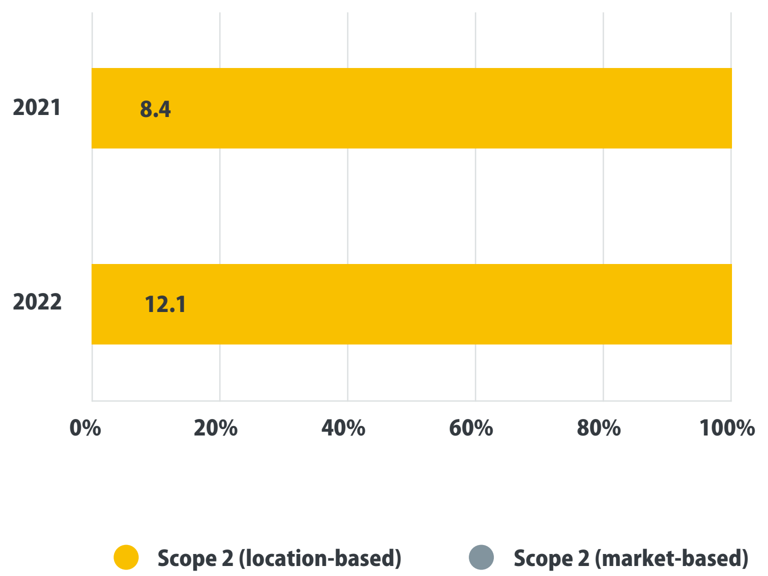
Our objective is to maintain or reduce our GHG emissions per £m Revenue each year and will report each year whether it has been successful in this regard.

Our absolute emissions have seen an increase of 43.7% using the location-based method for Scope 2 emissions. Absolute emissions using the market-based method have remained consistent.

In February 2022, the Company moved office locations. However, the increase in electricity consumption can be attributed to a higher number of employees returning to work in the office space and working trends returning to normality in the post Covid climate. In respect of this move and the increase in employees returning to the office environment, the Company's intensity ratio metric has remained relatively similar across 2021 and 2022. Our GHG emissions per £m Revenue increased nominally to 0.67 tCO_2e, up 0.03 tCO_2e from 0.64 tCO_2e in 2021.

Key Figures

PensionBee Group plc - Breakdown of Emissions by Scope (tCO_2e)



GHG Emissions	2022 Tonnes CO_2e	2022 tCO_2e / £m Revenue[101]	2021 Tonnes CO_2e	2021 tCO_2e / £m Revenue101
Scope 1[102]	-	-	-	-
Scope 2[103]	12.07	0.67	8.36	0.64
Scope 2[104]	-	-	-	-
Total GHG emissions (location-based)	12.07	0.67	8.36	0.64
Total GHG emissions (marked-based)	-	-	-	-

Total Energy Use

Our Company's total energy use for FY2022 was 62,407 kWh.

	Electricity (kWh)	Total Energy Use (kWh)
2022	62,407	62,407
2021	39,361	39,361
Total	101,768	101,768

Energy Efficiency Actions

We have undertaken several measures to reduce our Scope 2 and 3 emissions, including:

- Offering fully remote working to all employees, which has greatly reduced emissions related to commuting.
- Maintaining low business travel emissions, by encouraging meetings to be held virtually or in central London, where the Company is located, consequently, reducing the commuting distance for employees.
- The wider building the Company's office is situated in uses a Renewable Energy Guarantees of Origin ('REGO') backed electricity supply to provide sustainable green electricity throughout.
- Continuing to be a paperless pension provider, with all communications remaining digital.
- Participating in the Business Climate Challenge, which is an energy efficiency programme led and promoted by the Mayor of London.

101. Revenue: £18m (2022); £13m (2021).
102. Scope 1 being emissions from the Company's combustion of fuel and operation of facilities.
103. Scope 2 being electricity (from location-based calculations), heat, steam and cooling purchased for the Company's own use.
104. Scope 2 being electricity (from market-based calculations), heat, steam and cooling purchased for the Company's own use.

Task Force on Climate-Related Financial Disclosures

PensionBee is pleased to present our first year of Task Force on Climate-Related Financial Disclosures ('TCFD'). We have applied a proportionate and appropriate approach to TCFD, assessing the reasonableness of the TCFD Implementation Guidance (2021) with respect to the Company's size, business model and constrained data availability, particularly for Scope 3 emissions. Given its online business model and limited direct carbon footprint, PensionBee is an emission-light company with respect to Scope 1 and Scope 2 emissions. Owing to the underlying assets under administration of the PensionBee Personal Pension, which are managed by third party money managers, PensionBee is reliant on forthcoming data from its money managers in order to consistently implement and disclose under the the TCFD Implementation Guidance (2021).

In accordance with Paragraph 8(a) of Listing Rule 9.8.6R, the disclosures presented here are consistent with the TCFD Implementation Guidance (2021) to the extent described in the table below:

Full: ● Partial: ◐ None: ○

In each instance of partial disclosure consistency, an explanation is provided to assist in understanding the constraints, particularly of data availability, and our short and long term objectives.

With respect to our long-term ambitions, PensionBee is committed to achieving net zero emissions across the entire business by 2050. This commitment is applicable to all direct (Scope 1) and indirect (Scope 2) operational emissions, as well as emissions from our wider value chain (Scope 3).

To achieve this, in the coming year we will calculate our base year emissions, including from the challenging area of financed emissions from our investment portfolio. We are reliant on third party disclosures and are therefore committed to improving the accuracy of these calculations over time.

Provided we are able to obtain sound third-party data regarding our Scope 3 emissions from our money managers, these base year emissions will serve as a benchmark to measure our progress against. To do this, we will set interim targets in addition to a long-term target to reach net zero by 2050.

We are committed to achieving full consistency with the TCFD recommended disclosures in the near future, subject to data availability from third parties, and intend to fully integrate our target progress monitoring and reporting into these disclosures, including our plans to support the transition to a net zero economy. We expect that emissions will be independently verified, where appropriate, including our base year emissions.

Governance	Reference	Consistency
Describe the Board's oversight of climate-related risks and opportunities: • We are in partial compliance with this recommended disclosure and plan to increase our inclusion of climate-related issues in key decision-making activities from next year, as reliable Scope 3 data from our wider value chain becomes available from our money managers. • The Board will monitor progress against climate targets once these have been formally set.	Page 86 Section 1.1	◐
Describe management's role in assessing and managing climate-related risks and opportunities: • Management's role in assessing and managing climate-related issues has been described below.	Page 86 Section 1.2	●

Risk Management	Reference	Consistency
Describe the organisation's processes for identifying and assessing climate-related risks: • We have described our processes for identifying and assessing climate-related risk.	Page 90 Section 3.1	●
Describe the organisation's processes for managing climate-related risks: • We have described our processes for managing climate-related risk.	Page 90 Section 3.2	●
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management: • We have described how our processes for identifying, assessing, and managing climate-related risks are integrated into our overall risk management.	Page 90 Section 3.2	●

Strategy	Reference	Consistency
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term: • Climate-related risks and opportunities identified over the short, medium, and long-term have been described.	Page 87 Section 2.1	●
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning: • We are in partial compliance with this recommended disclosure and plan to improve our description of climate-related impacts on both our supply chain and value chain in the near future, as data from third parties becomes more readily available. • We will also outline our plans to support the transition to a low carbon economy in our FY23 reporting.	Page 89 Sections 2.2/2.3	◐
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°c or lower scenario: • We plan to describe how resilient our strategies are to climate-related risk and opportunities under different climate-related scenarios in the near future, when data availability allows us to incorporate Scope 3 emissions to conduct meaningful and relevant scenario analysis.	Page 89 Section 2.3	◐

Metrics & Targets	Reference	Consistency
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process: • We have disclosed the metrics currently used by PensionBee to assess climate-related risk and opportunity.	Page 91 Section 4.1	●
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks: • We have disclosed Scope 1 and Scope 2 GHG emissions as per our Streamlined Energy and Carbon Reporting ('SECR') obligations. These can be found earlier within this section. • We plan to disclose Scope 3 emissions in our FY23 reporting, subject to forthcoming and reliable data from our money managers.	Page 91 Section 4.1	◐
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets: • We have committed to long-term climate action. Our plans are to set, and report progress against targets for the management of climate-related risks and opportunities from our FY23 reporting, subject to forthcoming and reliable data from our money managers.	Page 91 Section 4.2	◐

1 Governance

1.1 Our Board

The Board has the ultimate responsibility for the risk management framework and system of internal controls, which is appropriate for the Company's business and the climate-related risks to which it is exposed. To assist the Board in its oversight of the business risk profile, the Audit and Risk Committee has been established as a key sub-committee. The Company's climate policies and strategies are covered by the same governance and risk management processes as the remainder of the business.

All Board members are invited to the Audit and Risk Committee, however, the Chair may also request a private meeting with the second line of defence (the Risk Management Team) or external assurance providers (independent third parties). For more information on our lines of defence, refer to Section 1.2 below.

The Risk Management Team produces a Monthly Risk Review report. This report is presented to the Risk Stakeholder Group ('RSG') and is then notified to the Board members. The Executive Management Team also produces a high-level risk report which is presented at each Audit and Risk Committee meeting. The Board therefore receives monthly updates including reports on any risk areas where further controls or additional measures are needed to mitigate any new or changing climate risks that have been identified.

The Risk Management Team ensures that regular management information is available for reporting on the current status of climate risks. The reporting is supported by the information maintained in the risk register. Climate-related regulatory reporting is consolidated by the ESG Manager, who sits within the Engagement Team with oversight from the Chief Engagement Officer.

The Risk Stakeholder Group meets monthly and includes our Executive Directors, the rest of the Executive Management Team and senior leaders from different departments across the Company. This group reviews current top risks, any emerging risks, policy and regulatory compliance, incident reports, second line deep dive reports, and progress with risk mitigation open actions.

The Risk Stakeholder Group:

- Reviews the risk assessments and provides their challenge, if any.
- Discusses progress with risk-relevant open actions and provides clarifications as needed.
- Monitors change management around new releases.
- Discusses findings of second line checks for key processes.
- Reviews incidents and discusses lessons learned, suggesting the implementation of any required new controls.
- Receives prompts on upcoming or past-due annual policy reviews.
- Receives information about Information Security developments and discusses them as needed.
- Suggests agenda items for future RSG meetings.

The Board retains oversight of climate-related issues facing the business. The Board has received climate-related training from sustainability reporting experts, Verco, on the topics of TCFD and net zero. When planning for 2024, climate-related issues will, for the first time, be fully integrated into the Executive Management Team's preparation of strategy, major plans of action, budgets, and the business plan. This will be presented to the Board for approval.

PensionBee has made a commitment to achieve net zero emissions across the entire business by 2050, and progress towards this commitment will be closely monitored by the Board.

While we have not yet set interim targets owing to a lack of data availability for Scope 3 emissions, this is a priority area for the business in 2023, following the calculation of our Scope 3 value chain emissions. The Board has direct oversight of all climate-related target-setting decisions and is kept regularly informed of developments in this area. Refer to section 4.3. below for more information on how we intend to change this in 2023, subject to forthcoming and reliable data from our money managers.

1.2 Our Management

PensionBee's culture is one of our most fundamental tools for effective risk management. Our management promotes risk awareness, transparency and accountability, and a strong emphasis is placed on the timely identification, escalation and reporting of risks.

All departments in the Company are considered to be the first line of defence and are responsible for ensuring adherence to all aspects of internal policies. They are accountable for identifying, assessing, monitoring and managing risk, including climate-related risks. This includes responsibility for day-to-day management of risk by designing, operating and maintaining an effective system of internal controls. The first line of defence is directly embedded in the Company's business activities and is managed by department heads and senior management. There are no formal reporting lines between the first and second lines of defence, but they engage via ongoing collaboration.

The Risk Management Team is considered to be the second line of defence and is responsible for managing the Company's risk framework, including maintaining fit-for-purpose risk management policies and procedures. Their responsibilities include:

- Overseeing the implementation of the risk management framework and related processes.
- Ensuring the policies are regularly reviewed and adhered to.
- Performing independent checks on the first line risk-related activities and risk-mitigating controls.
- Reporting to the senior management, Audit and Risk Committee and the Board on risk exposures.
- Reviewing, monitoring and reporting the incidents and near misses including performing trend and lessons learned analysis.
- Providing ongoing support, oversight and challenges to the first line on risk-related matters.
- Promoting the development of strong risk culture and knowledge within the Company.

Chosen third party providers are responsible for independent assurance. They validate whether the control environment is operating in alignment with the Board's risk appetite. As a result, the Board receives additional assurance over the effectiveness of the risk framework and the system of internal controls.

The Chief Engagement Officer is the Risk Owner for Climate Risk, owns our ESG policy, and oversees all climate-related reporting and initiatives. The ESG Manager, who sits within the Engagement function, is a dedicated ESG-focused team member with oversight of the reporting process. The Chief Risk Officer has extensive risk management experience across all risks, including Climate Risk, and is responsible for risk oversight. Climate-reporting and TCFD training has taken place with both expert advisors and asset managers related to the investment portfolio. The team has also attended TCFD training workshops delivered by the London Stock Exchange related to the requirements.

2 Strategy

2.1 Climate-related Risk and Opportunity

Climate Risk is included in the internal Company risk register as a Principal (or Level 1) Risk, and climate-related sub-risks (Business Continuity, Compliance, Liability and Third Party Supplier risks) are included as Level 2 risks. These risks are evaluated as a part of our periodic risk and control assessment process, as well as following any climate-related risk events.

In aggregate, Climate risk has been rated as Low based on our assessments of Level 2 risks. Physical risk poses a relatively minor risk to the business, given its small physical footprint and cloud-based operations, and it is classified under the Level 2 category Business Continuity Risk (and to a lesser extent Third Party Supplier Risk). Transition risks are more pertinent for the business and are broadly grouped under both Compliance and Liability Risks.

Climate Risks (Physical and Transition)

Risk (Level 1)	Risk (Level 2)	Description	Response	Residual Risk Quantification	Risk Rating
Climate Change (Physical)	Business Continuity Risk	Climate-related physical damage to facilities/equipment or impact on staff materially affecting the ability to conduct critical business activities	Low exposure given small physical footprint and a resilient operation (cloud-based operation, flexible/remote working) Risk transfer policies in place including the Engineering Policy covering physical risks	Likelihood/Impact: Unlikely/Moderate Loss Estimate: £15k	Low
Climate Change (Transition)	Compliance Risk	Failure to adapt to the changing regulation and disclosure requirements associated with climate change	Compliance with regulatory (e.g. TCFD, SECR) requirements Ongoing regulatory compliance is monitored by the second line risk function	Likelihood/Impact: Unlikely/Moderate Loss Estimate: £15k	Low
Climate Change (Transition)	Liability Risk	Liability resulting from changes in climate-sensitive investment exposures	Screenings are applied in our funds to reduce harmful exposures (Tailored Plan, Fossil Fuel Free Plan) Launch of Impact Plan in January 2023 to diversify further by introducing a more varied set of underlying holdings FinTech Insurance Policy in place covering detrimental changes in our PnL	Likelihood/Impact: Possible/Moderate Loss Estimate: £30k	Low
Climate Change (Physical)	Third Party Supplier Risk	Disruption of business activities due to critical third-party service providers being impacted by climate-related events	Resilient, cloud-based operation Asset managers, banking and cloud providers are all investment grade financial institutions with established business continuity plans	Likelihood/Impact: Rare/Major Loss Estimate: £20k	Low

The above-mentioned sub-risks are generally of relevance across a combination of the short (one to five years), medium (five to ten years) and long-term (10 to 30 years) time horizons. Acknowledging that some may become more or less likely over time, due to the changing physical and transition risk profile of our geography and sector, we have assessed the following as the key climate-related risks and opportunities over each time horizon. We will reassess these risks at least on an annual basis, or as important issues arise, in line with the Risk Management Framework.

Short Term

Within the next one to five years, we expect regulation and policy to be the predominant climate-related risks facing the business. These are managed under the Level 2 Compliance Risk and will primarily be driven by changes in the pension industry regulatory regime and continuously evolving policy actions. Associated legal risks will also increase, as the expertise and resource needed to meet increasing climate-related regulatory, mitigation, and adaptation demands also rises.

In time, we also expect increased opportunities through greater capital availability driven by demand from investors for more sustainable investment products, as is evidenced by the launch of our newest Impact Plan, as well as increases in public-sector incentives such as the Business Climate Challenge Programme from the Mayor of London Office.

Medium Term

In the next five to ten years, climate-related risks will focus more on the potential market and reputational risks associated with indirect exposure to high-emitting sectors through investee companies or sectors otherwise exposed to climate risk. This will be managed under the Level 2 Liability Risk and addressed through the asset managers.

Over this time horizon, opportunities will develop as the market grows. We will continue to monitor consumer trends, which currently point towards increased demands for low-carbon products. We will proactively seek the views of our customer base through regular engagement to make sure the investment plans continue to meet our customers' needs, and access new markets where appropriate.

Long Term

Over the next 10 to 30 years, which comprises our longer-term horizon, we recognise that there are difficulties in accurately predicting the specific market, policy or environmental context in which our business will operate. As a pension provider interested in the long-term financial performance of our investments, the exposure of our investee companies to both Climate Risk and climate opportunity is of great importance.

We do expect to see an increased Level 2 Business Continuity and Third Party Supplier Risk through business interruption and damage across operations and supply chains, with consequences for input costs, revenues, asset values and insurance claims. Crucially, the amount of assets which may be stranded may rise, the longer the transition to net zero is delayed. However, over this time horizon we also see a significant opportunity to be seen as a leader in our field, in addressing the challenges of climate change, through our products and services, resilience and risk management strategy. Leadership will be shown in the field of addressing the challenges of climate change through both our asset base (choice of investment plans), our corporate citizenship (strong ESG ratings) and our voting record (on environmental issues).

2.2 Impact on the Business

Of the key climate-related risks identified with the greatest potential to impact our business, all have had some impact on the organisation's business, strategy, or financial planning.

As evidenced through our stakeholder engagement, climate-related issues are important for our customers and have therefore impacted the products offered by the business. Minimising Liability Risk in our investment portfolio, resulting from changes in climate-sensitive investment exposures, or from failure to communicate our climate change strategy and targets, is a priority for the business and our customers.

The Tailored Plan, our largest plan by customers and assets, is fully screened for thermal coal. We also introduced the Fossil Fuel Free Plan in response to data from customer surveys that highlighted a preference to exclude fossil fuel producers fully. The Fossil Fuel Free Plan screens out companies with proven or probable fossil fuel reserves and companies that provide services to the fossil fuel industry. The index is overweighting (more money being directed towards) companies that are better prepared for the transition to a low carbon economy, as per the Transition Pathway Initiative methodology. The Fossil Fuel Free plan tracks the FTSE All-World TPI Transition ex Fossil Fuel ex Tobacco ex Controversies Index. Our intention is to increase baseline screens in all our screenable plans over time, and we have a commitment from our asset managers to do so as the products become available.

As trillions of pounds are invested in companies that can improve or harm the planet and society through their business models, pensions have the collective power and potential to change the world for the better. By applying baseline ESG exclusionary screens, where both the asset class and the plan investment objectives allow it, we are working with our asset managers to reduce our holdings in companies that harm the environment through their business activities. In addition to the baseline screens, we are reducing our overall exposure to thermal coal over time. Our full set of Company policies are reviewed annually and include elements of the Environmental, Social and Governance Policy, which can be found on the Company's website.[105]

Beyond our products and services, we have also taken steps in our direct operations to reduce waste and increase our use of renewable electricity, as well as reducing energy use through our participation in the Mayor of London's Business Climate Challenge, as well as adopting our Responsible Supplier Policy and Code of Conduct.

2.3 Resilience of PensionBee Strategy to Climate Change

PensionBee has a relatively small environmental footprint, being an office-based organisation that primarily uses cloud-based technology. We offer fully flexible/remote working to all employees and are a paperless pension provider. The focus of our efforts in FY23 will be to gain a better understanding of

105. www.pensionbee.com/investor-relations/esg

our Scope 3 emissions, including the financed emissions from our investment portfolio (a challenging area which we are committed to improving over time, subject to forthcoming and reliable data from our money managers).

Calculating our base year emissions will be the first step towards our commitment to achieve net zero emissions across the entire business by 2050, a goal which will support both the UK's net zero target for 2050 as well as global efforts to achieve a societal transition to a low carbon economy. In order to achieve this, we have committed to setting interim targets, in addition to integrating our processes to monitor and report against these targets, together with a detailed transition plan, into our TCFD reporting from FY23 onwards, subject to forthcoming and reliable data from our money managers.

Understanding the resilience of our overall strategy to climate-related issues under different future scenarios, and how our strategy may need to adapt to meet the challenges of each scenario, will be critical, to enable us to effectively plan and meet our climate commitments in the near future. We recognise that the key climate-related risks and opportunities identified, particularly over the medium and long-term time horizons, are highly dependent on assumptions about the ways in which climate-related issues will manifest over the coming years. To ensure that we demonstrate preparedness for this uncertain future, we will develop our understanding of different climate-related scenarios, including a below 2 degrees warming scenario, in the near future.

3 Risk Management

Climate Risk is defined as the risk of negative impact of climate change or its broader economic, financial and societal consequences on the Company, or the Company's failure to meet sustainability requirements from a commercial, regulatory and stakeholder perspective. PensionBee has added Climate Risk as one of its Principal Risks, which are set out on pages 92 to 97 of the Managing our Risks section of the Strategic Report.

Climate Risk drivers can be grouped into categories relevant to the Company. For PensionBee, these climate sub-risks have been identified as follows:

- Business Continuity Risk: Climate-related physical damage to facilities/equipment or impact on staff materially affecting the ability to conduct critical business activities.
- Compliance Risk: Failure to adapt to the changing regulation and disclosure requirements associated with climate change.
- Liability Risk: Liability resulting from changes in climate-sensitive investment exposures or failure to communicate our climate change strategy and targets.
- Third Party Supplier Risk: Disruption of business activities due to supply chains/critical third party provider services being impacted by climate-related events.

3.1 Identification and Assessment

Climate Risk management is a part of our comprehensive risk management framework. The framework components ensure adequate identification, management and communication of climate risks as they arise so that decisions can be made on a timely basis.

Furthermore, we also made the decision to undertake a materiality assessment with our stakeholders in 2022 to explore ESG issues, including climate-related issues. Further details are set out on pages 71 to 81 of the ESG Considerations section of the Strategic Report.

Climate Risks facing the business are managed within the Low risk appetite level set by the Board. The Board regularly confirms its risk appetite for principal risks in the Audit and Risk Committee. For most risks, other than those that arise through the course of business, risk appetite is Low. The assessments against board risk appetite are based on an analysis of the impact, likelihoods and internal controls related to climate risks. Further details are set out on pages 92 to 97 of the Managing our Risks section of the Strategic Report.

Risk Assessment Process at PensionBee

Climate Risk quantifications are forward-looking estimates of the losses/gains within a given time horizon, at a particular probability.

The PensionBee risk scoring methodology takes into account the impact and the likelihood of the climate risks materialising. The plausible worst-case impact expected over the five-year time horizon is estimated.

The assessments are performed for inherent and residual risks in order to understand how effective our controls are. Inherent risk is defined as risk without taking into account mitigating controls, and residual risk is defined as risk after considering the effectiveness of mitigating controls.

In cases where risks are scored as Medium or High, a specific risk management procedure is followed to ensure adequate mitigating controls are established. Hypothetically, if the residual Climate Risk quantification score obtained was Medium or High, this would mean the Company was operating outside of the Low risk appetite set by the Board. This would highlight that priority work needed to be done, and the Company would implement additional measures in order to ensure the risk returned to within Low risk appetite as soon as possible.

3.2 Management and Response

All employees are responsible for operating and maintaining an effective system of internal controls, for the escalation of risks or issues, and for reporting incidents in accordance with PensionBee's risk management and incident management policies. Through the processes identified above, climate-related risks are identified and monitored effectively within the business. Where the risk appetite set by the Board was breached, additional measures to mitigate, transfer, accept or control the risk would be agreed by the Board with the support of the Risk Stakeholder Group and the Audit and Risk Committee.

The Chief Risk Officer heads the Risk Management Team and chairs the Risk Stakeholder Group ('RSG'). The Risk Management Team produces all risk reporting including the Monthly Risk Report which they present in the RSG meeting. The Risk Management Team is also responsible for performing all second line of defence risk tasks including information that feeds into RSG materials.

In addition to its role in assessing and managing climate-related issues, as described under Governance, the Risk Management Team is also responsible for providing appropriate training on the risk management framework. The purpose of this training is to:

- Ensure the consistent application of the risk management framework, including tools and processes
- Enhance the clarity of roles and responsibilities for risk management across the three lines of defence
- Embed an effective risk culture for the company which maintains high standards of risk awareness, transparency and accountability

4 Metrics & Targets

4.1 Metrics

PensionBee tracks a number of metrics in order to measure and manage the business' exposure to climate-related risk and opportunity. These currently include energy and emissions as part of our SECR reporting obligations.

Of the risks identified in Section 3.1, none are currently exceeding a Low risk threshold identified by the business following the risk management process outlined in Section 2. However, there are a number of key areas identified by the business for close attention in order to ensure that any change in the operating conditions will be considered. These include:

- Extent of physical operations
- Business continuity arrangements
- Insurance policies
- Capability to comply with existing and new regulations
- Governance processes
- Exposure to climate sensitive investment
- Third party control framework
- Change in customers preferences

In addition to this, we track metrics relevant to our sectors according to the Sustainability Accounting Standards Board ('SASB').[106]

4.2 Emissions

As a personal pension provider, PensionBee is responsible for a significant investment portfolio of Assets Under Administration. The Scope 3 emissions associated with this portfolio have not yet been calculated, as the Company is reliant on forthcoming and reliable data from its money managers. In recognition of the importance of this, we are committed to calculating our full base year emissions (including material Scope 3 sources) in 2023, subject to forthcoming and reliable data from our money managers.

In our own operations, we monitor our Scope 1 and 2 emissions through the UK Streamlined Energy and Carbon Reporting ('SECR') framework, reported here. These are reported in metric tonnes of CO_2 equivalent using both location and market-based emissions factors, in addition to an economic carbon intensity metric. As this is our second year of reporting using the SECR framework, we are also able to provide historical emissions for the first time this year.

4.3 Targets

We are committed to achieving net zero emissions across the entire business. This commitment is applicable to all direct (Scope 1) and indirect (Scope 2) operational emissions, as well as emissions from our wider value chain (Scope 3). To support this, we will set interim targets, in addition to a long-term target to reach net zero by 2050, subject to forthcoming and reliable data from our money managers. While we do not, at present, have emissions reduction or other climate-related targets in place, all of our asset managers report in accordance with the TCFD recommendations, as well as being members of the Net Zero Asset Managers Initiative. We recognise the importance of setting and measuring progress against a set of clear, quantifiable, and credible goals, which is why we only work with asset managers with their own net zero commitments and who are members of the Net Zero Asset Managers Initiative. In this way, we are supporting the companies in which we invest, to develop credible transition plans of their own, including setting their own corporate emission reduction goals.

106. www.pensionbee.com/investor-relations/esg

14 Managing our Risks

The Risk Management Framework

The Board is ultimately responsible for establishing the risk appetite and the risk management framework at PensionBee. The Company's risk appetite is generally low, with a medium risk appetite in instances where the risk arises as a function of the inherent business model, for example the financial risks arising from fluctuations in capital markets. The Board has appointed the Audit and Risk Committee to assist with the oversight of risk management activities.

PensionBee maintains a comprehensive risk management framework, with risk management acknowledged as the collective responsibility of all employees.

The risk management framework sets in place the structure and processes required to ensure that the risks assumed in the execution of our strategy are understood and managed across the Company within the acceptable levels set by the Board, and that the Company meets its obligations to key stakeholders including customers, employees, shareholders, regulators and broader society.

The components of the risk framework are designed to ensure adequate identification, communication and management of risks as they arise, so that decisions can be made on a timely basis. They also enable a proactive, forward-looking risk management approach, focused on identifying any emerging risks and preventing them from materialising.

The Company culture plays a critical role in effective risk management because it sets the tone for how risks are identified, assessed, and managed. Our strong culture of risk management promotes open communication, encourages employees to identify and escalate risks, and fosters a sense of accountability and ownership for managing risks.

The Company operates a 'Three Lines of Defence' model, which segregates risk management activities and reporting lines.

First Line of Defence

All departments in the Company are considered to be the first line of defence, and they are responsible for adhering to internal policies and regulatory requirements. They are accountable for identifying, assessing and managing risks, and for designing, operating and maintaining an effective system of internal controls. First line of defence business activities are managed by department heads or other sufficiently senior employees at PensionBee. Individuals who are the risk owners are accountable for ensuring adherence to the PensionBee Risk Management Policy, with individual policy owners assuming responsibility for annual reviews and implementation of their policies.

Second Line of Defence

The second line of defence consists of our Risk Management Team. The Risk Management Team is responsible for managing the Company's risk framework and for oversight of the first line's compliance with our policies. The second line of defence provides assurance on all risk management activities, including monitoring the adequacy and progress of the risk mitigation activities in order to ensure that residual risk exposures are within the risk appetite. New risks and the changes in risk profile are brought to the attention of the first line by the second line, and vice versa. Second line also manages the policy governance framework, and oversees the first line's annual policy reviews.

External Assurance

The Company employs external parties to provide the Board with additional external assurance over the effectiveness of the risk framework, as it currently does not have an internal audit function. We will continue to evaluate on an ongoing basis whether an internal audit function, with a direct reporting line to the Audit and Risk Committee, should be established.

The external parties are appointed based on their sector expertise, for example, investment management, finance, compliance, regulation and information security expertise. The Company conducts additional external assurance activities when appropriate, where additional assurance is required or where there are considered to be new or changing risks. The Audit and Risk Committee is kept up to date with the work of these parties. Parties currently appointed to provide external assurance are shown in the below diagram. For the avoidance of doubt, the external auditor's ultimate duty is to shareholders.

The overarching governance structure is designed to ensure the Board oversees the risk management framework and processes. As set out in the following diagram, the Board has established four sub-committees to assist with the oversight of the Company. Each sub-committee is chaired by a Non-Executive Director. All Board members, selected members of the Executive Management Team and the Company Secretarial department are invited to attend the sub-committee meetings, however the Chair of each sub-committee may also request a private meeting with the second line of defence or the external assurance parties if required.

Identifying Emerging Risks

PensionBee is focused on proactive risk and change management, ensuring we monitor and regularly assess the Company's emerging risks. PensionBee's Risk Management Policy contains the requirements related to periodic risk and control assessments, which are required to be performed at least annually and also where any potential changes in the risk profile are identified. During 2022, the Board, via the work of the Audit and Risk Committee, robustly assessed the Company's emerging and principal risks.

The PensionBee Executive Management Team has documented the Company's perceived exposure to risk through the collation of a risk register, which is managed by the Risk Management Team. The risk register captures all key risks and the assessments of the Company's exposures against its risk appetite. The results of the risk and control assessments are reviewed to understand the levels of residual risks in order to address any unacceptable risks that have emerged.

The PensionBee Incident Management Policy sets out the requirements to identify, escalate and remediate incidents. It also specifies standards for regular and transparent reporting of incidents. Monitoring and responding to incidents is a part of the role and responsibility of every PensionBee employee. The Risk Management Team reviews the incidents and perceived 'near-misses' in order to identify any emerging trends and to ensure any required additional controls are proactively implemented.

PensionBee is focused on safe operation and ensuring that we make sound, risk-based decisions when managing change to our business activities. A centralised change approval process is in place to ensure any new risks introduced by significant business changes are proactively identified and mitigated.

Information Security Risk Management Framework

PensionBee is focused on the evolving Information Security risk which encapsulates cyber security risk and data security risk.

Our Approach

We use a risk and threat driven approach to ensure our security controls are implemented in the correct areas. By using this approach, we understand the risks to our assets and the threats that these assets are exposed to, which in turn allows us to protect them more effectively.

The approach is driven by our Information Security Strategy, 'BeeSecure', which is underpinned by four key pillars:

- BeeAware - focuses on security culture and raises awareness across the entire organisation to ensure Information Security risk is everyone's responsibility. A key component of BeeAware is to simplify security and raise awareness using a human-centric approach to training.
- Threat Prevention, Detection and Response Capability - focuses on increasing observability of the technology estate (including third party applications where necessary), and responding to anomalies or malicious behaviour in a timely manner.
- Integration with the Business - focuses on integrating with the business so that systems, applications and any new initiatives are built with a secure-by-design approach.
- Security Assurance - focuses on providing adequate assurance that security controls are operating effectively and efficiently (including third party supplier controls).

Our Information Security team uses real life scenarios and intelligence to create plausible cyber security and data compromise simulations, to help focus on continuous improvement.

Security Frameworks and Governance

The VP of Information Security is responsible for the Information Security Management System ('ISMS'), which includes the delivery of the BeeSecure programme. This is overseen by the CTO, who has ultimate accountability for Information Security at PensionBee.

We have a comprehensive ISMS, which is certified to the internationally recognised ISO 27001 information security standard. We also hold the Cyber Essential Plus certification, which is a Government-backed scheme to help organisations improve cyber security controls.

The BeeSecure programme has also been developed using the National Institute of Standards and Technology Framework, which complements ISO 27001 and is one of the leading frameworks to help manage and mitigate cyber security risk.

Security metrics in the form of KPIs are reviewed by senior stakeholders at the Information Security Committee and are used to measure the progress of the ISMS against its objectives.

Our Information Security Culture

We carry out regular email phishing exercises across the entire organisation. The results are typically reported at a company-wide Show N Tell to give complete transparency and visibility to all employees. Security training and awareness uses a human-centric approach and is delivered in several different forms, including via interactive training, regular notifications of significant data breaches across the globe, and personalised classroom training which includes plausible cyber incident scenarios. In addition, the Executive Management Team has designed and regularly practises its cyber breach response approach.

Data Security and Privacy Controls

The security of our online application is our priority and our customers' personal data is well-protected using multiple controls. The data is protected at rest, in transit and in use through a defence-in-depth approach. All communication and the flow of data between our customers' browsers and our website is secured using 128-bit TLS encryption, to ensure that only people authorised to view personal information can do so. Information is stored in secure databases and data segregation between multiple systems is also in place. All data centres are accredited to multiple internationally recognised standards. Our security controls are tested on an annual basis by independent experts and PensionBee maintains certification to the ISO 27001 standard for information security management systems. PensionBee systems undergo regular vulnerability assessments and security penetration testing as part of certifying to the Cyber Essentials Plus scheme.

Customers are additionally protected from identity fraud and account compromise using a variety of techniques including digital customer identity verification, which incorporates a cutting-edge facial similarity check, bank account verification and multi-factor authentication.

Risk Reporting

The Risk Management Team reports on the top level risks, mitigating controls and any additional measures required to reduce the risk exposures. A regular risk update report ('Monthly Risk Review') includes information on any emerging trends in order to prevent new risks from materialising. The report also provides an overview of policy updates, incident reporting for the month, an update on the risk-relevant open actions, and a summary of the significant change management activities.

These Monthly Risk Reviews also summarise the monitoring activities that the second line of defence has undertaken during the month. They include the monthly checks of key financial and operational processes, deep dive reviews, scenario analysis, incidents trend analysis and other ad-hoc risk assurance activities.

Monthly Risk Reviews also include Information Security highlights of relevant risks and controls (including any third party supplier cyber security incidents), progress with audits, strategic initiative updates, staff training updates, and the overall progress of the information and cyber security programme.

This report is presented to the Risk Stakeholder Group and provided directly to the Board.

The Risk Stakeholder Group meets monthly and consists of the Executive Management Team, the VP of Information Security, the VP of Technical Solutions, the Head of Compliance and other senior managers as required. Together, this leadership group and the Risk Management Team discuss the Monthly Risk Review topics and actions required to mitigate risks, which are actioned promptly.

PensionBee has an Information Security Committee to provide oversight of the Information Security Management System and track progress against objectives. The Information Security Committee is held three times a year and the members include senior stakeholders from the business, such as the VP of Information Security, the Executive Management Team and the Risk Management Team. Ultimate oversight of the Information Security Committee is provided by the Audit and Risk Committee.

The Risk Management Team also produces a risk report which is presented at each Audit and Risk Committee ('Committee'). This report, combined with topics raised at the Committee meetings, enables the Committee to effectively oversee the Company's risk profile and its approach to risk management.

Principal Risks and Uncertainties

Principal Risks

PensionBee has identified six types of top-level risks which could potentially have a material adverse impact on the Company's business or long-term performance, and if not appropriately mitigated they could result in unfavourable public perceptions of the Company's business prospects and significant reputational damage. These risks could arise from internal or external events, acts or omissions. The risk factors mentioned below do not purport to be exhaustive, as there may be additional risks that the Company has not yet identified or has deemed to be immaterial.

Regulatory Risk

PensionBee's business is subject to risks relating to changes in UK government policy and applicable regulations. Whilst we have historically been beneficiaries of favourable regulatory changes, including through the introduction of Automatic Enrolment and Pension Freedoms, any regulatory changes which are negative for PensionBee's business could have a material adverse effect on our prospects.

PensionBee's operations are subject to authorisation and supervision from the Financial Conduct Authority, and supervision from HMRC and the Information Commissioner's Office. PensionBee may fail, or be held to have failed, to comply with regulations and such regulations and approvals may change, making compliance more onerous and costly. The Financial Conduct Authority, or other regulators, could conclude that PensionBee has breached applicable regulations, which could result in a public reprimand, fines, customer redress or other regulatory sanctions. PensionBee must also comply with relevant regulatory capital and liquidity requirements.

PensionBee may be subject to complaints or claims from customers and third parties in the normal course of business. If a large number of complaints, or complaints resulting in substantial customer and third party losses, were upheld against PensionBee, it could have a material adverse effect on PensionBee's business and financial condition.

Information Security Risk

PensionBee faces various risks related to the confidentiality, availability and integrity of our IT systems.

PensionBee holds confidential and personal data, which is subject to strict data protection and privacy laws in the UK, including the UK GDPR. The loss or misuse of data could result in a material loss of business, financial losses, regulatory enforcement actions and significant harm to our reputation. If our information security processes, policies and procedures relating to personal data are not fully implemented and followed by employees, or if any of our third party service providers fail to manage data in a compliant manner, we could face financial sanctions and reputational damage.

Furthermore, our operations are susceptible to cybercrime and loss or theft of data. Failure to prevent such actions, or circumvention of our information security processes, policies and procedures could result in financial losses, business interruption and unauthorised access to personal data.

There is also a risk of inadequate or failed controls that are in place to ensure our technology architecture is fit for purpose, including the infrastructure required to support applications, networking, hardware and software, resulting in our inability to meet the standards required to deliver to internal and external user expectations.

Operational Risk

During the regular course of business, PensionBee may be exposed to adverse financial or reputational impact due to inadequate or failed internal processes, people performance or IT systems, or due to third-parties or external events. Key operational process risks are linked to our customer service, banking, finance, marketing and change implementation processes. Operational Risk also includes our risks in the areas of human resource management, risk management and internal governance.

PensionBee is dependent on third-party technology and financial services providers for the provision of investment management, banking and technology services. Any termination, interruption or reduced performance of the services provided by these third parties could negatively impact the provision of our services and have a material adverse effect on our reputation and profitability.

Our operational infrastructure and business continuity may be affected by other failures or interruption from events, some of which are beyond our control. Our systems and the systems of our third-party providers may be vulnerable to fire, flood and other natural disasters, power loss or telecommunications or data network failures, improper or negligent operation by employees or service providers, unauthorised physical or electronic access, or other causes. There is no guarantee that our preventative measures will protect us from all potential damage arising from any of the events described above.

Financial Risk

Market Risk

PensionBee's business may be adversely affected by negative sudden or prolonged fluctuations in global capital markets. We generate the vast majority of Revenue in the form of fees charged on a recurring basis calculated by reference to the value of our AUA. Our Revenue and profitability are therefore directly influenced by global capital markets. A general deterioration in the global economy and a resulting decline in capital markets or an increase in volatility may have a negative impact on the value of our customers' pensions and their overall confidence to make new contributions to their PensionBee pensions.

Credit Risk

PensionBee is dependent on third-party financial services providers for the provision of investment management and banking services. We are reliant upon these third parties for the safekeeping of our own and our customers' assets. A default by one of these third parties would have a material adverse effect on our reputation and financial position.

Strategic Risk

The pensions market is competitive and there is no guarantee that we will be able to continue to maintain the growth levels we have achieved to date, or that we will be able to maintain our financial performance either at historical or anticipated future levels. Our competitors include a variety of financial services firms and our market is characterised by ongoing technological progression, including of the underlying infrastructure and user experience. There is no guarantee that we will continue to outpace our competitors. In addition, the pension market remains cost-sensitive and competitors could materially undercut our fees, thereby generating pressure on our revenues. Any failure to maintain our competitive position could lead to a reduction in revenues and profitability as well as lower future growth.

We are dependent upon the experience, skills and knowledge of our Directors and senior managers to implement our strategy. The loss of a significant number of Directors, senior managers and/or other key employees, or the inability to recruit suitably experienced, qualified and trained staff as needed, may cause significant disruption to our business and the ability to achieve our strategic objectives.

Climate Risk

As climate change intensifies, dangerous weather events are becoming more frequent and more severe. More frequent and intense droughts, storms, heat waves, rising sea levels, melting glaciers and warming oceans can directly harm life and wreak havoc on people's livelihoods and communities. Climate risk has been added to our principal risks this year.

These shifts in the global climate have a potential to adversely affect the lives, livelihoods and health status of our employees, customers and other stakeholders, or to have broader implications on economic, social and cultural assets. Any of these changes could in turn have a material adverse effect on PensionBee's business and financial position.

Summary of Risks and Mitigations

Through the risk management process described above, we have taken the appropriate steps to reduce risk in accordance with our risk appetite. The summary of these mitigating factors is presented below.

Principal Risk	Risks	Mitigations
Regulatory Risk	The risk of regulatory sanctions, material financial loss, or reputational damage the Company could suffer as a result of its failure to comply with applicable laws, regulations, rules, or related internal standards and codes of conduct	• Maintaining a robust risk management framework and a set of internal policies which are reviewed regularly • Ensure adequate staff training and communication for key policies and procedures • Comprehensive second line assurance programme in place providing oversight over the effectiveness of regulatory compliance and related controls • Robust change approval process requiring regulatory compliance checks • Regulatory capital and liquidity planning and monitoring through the Finance function • Regular interactions with industry bodies to proactively monitor trends • Values-based culture and strategy centred around Consumer Duty
Information Security Risk	The risk of data loss, theft or disruption as a result of a technology failure or cyber attack on information systems, both internally and throughout the supply chain	• Backing up data regularly to allow for recovery in the event of cyber attack or corruption of data • Proactive technical and analytical vulnerability assessment and mitigation • Monitoring key third party services and performance metrics as part of the ISMS • Ongoing infrastructure assessments against business requirements • Ongoing compliance and certification to ISO 27001 and Cyber Essentials Plus • Ongoing monitoring of compliance with applicable regulation and legislation in respect of Data Protection • Maintaining a robust policy set and controls to keep information secure • Frequent training for all employees to promote a culture of security awareness • Continuing to invest in the Information Security Programme in order to mitigate the evolving cyber risks
Operational Risk	The risk of loss, disruption of business or adverse regulatory action resulting from inadequate or failed internal processes, people performance, systems, or due to third parties or external events	• Implementing automation to reduce manual processing • A comprehensive set of internal controls, operational procedures and Company policies • Periodic training for all employees and specialised training for customer service teams • Structured performance management for all employees and formalised succession planning for key roles • Robust external supplier selection and due diligence process with ongoing monitoring of key suppliers
Financial Risk	The risk of the Company's inability to fulfil its financial obligations or internal objectives due to loss of revenue resulting from adverse price movements in the capital markets, or the impact of worsening creditworthiness or default of a key financial partner	• Geographic and asset class diversification of the plans • Recurring Revenue from long-duration assets • Financial planning based on scenario analysis • Partnering with only large and reputable asset managers, assessed annually in our value for money exercise, and banking institutions • Internal controls in place monitoring capital quality and reserves • Robust processes in place to ensure the integrity of financial data
Strategic Risk	The risk of failures in strategic planning and execution leading to the Company not achieving its core objectives	• Core objectives calibrated using customer and regulatory trends and feedback • Agile product development and deployment cycles • Robust strategic change management internal controls in place
Climate Risk	The risk of negative impact of climate change or its broader economic, financial and societal consequences on the Company, or the Company's failure to meet sustainability requirements from a commercial, regulatory or stakeholder perspective	• Small physical footprint, remote working, cloud-based technology • Risk transfer policies • Ongoing monitoring of regulatory compliance • Screenings applied in our funds to reduce harmful exposures (Tailored Plan, Fossil Fuel Free Plan, Impact Plan) • Using asset managers, banking and cloud providers that have robust business continuity plans in place

15 Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, the Board has assessed the viability of the Group for the four-year period to December 2026, considering this to be an appropriate period over which to assess the Group's strategy and its capital requirements, considering the investment needs of the business and the potential risks and uncertainties that could impact the Group's ability to meet its strategic objectives. The Board considers a four-year period to be an appropriate time frame because it would likely capture the length of a potential downside business cycle and provide sufficient time to identify and execute mitigating actions required to address the stress test scenarios as outlined below.

This assessment has been made giving consideration to the financial position, regulatory capital and liquidity requirements of the Group (as set out on pages 48 to 53 of the Operating and Financial Review within the Strategic Report), in the context of the Company's strategy, business model and medium-term business plan, together with an assessment of the principal risks and uncertainties (as set out on pages 92 to 97 of the Managing our Risks section of the Strategic Report). Such risks have been categorised into regulatory, information security, operational, financial, reputational, strategic and climate risks, in accordance with our risk management framework.

PensionBee Limited is an FCA regulated entity and therefore is required to hold appropriate levels of own funds which are at all times in excess of its Liquid Capital Requirement and other capital requirements.

The Board-approved medium term plan assumes the business continues to grow Invested Customers and AUA through continued investment in its customer proposition, marketing, people and technology. It is assumed that there are no significant or prolonged market movements in underlying asset values from the time the plan was approved by the Board.

The Board has also considered the potential impact of the following stress test scenarios, which together represent a severe and unlikely, but possible scenario. The stress test scenarios would impact the plan from 2023 onwards:

- **Financial Risk (Market Risk)** - Prolonged equity market volatility. A material reduction in global equity markets as a result of global macroeconomic uncertainty (such as geopolitical disruptions, persistent inflation and a high interest rate environment) has been assumed over the forecast period whereby the equity markets fall by 20%[107] during the first year and only gradually recover over the forecast period, returning to the pre-crisis level only after the forecast period.
- **Information Security Risk** - The materialisation of a confidentiality, availability or integrity event that undermines our reputation and reduces conversion and reduces average pension pot sizes. A material reduction in the customer conversion rate and average pension pot size of newly acquired customers has been assumed over the forecast period, whereby it decreases by 10%.

In the event that such modelled scenarios were to manifest, the Board would consider the reduction of discretionary marketing expenditure and the implementation of fixed cost savings as key management mitigating actions to be taken. The Board considers this approach to be reasonable in light of the Group's performance and positioning within the UK competitive landscape.

The results have confirmed that the Group would be able to withstand the adverse financial impact of these scenarios occurring together over the four-year assessment period and that it would continue to be able to meet its liabilities and capital requirements.

The Group's medium term plan was reviewed by the Board in December 2022 and subsequently approved in January 2023. The stress test scenarios and associated mitigating actions were reviewed in January 2023 and subsequently approved in March 2023. The Directors confirm that they have a reasonable expectation that the Group will be able to continue to operate and meet its capital requirements and liabilities as they fall due over the four-year period to December 2026.

The Strategic Report was approved by the Board on 15 March 2023 and signed on its behalf by:

Romi Savova
Chief Executive Officer
15 March 2023

107. A 10% change in equity markets would have an approximate 7.5% impact on Revenue. The 10% change in equity markets is a reasonable approximation of possible change.

Corporate Governance Report

1 Chair's Introduction to Governance

Dear Shareholder,

On behalf of the Board, I am pleased to introduce our Corporate Governance report for the year ended 31 December 2022. This report sets out our approach to effective corporate governance and outlines key areas of focus of the Board and its activities undertaken during the year to deliver against our growth strategy and drive long-term value creation for all our stakeholders.

The Board is committed to maintaining the highest standards of corporate governance, as demonstrated by the Company's voluntary compliance with the UK Corporate Governance Code 2018 (the 'Code') from the time of our initial public offering on the High Growth Segment of the Main Market of the London Stock Exchange ('LSE') in April 2021, prior to this becoming a formal requirement for us in April 2022.

Our transfer to the Premium Segment of the Main Market of the LSE on 21 April 2022 has served to further underscore the ongoing commitment to the highest level of corporate governance, which is integral to the culture of our Company and our Board, and demonstrates continued delivery against the intentions which we set out at the time of our listing.

> " Our transfer to the Premium Segment of the Main Market of the LSE... has served to further underscore the ongoing commitment to the highest level of corporate governance, which is integral to the culture of our Company and our Board.

Board Composition and Succession Planning

Having an appropriately skilled, diverse and effective board is an important element to the success of any company seeking to create value for all its stakeholders in a sustainable and responsible manner. Therefore, we have continued to focus on ensuring that the Board has the necessary depth and breadth of skills, knowledge and experience to oversee the delivery of the Company's strategy and to provide the appropriate oversight, challenge and support to the Executive Management team. This is of particular importance given the significant pace at which the Company continues to grow, the breadth of the opportunities presented, and the challenging macroeconomic backdrop.

Accordingly, we were delighted to welcome Lara Oyesanya (Independent Non-Executive Director) and Christoph J. Martin (Executive Director) to the Board in April 2022 and June 2022 respectively. Lara and Christoph received tailored induction programmes, as detailed on pages 115 to 118 of the Nomination Committee Report within the Corporate Governance Report.

We continued to evolve the Company's succession plans for the Board and Executive Management Team in a manner that is appropriate for a growing business at this stage of its development and consistent with our risk appetite. We agreed that we would look to continue to evolve the succession plan further in the coming year to consider development plans for high performing individuals as necessary.

Further details of our leadership team can be found on pages 103 to 107 of the Board of Directors and Executive Management section of the Corporate Governance Report. Further details relating to succession planning are set out on pages 115 to 118 of the Nomination Committee Report within the Corporate Governance Report.

Board Evaluation and Effectiveness

During the year, we completed an internally prepared and facilitated evaluation process reviewing the performance of the Directors, the Board as a whole, its Committees, its Chair and Senior Independent Director. The evaluation process built on the 2021 framework, with updates to incorporate feedback from the previous process.

The results indicated strong performance and effectiveness of the Board and Committees. Themes that surfaced and resulting actions that have been identified will form a development plan for the following year.

The value derived from such an exercise is only possible with the engagement and input received from its participants. I would therefore like to thank my Board colleagues for the time they took to engage with the process, their candour, their insight and the quality of their feedback.

The Code requires FTSE 350 companies to have an externally facilitated board evaluation at least every three years. The Company is not currently a member of the FTSE 350 and therefore not subject to this Code provision. Nonetheless, we will keep this under review and may choose to adopt an externally facilitated Board evaluation in due course.

Further detail relating to the Board Evaluation is set out on pages 115 to 118 of the Nomination Committee Report within the Corporate Governance Report.

Diversity, Inclusion and Equality

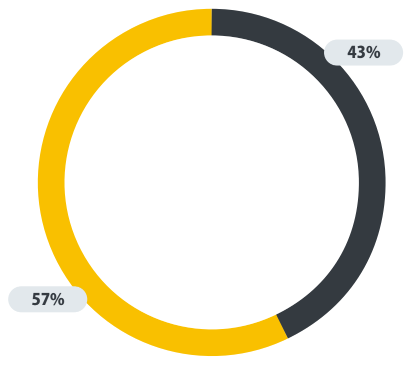
The Board believes that the makeup of the Company's employees should reflect the diversity of its customer base. We remain committed to promoting diversity and inclusion across the business at all levels through a combination of long-standing measures and new initiatives. The Company's Diversity, Inclusion and Equality Policy is available on our website.[108]

It is important that the Board sets the 'tone from the top' and while appointments to the Board are merit-based, there is a clear focus on promoting diversity to ensure appropriate balance. This year, the Company achieved a 57% female representation and a 14% Asian/Black/Mixed/Multiple/Other ethnic representation across its Board.[109] Two senior Board positions were held by women, with Mary Francis in the role of Senior Independent Director and Romi Savova, the Chief Executive Officer. We are therefore happy to report that as at 31 December 2022, the Company complies with the board diversity targets as set out in the FCA's Listing Rules.[110]

Reflecting the commitment to this important area, the Board is kept apprised on matters relating to diversity and inclusion, with detailed oversight provided by the Nomination Committee. During 2022, the Nomination Committee received presentations and updates from the Company's Head of Culture, Inclusion & Wellbeing and the CEO on the ongoing Culture Programme and the progress being made on diversity and inclusion.

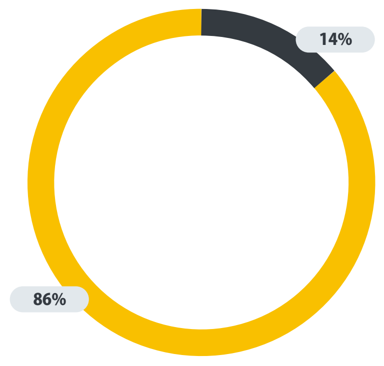
108. PensionBee Diversity, Inclusion and Equality Policy: https://www.pensionbee.com/investor-relations/esg
109. Supported by analysis from PensionBee's HR information system, November 2022.
110. Chapter 9 of the Listing Rules, specifically LR 9.8.6R(9) states that at least 40% of individuals on the board should be women, at least one at least one of the senior positions on the board (chair, chief executive, senior independent director, or chief financial officer) should be held by a woman, and at least one individual should be from a minority ethnic background.

PensionBee Board Gender Representation[109]



- Women: 4
- Men: 3

PensionBee Board Ethnicity Representation[109]



- White: 6
- Asian/Black/Mixed/Multipe/Other: 1

Further detail is set out on pages 36 to 45 of the Our People section and pages 71 to 81 of the ESG Considerations section of the Strategic Report.

Environmental

We believe that effectively managing our Environmental, Social and Governance ('ESG') priorities will help preserve our resilience and drive long-term value for all our stakeholders. We pursue our ESG work transparently, disclosing our targets and relevant metrics, and believe this approach supports accountability and enables us to keep our stakeholders apprised of our progress. Our first 'ESG Materiality Assessment' provided us with deeper insights into the ESG themes of most importance to our stakeholders, helping us frame our approach to ESG and to prioritise our ESG work.

Of note, this year we continued to be led by our customers' investment views, as customers voiced that they wanted to save for retirement whilst seeing their money have measurable real world impact. We developed the PensionBee Impact Plan across 2022 and saw it successfully launch in early 2023.

We were also successful in securing 'Voting Choice' across 86% of the asset base,[111] enabling us to vote in support of shareholder resolutions to help direct change in investee companies from the 2023 proxy voting season onwards. We will, of course, be led by our customers on their voting choices, listening to how they best want to drive change in the companies their pensions are invested in.

The Board's oversight of climate-related issues has generally been incorporated into the remits of the Audit and Risk Committee and the Investment Committee. This enables the Board to have structured, dynamic and measurable oversight of climate matters and to shape the Company's 'climate agenda' for the long-term benefit of our shareholders, customers, society and the planet.

This year as part of our commitment to increasing our transparency across all the strands of ESG, we disclosed under the Task Force for Climate-related Financial Disclosures ('TCFD') for the first time, and continued to report under the Sustainability Accounting Standards Board ('SASB') framework, the Workforce Disclosure Initiative ('WDI') and the Streamlined Energy and Carbon Reporting ('SECR') frameworks.

Further details on our ESG activities can be found on pages 71 to 81 of the ESG Considerations section of the Strategic Report and the TCFD and SECR can be found on pages 82 to 91 of the Climate-related Disclosures section of the Strategic Report.

Stakeholder Engagement

When the Board makes decisions, it considers the interests of all of the Company's stakeholders in the very broadest sense, contemplating our customers, our employees, our shareholders, our communities, government and regulators and our planet.

The Board participated in direct engagement with key stakeholder groups including our employees and our shareholders (many of whom are customers and employees alike). The Executive Management Team drove much of the regular day to day engagement, and perhaps most importantly, engagement took place at all levels of the Company, throughout the year.

Further information relating to how we engage with our employees, shareholders and all our other stakeholders is set out on pages 36 to 45 of the Our People section of the Strategic Report and pages 56 to 70 of the Stakeholders section of the Strategic Report.

Risk

Risk management has remained a key focus of the Board, ensuring the resilience of the Company and supporting its long-term growth ambitions. The Board has ensured that risk oversight and considerations have remained a feature in key decision-making.

As a technology-led business, cyber and information security risks require continuous vigilance and operational dexterity to mitigate the increasingly sophisticated threats that exist. The growth of the Company's internal risk resources, with the recruitment of a Chief Risk Officer, and VP of Information Security, and the continued focus and development of our risk management processes and reporting, demonstrate our commitment to safeguarding our customers' data, maintaining excellent service levels and providing assurance to our stakeholders.

Further detail of our risk management framework and initiatives in this area are set out on pages 92 to 97 of the Managing our Risks section of the Strategic Report.

Conclusion

Further details setting out how the Board has discharged its corporate governance responsibilities during the year are set out elsewhere in this report.

The Board looks forward to welcoming shareholders to the Company's Annual General Meeting ('AGM'), which will be held on 18 May 2023. The Notice of 2023 AGM will be distributed to Shareholders and made available on the Company's website.

In the meantime, the Board is grateful for the continued support of our Shareholders and the Non-Executive Directors and I are available to engage with our stakeholders at any time.

Mark Wood CBE
Chair
15 March 2023

111. 86% of Assets under Administration as at 31 December 2022, across the Tailored, Tracker and 4Plus Plans.

2 Board of Directors and Executive Management

Mark Wood CBE
Non-Executive Chair

Committee Membership:
Investment Committee (Chair), Nomination Committee (Chair), Remuneration Committee

Date of Appointment: February 2021[112]

External Appointments:
- Chairman, Digitalis Reputation Limited
- Senior Independent Director, RAC Group Ltd
- Chairman, Utility Bidder Limited
- Chairman, Acquis Insurance Management Limited
- Chairman, Ondo InsurTech Plc
- Chairman, Everest Funeral Concierge (UK) Limited
- Chairman, Multiple Sclerosis Society Research Appeal Board
- Trustee, The Gregory Centre for Church Multiplication

Career and Experience:
Mark Wood CBE has had a long and distinguished career, serving as Chief Executive of some of the country's largest financial service companies, including Prudential UK & Europe, Axa UK and Jardine Lloyd Thompson Employee Benefits. Mark is a regular commentator in the press on pensions and insurance.

Mark has been at the helm of several financial services and technology start-ups, including Paternoster, a regulated insurance company which he founded in 2005, and Digitalis Reputation Limited, the online reputation management company, where he currently serves as Chairman. Mark is a qualified Chartered Accountant. He was previously the Chairman of the NSPCC and was awarded a CBE in 2017 for services to children.

112. Mark Wood CBE was appointed to the Board of PensionBee Group plc on 2 February 2021 and removed as a director of PensionBee Limited, having previously been appointed to the Board of PensionBee Limited in January 2016.

Mary Francis CBE
Senior Independent Director
Director responsible for Employee Engagement

Committee Membership:
Audit and Risk Committee, Investment Committee, Nomination Committee, Remuneration Committee (Chair)

Date of Appointment: February 2021[113]

External Appointments:
- Non-Executive Director, Barclays plc and Barclays Bank plc
- Member of the UK Takeover Appeal Board
- Senior Adviser, Chatham House

Career and Experience:
Mary Francis CBE has extensive and diverse board-level experience across a range of industries, including previous Non-Executive Directorships at the Bank of England, Alliance & Leicester, Aviva, Centrica and Swiss Re Group.

Through her former senior executive positions with HM Treasury, the Prime Minister's Office, and as Director General of the association of British Insurers, Mary brings strong governance values to the Board, a strong understanding of the interaction between public and private sectors, and skills in strategic decision-making and reputation management.

Mary was awarded a CBE in 2006 for her services to business.

113. Mary Francis CBE was appointed to the Board of PensionBee Group plc on 2 February 2021 and removed as a director of PensionBee Limited, having previously been appointed to the Board of PensionBee Limited in November 2020.

Michelle Cracknell CBE

Independent Non-Executive Director
Consumer Duty Champion

Committee Membership:
Audit and Risk Committee (Chair), Investment Committee, Nomination Committee, Remuneration Committee

Date of Appointment: February 2021[114]

External Appointments:
- Chair, Fidelity Wealth Management Limited
- Independent Non-Executive Director, Fidelity Holdings (UK Limited, Financial Administration Services Ltd
- Non-Executive Director and Trustee, Lloyds Banking Group Pensions Trustees Limited
- Independent Non-Executive Director, Just Group Plc, Partnership Life Assurance Company Limited, Just Retirement Limited, Just Retirement Money Ltd, Partnership Home Loans Ltd, Hub Financial Solutions Ltd
- Non-Executive Director, Sport England

Career and Experience:
Michelle Cracknell CBE has a portfolio career as a Pension Trustee and Non-Executive Director. She has over 30 years' experience in pensions and retirement planning, including most recently as the Chief Executive of the Pensions Advisory Service. During her time there she significantly grew the number of customers and increased the channels offered, transforming the service to provide greater support on pension freedom legislation, pension scams and transfers from pension schemes. Michelle was awarded a CBE in 2019 for her services to the pensions industry.

Michelle started her career at a financial advice business where she became a shareholding Director prior to selling it to Aegon, and subsequently worked as a Strategy Director at Skandia/Old Mutual. Michelle is a qualified Pensions Actuary.

114. Michelle Cracknell CBE was appointed to the Board of PensionBee Group plc on 2 February 2021 and removed as a director of PensionBee Limited, having previously been appointed to the Board of PensionBee Limited in January 2016.

Lara Oyesanya FRSA

Independent Non-Executive Director

Committee Membership:
Audit and Risk Committee, Investment Committee, Nomination Committee, Remuneration Committee

Date of Appointment: April 2022

External Appointments:
- Trustee, Shaw Trust
- Trustee, Plan International UK Ltd
- Co-opted Member, Committee on Benefactions, External and Legal Affairs, a Committee of the University of Cambridge

Career and Experience:
Lara Oyesanya is the General Counsel and Company Secretary at Zepz Group and has extensive legal, regulatory and commercial experience across multiple industries, as well as significant compliance, governance and data privacy expertise. She was previously General Counsel and Chief Risk Officer at Contis Group and has held a number of senior roles at FTSE 100 and financial services businesses including Klarna and Barclays.

Lara is a barrister of the Supreme Court of Nigeria and a Solicitor of the Senior Courts of England and Wales. She is a member of the Nominating and Governance Committee, Plan International Worldwide. Additionally, Lara is a co-opted Member, Committee on Benefactions and External and Legal Affairs, a committee of the University of Cambridge Council, advising the Vice Chancellor.

Romi Savova

Chief Executive Officer (Executive Director)

Committee Membership:
Investment Committee, Nomination Committee

Date of Appointment: February 2021[115]

External Appointments:
- Director, PensionBee Trustees Limited
- Director, Seen on Screen

Career and Experience:
Romi Savova founded PensionBee in 2014 to simplify pension savings in the UK, following a difficult pension transfer experience of her own. As the Chief Executive Officer, she has played a pivotal role in advancing consumer standards in the pensions industry, from reducing transfer times to campaigning for the full abolition of exit fees. Romi is also a member of the government's Pensions Dashboards Programme Steering Group, which was set up to advise on the delivery of pensions dashboards.

Prior to founding PensionBee, Romi worked at Goldman Sachs, Morgan Stanley and Credit Benchmark, holding varied roles in risk management, investment banking and financial technology. Romi received an MBA from Harvard Business School as a George F. Baker scholar and graduated summa cum laude from Emory University.

115. Romi Savova was appointed to the Board of PensionBee Group plc on 2 February 2021, having been appointed to the Board of PensionBee Limited in December 2014.

Jonathan Lister Parsons

Chief Technology Officer (Executive Director)

Committee Membership:
None

Date of Appointment: February 2021[116]

External Appointments:
- Director, PensionBee Trustees Limited

Career and Experience:
Jonathan Lister Parsons co-founded PensionBee with Romi in 2014. In his role as the Chief Technology Officer, he is passionate about bringing customers' pension experience into the 21st century, and using technology to transform pension transfer processes that typically take months to a five-minute process on a smartphone. Jonathan champions a tech-forward culture within the business, aiming to raise the level of technology literacy among employees, and creating opportunities for people to develop technical skills as they move through different roles in their career at PensionBee.

Prior to co-founding PensionBee, Jonathan founded a digital consultancy, Penrose, and worked at British Telecom. Jonathan holds an MSci in Experimental and Theoretical Physics from the University of Cambridge.

116. Jonathan Lister Parsons was appointed to the Board of PensionBee Group plc on 2 February 2021, having been appointed to the Board of PensionBee Limited in January 2016.

Christoph J. Martin

Chief Financial Officer (Executive Director)

Committee Membership:
None

Date of Appointment: June 2022[117]

External Appointments:
None

Career and Experience:
Christoph J. Martin is the Chief Financial Officer of PensionBee, having joined the Company in 2019. He is Responsible for financial reporting, and business planning at PensionBee. Christoph regularly engages with the public markets, including PensionBee's investors, to communicate the Company's financial objectives.

Christoph previously worked in private equity investment at Providence Equity Partners, focusing on investments in technology, media, telecommunications and education. Prior to that he worked in mergers and acquisitions, covering financial institutions at Morgan Stanley. Christoph holds a BSc in Business Administration from WU Vienna.

117. Christoph J. Martin was appointed to the Board of PensionBee Group plc on 30 June 2022, and was subsequently appointed to the Board of PensionBee Limited in October 2022.

Lisa Picardo
Chief Corporate Officer

Date Joined PensionBee: March 2020

External Appointments:
- Founding Member, Breast Cancer Now Development Board

Career and Experience:
Lisa Picardo is the Chief Corporate Officer of PensionBee, having joined the company in 2020. She leads the corporate development of PensionBee, which has included leading on the company's IPO and subsequent transfer to the Premium List, and plays a broader management role across many aspects of the business.

Lisa previously worked at Morgan Stanley for thirteen years, with the first seven years spent in the European Mergers and Acquisitions department, where she gained extensive experience working on many large and complex UK public transactions, and also played a role in firm management. Lisa then joined the Morgan Stanley Private Equity Fund, focused on investing in mid-market opportunities across sectors, with an interest in consumer-facing businesses. In 2015, Lisa founded LITTLECIRCLE, an online luxury childrenswear retailer with a platform for pre-loved fashion. Lisa holds a BSc in Economics from Bristol University.

Lisa is a founding member of the Breast Cancer Now Development Board.

Matt Loft
Chief Design Officer

Date Joined PensionBee: September 2015

Career and Experience:
Matt Loft is Chief Design Officer at PensionBee, having joined the company in 2015. He is responsible for the design and customer experience of PensionBee's products and the company's visual brand, bringing over eighteen years experience in designing customer-centric products.

Prior to joining PensionBee, Matt worked at design agencies and in-house for some of the UK's largest companies and organisations, including The Money Advice Service, Legal & General, The Ministry of Justice, Oxford University and the V&A.

Clare Reilly
Chief Engagement Officer

Date Joined PensionBee: January 2017

Career and Experience:
Clare Reilly is the Chief Engagement Officer of PensionBee, having joined the company in 2017. She is responsible for the investment range and managing the environmental, social and governance framework in line with the PensionBee vision.

Clare previously worked in the not-for-profit sector, in Corporate Relations at Citizens Advice and Fellowship at the Royal Society of Arts. Clare holds a BA Hons from University College London and an MSc from the University of Oxford in Russian and East European Studies.

Jasper Martens
Chief Marketing Officer

Date Joined PensionBee: September 2015

Career and Experience:
Jasper Martens is the Chief Marketing Officer of PensionBee, having joined the company in 2015. He is responsible for product and marketing across the business and brings extensive multichannel marketing experience to PensionBee, gathered over fifteen years working in financial services and digital agencies.

Prior to joining PensionBee, Jasper was Head of Marketing and Communications at small business insurance provider, Simply Business, and advised other fintechs such as Superscript on their marketing strategy. Before moving to London, Jasper ran his own online marketing agency which he founded in the Netherlands.

Tess Nicholson
Chief Operating Officer

Date Joined PensionBee: August 2015

Career and Experience:
Tess Nicholson is the Chief Operating Officer of PensionBee, having joined the company in 2015. She is responsible for a range of operational activities across the business, including customer success, compliance and banking operations.

Tess was previously Operations Manager and UK Commercial Manager at GO Markets UK Trading Limited (formerly Vantage FX UK Trading Limited). Tess holds a BA Hons degree in Fashion Design with Communication from Birmingham City University and is currently studying for a masters in Social & Political Theory at Birkbeck, University of London.

Petra Miskov
Chief Risk Officer

Date Joined PensionBee: September 2022

Career and Experience:
Petra Miskov is the Chief Risk Officer of PensionBee, having joined the company in 2022. She is responsible for enterprise risk management including maintaining an integrated risk framework, with a special interest in collaborative risk culture.

Prior to joining PensionBee, Petra worked at the London Stock Exchange, Goldman Sachs, Ernst & Young, KPMG and Mercer, in a variety of senior roles in the areas of risk management, quantitative advisory, investment management and pension consulting.

Petra holds a MSci in Mathematics and Statistics from the New York University and she graduated summa cum laude from the City University of New York.

3 Corporate Governance Statement

UK Corporate Governance Code Compliance Statement

The Company has applied all of the principles of the UK Corporate Governance Code 2018 (the 'Code') as they apply to it and has complied with all relevant provisions of the Code for the financial year ended 31 December 2022.

Full details of the Code are available at www.frc.org.uk. Details explaining how the Company has applied the principles of the Code can be found throughout the Annual Report.

Role of the Board

In accordance with the Code, the role of the Board is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The Board of PensionBee considers how to promote the success of the Company giving due regard to all its stakeholders, including shareholders and employees. As such, the Board participates in direct engagement with certain stakeholder groups and engagement is reported to the Board to inform the decision-making and business outcomes.

The Board provides overall leadership, setting the Company's purpose, values and strategy, and supporting the Executive Directors and the broader Executive Management Team in the delivery of that strategy. The Board ensures that the Company has the necessary resources in place to meet its objectives, measuring performance against them and that it operates a framework of effective controls, enabling risk to be appropriately managed.

Further information on the Company's vision, values, strategy, risk management framework and engagement with stakeholders can be found in the About Us, Strategy, Managing our Risks and Stakeholders sections of the Strategic Report.

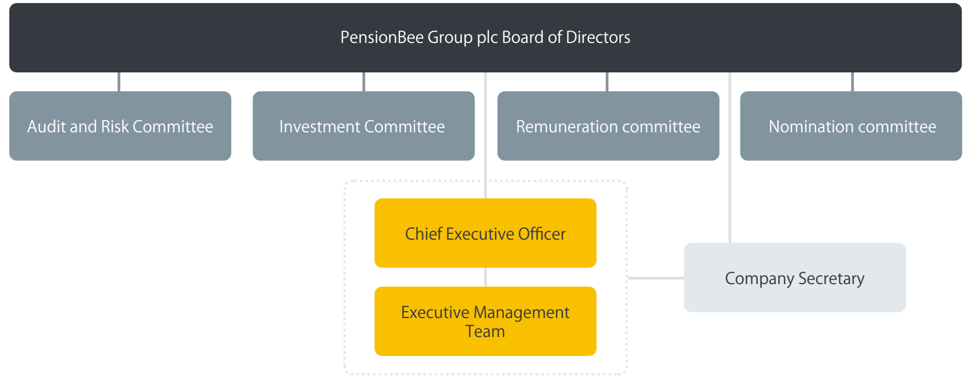
Matters Reserved for the Board

The Board operates a policy of matters reserved for its collective decision, which includes items that are material to delivering on the Company's strategy and purpose, including strategic issues, structure and capital, financial reporting and controls, material agreements, communications with shareholders, board appointments and remuneration, risk assessment and internal controls, and corporate governance. These matters include, but are not limited to:

- Responsibility for leadership, purpose, values and standards, monitoring progress against each
- Approving annually a strategic plan and objectives
- Approving operating and capital expenditure budgets and any material changes to them
- Approving changes relating to capital and corporate structure
- Approving the financial results including the annual accounts, interim and preliminary results
- Approving the Group's risk management and treasury policies
- Approving major capital projects, investments or contracts in excess of the delegated amount
- Approving changes to the structure, size and composition of the Board
- Ensuring a satisfactory dialogue with shareholders
- Ensuring the maintenance of a sound system of internal control and risk management
- Maintaining oversight of whistleblowing arrangements

A copy of the 'Schedule of Matters Reserved for the Board' can be found on the Company's website at: www.pensionbee.com/investor-relations/esg.

Governance Structure



The Disclosure Panel is responsible for monitoring the existence of inside information and its disclosure to the market. The Disclosure Panel comprises the Chair, the Chief Executive Officer ('CEO'), the Chief Corporate Officer ('CCO'), the Chief Financial Officer ('CFO'), the Senior Legal Counsel and the Company Secretary.

Details of the Risk Stakeholder Group and the Information Security Committee can be found on pages 92 to 97 of the Managing our Risk section of the Strategic Report.

Board Committees

The Board has delegated a number of its responsibilities to the Audit and Risk Committee, the Nomination Committee, the Investment Committee and the Remuneration Committee. Each of these Committees has a terms of reference document, which is reviewed annually by the Board and Committees respectively to ensure that they remain appropriate to support effective governance. Details of the role, composition and activities of each Committee during the year are set out in their respective reports on the following pages within this Corporate Governance Report.

A copy of the Terms of Reference for each of the Board Committees can be found on the Company's website at: www.pensionbee.com/investor-relations/esg.

The Operation of Board & Committee Meetings

The Board generally aims to meet up to twenty times per year across the Board and Committees, with each meeting's activity being planned ahead of time and set out in a formal Annual Board Activity Calendar, which is approved by the Board. The Board and Committee meetings are generally planned around key events in the corporate calendar, which ensures that the Board receives appropriate information at the appropriate time and that all key operational, financial reporting and governance matters are discussed during the year.

With respect to Board and Committee meetings, the Chair, the CEO, the relevant Executive Management sponsor and the Company Secretary set the Board's agenda, ensuring that there is sufficient focus on strategy, performance, value creation, culture, stakeholders and accountability. A detailed presentation is prepared and circulated in advance of each meeting, including updates from the CEO, the CFO and other Executive Management Team members. The Company Secretary also prepares a report every quarter for Board meetings, covering matters including the latest governance and company law updates.

Roles and Responsibilities

The Code requires there to be a clear division of responsibilities between the Chair and the CEO, set out in writing and agreed by the Board. The Board feels that it is important to highlight that although they agree with the approach set out in the Code, they recognise that overly prescribing the responsibilities of the Chair and the CEO may reduce flexibility to act in unforeseen circumstances. Accordingly, the document sets out a clear division of responsibilities but does not intend to provide a definitive list of the individual responsibilities of the Chair or the CEO.

A copy of the 'Division of Matters between Chair and Chief Executive' can be found on the Company's website at: www.pensionbee.com/investor-relations/esg.

Role of the Chair

The Chair (Mark Wood) is responsible for leadership of the Board and for ensuring its overall effectiveness in directing the Company and in all aspects of its role, including the satisfaction of its legal, regulatory and shareholder responsibilities, and promoting the highest standards of integrity, probity and corporate governance. The Chair has responsibilities relating to Board meetings, Board composition, induction and performance evaluation processes and relations with shareholders and other stakeholders. At appropriate intervals during the year, the Chair holds meetings with the Non-Executive Directors without the Executive Directors present in order to facilitate a full and frank discussion.

Role of the Chief Executive Officer

The Chief Executive Officer (Romi Savova) leads the team with executive responsibility for running the businesses of the Group. The CEO reports to the Board, and is responsible for all executive management matters of the Group.

Role of the Independent Non-Executive Directors

The Non-Executive Directors (Mary Francis, Michelle Cracknell and Lara Oyesanya) are all independent, providing constructive challenge, strategic guidance, offering specialist advice and holding management to account, given their experience in both executive and non-executive roles throughout their careers. The Non-Executive Directors also contribute to the identification of principal business risks and the determination of risk appetite and monitoring of the internal control framework. They provide independent judgement to the Board and also monitor compliance with the regulatory principles and requirements.

Role of the Senior Independent Director

The Code requires that the Board should appoint one of the Independent Non-Executive Directors to be the Senior Independent Director, providing a sounding board for the Chair and serving as an intermediary for the other Directors and shareholders if they have concerns that have not been resolved through the normal channels of the Chair or the Chief Executive Officer. Led by the Senior Independent Director, the Non-Executives meet without the Chair present at least annually to appraise the Chair's performance, and on other occasions as necessary. Mary Francis has been appointed as the Senior Independent Director.

A copy of the 'Role of the Senior Independent Director' can be found on the Company's website at: www.pensionbee.com/investor-relations/esg.

Company Secretary

As part of the Company's ongoing commitment to corporate governance, the role of Company Secretary was brought 'in-house' in 2022. The Board appointed Michael Tavener as Company Secretary on 25 August 2022, with Prism Cosec (Company Secretary from March 2021) contemporaneously stepping down from the position. Michael Tavener is a Fellow of the Chartered Governance Institute with over 15 years of company secretarial experience.

The Company Secretary supports the Board and each of the four Board committees and is in attendance at all meetings. All Directors have access to the services of the Company Secretarial team, who are available to advise on matters including company law, governance and best practice, whilst assisting the Board in ensuring that the correct policies, processes and information are tabled for discussion, noting or recording approval at the correct point in time throughout the year. The Company Secretarial team works with members of the Executive Management Team and the respective Chairs of the Board and Committees to ensure that Board meeting packs are circulated to Directors in a timely manner and that the information contained in them is clear and accurate.

Composition, Independence and Attendance in 2022

The Board comprised seven directors (including the Chair) by the end of the year, with the appointment of Lara Oysesanya and Christoph J. Martin in April 2022 and June 2022 respectively. Having considered circumstances which could be likely to impair a Non-Executive Director's independence, it was determined that Mary Francis, Michelle Cracknell and Lara Oyesanya were considered to be independent and that the Company continued to comply with Provision 11 of the Code, with at least half of the Board (excluding the Chair) being composed of independent Non-Executive Directors.

Further details setting out the experience, skills and professional experience of the Non-Executive Directors are set out on pages 103 to 107 of the Board of Directors and Executive Management section of this Corporate Governance Report.

During the course of 2022, the Board has had twelve formally scheduled meetings, with additional ad hoc meetings or calls convened to deal with various matters in between. Meetings were held via video conference to ensure attendance and inclusivity. The Executive Management Team were also frequently present at Board and Committee meetings, together with other advisors or contributors as appropriate. The table following shows the attendance of each Director at the formal scheduled meetings of the Board and Committees of which they are a member:

Director	Board Meetings Eligible/ Attended	Audit and Risk Committees Eligible/ Attended	Remuneration Committee Eligible/ Attended	Nomination Committee Eligible/ Attended	Investment Committee Eligible/ Attended
Mark Wood	12/12	-	4/4	3/3	3/3
Mary Francis	12/12	7/7	4/4	3/3	3/3
Michelle Cracknell	12/12	7/7	4/4	3/3	3/3
Lara Oyesanya	8/8	4/4	2/2	2/2	2/2
Romi Savova	12/12	-	-	3/3	3/3
Jonathan Lister Parsons	12/12	-	-	-	-
Christoph J. Martin	7/7	-	-	-	-

The Non-Executive Directors are committed to devoting adequate time to the business to discharge their responsibilities effectively. As set out in their appointment letters, the Non-Executive Directors are required to attend scheduled Board and Committee meetings and to become more involved for periodic special activities if required. All Directors must advise the Board of any changes to existing commitments or new commitments that may have implications on their ability to commit sufficient time to their duties.

Where Directors are unable to attend a meeting, they are encouraged to submit any comments on papers or matters to be discussed to the Chair in advance to ensure that their views are recorded and taken into account during the meeting.

Key Activities During The Year

The annual Board Activity Calendar setting out agenda items for each scheduled Board and Committee meeting is approved by the Board each year.

The calendar takes into account key points in the regulatory and financial cycle, and includes regular business, corporate, investor and employee updates from the CEO and the CCO, regular updates on the financial performance and business planning from the CFO and quarterly updates on governance and company law matters from the Company Secretary. In addition, the Board has received updates from the work of the Committees, other members of the Executive Management Team and from external advisors and contributors where appropriate.

Strategy

- Approved the Company's transfer to the Premium Segment of the London Stock Exchange and associated workstreams.
- Participated in the annual Board strategy session.

Finance

- Reviewed and approved the FY2023 budget and financial strategy, including going concern considerations and stress testing.
- Reviewed and approved the full-year results, the half-year results and the quarterly trading announcements and presentations.
- Reviewed monthly management accounts, performance analytics and regular finance updates.

Operational

- Reviewed regular operational updates provided in the CEO Report.
- Participated in deep dives on the operational elements of the Company's strategy, led by the Executive Management Team.

People

- Reviewed and appointed one Non-Executive Director and one Executive Director to the Board.
- Participated in an all-Company Town Hall event to engage with employees and gather insight and feedback on key ESG priorities.
- Reviewed progress on the Company's Culture Programme (via Nomination Committee).
- Reviewed work on Diversity, Inclusion and Equality and approved the associated goals and policies.
- Received updates on the workforce and workforce engagement.

Environment & Social

- Reviewed and approved the PensionBee Impact Plan.
- Participated in a deep dive session on TCFD requirements and the action plan for reporting and integration into the business (via the Investment Committee).
- Approved the adoption of the ISS Socially Responsible Investment (SRI) Voting Policy in respect of the Tailored Plan managed by BlackRock and certain plans managed by State Street Global Advisors.
- Reviewed and approved the ESG Policy, the Human Rights and Reasonable Supplier Policies.
- ESG Materiality assessment update.

Governance & Risk

- Participated in a deep dive session on Consumer Duty requirements, with regular progress updates on implementation.
- Reviewed the outputs from the 2022 Board and Committee Evaluation.
- Reviewed key corporate governance documentation and policies.
- Reviewed the principal and emerging risks and uncertainties which could impact the Company.
- Reviewed Information Security Committee Updates.
- Participated in a Risk deep dive session (via the Audit & Risk Committee).

Information and Support

Agendas and accompanying papers are distributed to the Board and Committee members in advance of each Board or Committee meeting. Where necessary, separate papers are prepared to support specific matters requiring Board decision or approval and the Non-Executives provide ongoing feedback to the CEO, CCO and Company Secretary on the content of papers to ensure they continue to support effective debate and decision-making by the Board.

Minutes of all Board and Committee meetings are taken by the Company Secretary and circulated to the Board for approval as soon as practicable following the meetings. Specific actions arising from meetings are recorded both in the minutes and on a separate tracker, thereby facilitating the effective communication of actions to those responsible and allowing the Board to monitor progress.

Any Director may instigate an agreed procedure whereby independent professional advice reasonably necessary to enable them to carry out their duties may be sought at the Company's expense. No such advice was sought by any Director during the year.

Training and Development

The Board participated in the Company's comprehensive annual compliance training, which included a module on Equality & Diversity, and an externally provided training on the Senior Managers and Certification Regime. Additionally, this year the Board also attended sessions provided by external counsel in respect of Directors' Responsibilities and Obligations, the Listing Rules, the Takeover Code and Disclosure & Transparency Rules.

The Company Secretary also provided quarterly updates to the Board and Committees on regulatory and corporate governance and company law matters.

A full, formal and tailored induction programme was provided to Lara Oyesanya on her appointment to the Board in April 2022. The induction programme comprised:

- The provision of a comprehensive set of documentation covering key financial, operational, strategic and governance matters.
- One-to-one meetings with each of the other Directors and members of the Executive Management Team.
- Attendance at one of the Company's weekly Show N Tell meetings, providing Lara with an opportunity to introduce herself to colleagues, covering her background, experience and reasons for joining the Board, and for employees to ask questions.

Christoph J. Martin was appointed to the Board as an Executive Director in June 2022. Given his existing role as Chief Financial Officer, his induction focused on the provision of briefings on corporate governance matters and his duties as a director.

The Chair and Company Secretary have remained available to support Lara and Christoph in instances where they have required clarification or advice, as is the case in respect of all Directors.

Board Evaluation and Effectiveness

At the end of the year, a formal and rigorous internal performance evaluation was conducted in respect of the Board and each of its Committees, covering processes that underpin the Board and Committee effectiveness, Board and Committee constitution and commitment, Board dynamics, culture, values and strategy and stakeholder oversight. The evaluations were conducted by way of questionnaires for each Director to complete, with responses provided to the Chair and the Company Secretary, followed by further calls with the individual Directors and the Chair. The Chair's performance was also discussed by the other Non-Executive Directors, led by the Senior Independent Director, and feedback was subsequently relayed to the Chair.

A summary of the responses was provided and discussed at the Board's meeting in December 2022. The results of the Board evaluation indicated strong performance and effectiveness of the Chair, Senior Independent Director, Board and Committees. Full details are set out on pages 115 to 118 of the Nomination Committee Report within the Corporate Governance Report.

Details of the progress that was made during 2022 against the themes and outputs from the 2021 Board Evaluation process are set out as follows:

Theme	Progress Update
Further appointments to the Board to further strengthen the depth and breadth of skills, knowledge and experience. Ensuring a focus on diversity at a Board level to reflect the customer base.	• Appointment of Lara Oyesanya as a Non-Executive Director. • Appointment of Christoph J. Martin as an Executive Director.
A desire to strengthen knowledge in the area of ESG.	• Update on Company's ESG Materiality Assessment. • ESG workstreams update provided to the Board as part of a Strategy Session. • Presentation on Diversity, Inclusion & Equality and the Culture Programme by the Company's Head of Culture, Inclusion & Wellbeing to the Nomination Committee. • TCFD Disclosure requirements presented to the Investment Committee.

Horizon scanning as part of the Board materials, alongside deep-dive sessions on particular aspects of the business.	• In addition to the topic-specific presentations detailed above, the Board also received presentations on:
	  • The FCA's forthcoming Consumer Duty requirements.
	  • Perspectives on the Macroeconomic Outlook.
	  • Operational deep-dives, focused on risk and strategy sessions.
	• Provision of quality governance update (horizon scanning).

Investor perceptions around the business	• Regular investor relations updates, including research analyst sentiments and investor perspectives provided to the Board. • Feedback from investors, including on the ESG Materiality Assessment.
Continuing to receive concise Board papers plus other papers outside of the Board cycle.	• Evolved the format of Board papers, reports and minutes. • Operational, financial and corporate updates provided by the CEO, CFO, CCO and other members of the Executive Management Team to the Board, outside of the Board cycle.

Appointment and Election

Following the Board and Committee performance evaluation conducted at the end of 2022, the Board has confirmed that it considers all Directors to be effective, committed to their roles and to have sufficient time to perform their duties.

All Directors are subject to election by shareholders at the first Annual General Meeting following their appointment and to annual re-election thereafter, in accordance with the Code.

Current Service Contracts and Terms of Engagement

All of the Directors have service agreements or letters of appointment, details of which are set out below.

Executive Directors

Name (Position)	Date of Service Agreement	Notice Period by Company (months)	Notice period by Director (months)
Romi Savova (CEO)	16 March 2021	6 months	6 months
Jonathan Lister Parsons (CTO)	16 March 2021	6 months	6 months
Christoph J. Martin (CFO)	30 June 2022	6 months	6 months

Non-Executive Directors

Name	Date of Appointment	Notice Period by Company (months)	Notice Period by Director (months)
Mark Wood	2 February 2021	3 months	3 months
Mary Francis	2 February 2021	3 months	3 months
Michelle Cracknell	2 February 2021	3 months	3 months
Lara Oyesanya	21 April 2022	3 months	3 months

The Non-Executive Directors (including the Chair) do not have service contracts, but are instead appointed by letters of appointment. Each appointment is for a fixed term ending on the Company's third annual general meeting following the Company's listing, but each Independent Non-Executive Director may be invited by the Company to serve for a further period. In any event, each appointment is subject to annual re-election by the Company at each annual general meeting, and each Non-Executive Director's appointment may be terminated at any time with three months' written notice.

Conflicts of Interest

Rules concerning Directors' conflicts of interests are set out in the Company's Articles of Association. All other significant commitments and potential conflicts of interest which a Director may have are required to be disclosed both before appointment and on an ongoing basis, and arrangements would be put in place, as and when it is considered appropriate, to manage conflicts, including any which result from significant shareholdings. All Directors are generally asked to confirm that they do not have any conflicts of interest at the beginning of each Board and Committee meeting.

Whistleblowing

The Company's Whistleblowing Policy outlines the Company's approach to whistleblowing. The policy recognises that whistleblowing is an important activity that helps firms to learn about and resolve problems before they escalate further. Whistleblowing also helps the FCA regulate the financial services sector and information provided by whistleblowers has contributed to fines, permissions changes and other interventions. The aim of the policy is to ensure the Company has a fit-for-purpose whistleblowing procedure that encourages employees to come forward with disclosures without fear of reprisal. The Company's whistleblowing champion is Michelle Cracknell, Chair of the Audit and Risk Committee.

Stakeholder Engagement

The Directors recognise their duty under Section 172 of the Companies Act to consider the interests of stakeholders, and the nature of our business means that the interests of our stakeholders (including customers, employees, suppliers, shareholders, our communities, government and regulators and our planet) are front of mind in the Board's decision-making process. Further information relating to how we engage with our stakeholders, together with the Section 172 Statement, are set out on pages 56 to 70 of the Stakeholders section of the Strategic Report.

Many of the stakeholder relationships are managed by the CEO and other members of the Executive Management Team, with regular updates provided to the Board and Committees as appropriate. The Chair of the Board or Committees will offer support on any significant matters relating to their areas and direct engagement where appropriate.

Employee Engagement

The Board engaged with the wider workforce during the year via existing channels and initiatives that are in place across the Company to ensure that our employees are listened to and well represented, including (but not limited to):

- Workforce engagement events with the Board, including a Company-wide Town Hall meeting (to discuss key topics identified as being important to employees through the Company's ESG Materiality Assessment), providing employees with the opportunity to meet and engage with the Board, and enabling the Board to gain valuable direct insights.

- Weekly all-Company Show N Tell meetings with the CEO and other members of the Executive Management Team. Upon joining the Company, Lara Oyesanya also attended one of the Company's weekly Show N Tell meetings to talk about her experience and engage with colleagues.
- Participation from Board members in diversity events.
- Review of Annual Diversity, Inclusion, Equality & Support Survey of all employees, to seek feedback and measure progress.
- Review of ongoing Culture Programme, with the Head of Culture, Inclusion & Wellbeing sharing insights with the Board from the lived experience focus groups run with our diverse employee base to gather feedback to enhance the Company's values-based culture.

The Board was kept apprised of employee matters and engagement through updates provided by the Senior Independent Director, the CEO, other members of the Executive Management Team and the Head of Culture, Inclusion & Wellbeing, at Board and Committee meetings.

Further detail relating to how we engage with our employees is set out on pages 36 to 45 of the Our People section and pages 56 to 70 of the Stakeholders section of the Strategic Report.

Relations with Shareholders

The Board is committed to proactive and constructive engagement with the Company's shareholders and is keen to ensure that shareholder views are well-understood. The Company's shareholders include shareholders who had invested in the Company when it was a private business, institutional investors, customers (some of whom became shareholders at the time of the Company's listing) and our employees who either are, or will become, shareholders in PensionBee.

Investor relations is managed by the CEO, CFO and the CCO, who regularly drive shareholder and analyst engagement. Virtual one-to-one investor meetings and roadshows are structured around the regular communication of financial and operational results, including quarterly trading statements and presentations to investors and analysts, with recordings being made available on the Company's website. Regular engagement aims to ensure that shareholders and sell-side analysts understand the Company's investment case, strategy and performance.

Regular updates are provided to the Board so that they are well-informed of views on a variety of topics, such as financial performance and environmental, social and governance considerations. Feedback from external advisors to the Company, including its corporate brokers and press agency, who are actively engaged with the investor and analyst communities, is also given as required.

Further information relating to how we engage with our shareholders is set out on pages 56 to 70 of the Stakeholders section of the Strategic Report.

Going Concern and Viability Statement

The Directors have assessed the viability of the Group over a period that exceeds the 12 months required by the going concern provision. Details of that assessment are set out in the Viability Statement on page 98 of the Strategic Report.

Annual General Meeting

The Board looks forward to welcoming shareholders to the Company's Annual General Meeting ('AGM'), which will be held on 18 May 2023. The Notice of 2023 AGM will be distributed to Shareholders and made available on the Company's website, and where appropriate, by an announcement via a Regulatory Information Service, if any changes are required to be made to the AGM arrangements.

The hybrid format of our AGM will give shareholders the opportunity to participate virtually in an inclusive way, providing the Board with an opportunity to communicate directly with, and answer questions from, both retail and institutional shareholders. Shareholders will be able to view the AGM proceedings and ask questions online via a chat function or by phone. Further details will be set out in the Notice of 2023 AGM.

Mark Wood CBE
Non-Executive Chair
15 March 2023

4 Nomination Committee Report

Mark Wood CBE
Chair, PensionBee Nomination Committee

Dear Shareholder,

On behalf of the Board, as Chair of the Nomination Committee, I am pleased to present the Nomination Committee Report for the year ended 31 December 2022. This report is intended to provide shareholders with insight into the areas of focus considered and the nature of the work undertaken by the Nomination Committee.

It has been another busy year for PensionBee, with its transfer from the High Growth Segment to the Premium Segment of the Main Market of the London Stock Exchange (the 'LSE') in April 2022. In addition to changes to the Board made in the run up to our initial public listing, in the context of the Premium transition, one of the Committee's key focuses this year has been on the composition of the Board, the Board's Committees and the Executive Management Team. Of particular note, we have overseen the appointment of Lara Oyesanya, our new Independent Non-Executive Director, and of Christoph J. Martin, our Chief Financial Officer, and have implemented the formal board induction process that we designed last year.

The Committee has also focused its time and attention on the Company's culture programme, and its Diversity, Inclusion & Equality Policy, goals and initiatives, matters which sit critically at the heart of our business and are key to ensuring that we continue to look after our people and foster an inclusive environment that allows all of our team to thrive and to ultimately serve our customers.

Building on our existing succession plan, we have further sought to deepen the exercise to consider the broader Executive Management Team as well as the Board.

And lastly, we have reviewed the key action items from the 2021 board evaluation process, and have developed and completed our Board and Committee evaluation process for 2022, with its scope now extending to include perspectives from our two new Board Directors.

Roles and Responsibilities

The role of the Nomination Committee is set out in its terms of reference, which is available on the Company's website. The duties of the Nomination Committee include, but are not limited to the following:

Duties of the Nomination Committee
Regularly reviewing the structure, size and composition of the Board (including skills, knowledge, experience and diversity) and recommending changes
Putting in place and reviewing Board and senior management succession plans and appointments and overseeing the development of a diverse pipeline
Taking an active role in setting and meeting diversity objectives and strategies and monitoring their impact
Overseeing the hiring and evaluation process for new Directors and ensuring they receive a full, formal and tailored induction
Reviewing the leadership needs of the organisation with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
Reviewing the results of the Board evaluation process that relate to the composition of the Board and succession planning
Reviewing annually the time required from Non-Executive Directors

Committee Members and Attendance

Committee Member	Position	Eligible Meetings	Attended Meetings
Mark Wood	Chair of the Committee	3	3
Mary Francis	Senior Independent Director	3	3
Michelle Cracknell	Independent Non-Executive Director	3	3
Lara Oyesanya	Independent Non-Executive Director	2	2
Romi Savova	Chief Executive Officer	3	3

The Nomination Committee must comprise not less than three Directors, with the majority of members being Non-Executive Directors who are independent.

Mark Wood, Michelle Cracknell, Mary Francis and Romi Savova were members of the Nomination Committee from the time of the Company's listing and as at 31 December 2022. Lara Oyesanya was a member of the Nomination Committee from the time of appointment in April 2022 and as at 31 December 2022. Further biographical details are set out on pages 103 to 107 of the Board of Directors and Executive Management section of the Corporate Governance Report.

Meetings are held at least twice a year at appropriate times and otherwise as required. The Committee met three times across the year to 31 December 2022, with all meetings being held by video conference. In addition to the Committee members, other regular attendees included the CTO and the CCO, the latter being the Executive Management sponsor of the Committee.

After each meeting, the Chair of the Committee reports to the Board on the Committee's proceedings in respect of all matters within its duties and responsibilities.

Committee Key Activities

2022 Key Activities
Overseeing appointment of new Non-Executive and Executive Board members
Reviewing Committee Terms of Reference
Reviewing Committee Work Plan for 2022 and approving Committee Programme for 2023
Reviewing membership of Board and Committees
Reviewing time commitment from Non-Executive Directors
Reviewing the Board Succession Plan
Reviewing the Board Evaluation process
Completing the Nomination Committee evaluation process
Overseeing the application of the Board Induction Programme
Reviewing updates on the Culture Programme and Diversity, Inclusion & Equality

Board Composition, Recruitment and Induction

Following its annual review of Board and Committee composition, the independence of Non-Executive Directors and their time commitment, the Nomination Committee confirmed to the Board that it remained satisfied that the balance of skills, experience, independence and knowledge on the Board and Committees was appropriate.

This year, we agreed and completed the formal recruitment process of an additional Non-Executive Director. The selection process included:

- The Committee agreeing the skill profile, knowledge and experience that was required.
- Creating and approving the role specification.
- Advertising the role externally on Workable, NED on Board and Dynamic Boards.
- Talent team collating the potential candidates for review and the CEO and CCO reviewing the candidate profiles to create a shortlist of diverse candidates for the two-step interview process.
- First stage interviews with the CEO and the CCO.
- Second stage interviews with the Non-Executive members of the Committee.
- Selecting a preferred candidate and undertaking the compliance requirements of the Financial Conduct Authority's Senior Managers and Certification Regime.
- The Committee undertaking a final review of the preferred candidate (before making a decision to recommend one candidate to the Board for appointment).

In March 2022, we concluded our process and made a recommendation for the appointment of Lara Oyesanya as an additional Independent Non-Executive Director to the Board. Lara was appointed to the Board in April 2022 in connection with the Company's transfer to the Premium Segment, bringing with her extensive legal, regulatory and commercial experience, adding to the skills and diversity of the Board.

This year, the Nomination Committee also considered and recommended the addition of a further Executive Director to the Board during the course of 2022. Christoph J. Martin was appointed to the Board in June 2022, having joined PensionBee in 2019, then graduating into the role of Chief Financial Officer in 2020 and playing a key role in the Company's listing.

A full, formal and tailored induction programme was provided to Lara Oyesanya upon appointment, comprising:

- The provision of a comprehensive set of documentation covering key financial, operational, strategic and governance matters.
- One-to-one meetings with each of the other Directors and members of the Executive Management Team.
- Attendance at one of the Company's weekly Show N Tell meetings, providing Lara with an opportunity to introduce herself to colleagues, covering her background, experience and reasons for joining the Board, and for employees to ask questions.

Given Christoph J. Martin's existing role as Chief Financial Officer, his induction focused on the provision of briefings on corporate governance matters and his duties as a director.

Succession Planning

In relation to succession planning, the Nomination Committee reviewed an expanded succession plan, which incorporated new Board members and extended coverage to the full Executive Management Team. The succession plan primarily considers what would occur in the event of unexpected incapacity given that there were no planned departures or retirements.

It was agreed that if the Chair of the Board was incapacitated, the Senior Independent Director would fill his position on an interim basis, and that if one of the Independent Non-Executive Directors was to become incapacitated, another Non-Executive Director would cover the position of Chair of the Committees as required. If a Non-Executive became unable to perform their duties, the Company would need to ensure that the Independent Director majority was maintained, and as such, the Company would seek to appoint a recruitment specialist to assist with completing the recruitment process expediently. The Company considered that the additional appointment of Lara Oysesanya, would further enhance the Board's ability to continue functioning effectively should an existing Non-Executive Director become unexpectedly unavailable.

Contingency plans and process steps were also agreed with regards to the unexpected incapacity of any of the three Executive Directors, with the approach dependent on the anticipated period of absence. In regards to short-term periods of absence, plans are in place to support each of the relevant roles internally. As regards any periods of longer-term absence, the Board would consider both external recruitment and internal replacements as appropriate at that point in time.

As part of the planned exercise, the scope of the succession plan was also expanded to cover the full Executive Management Team and the Company Secretary, similarly detailing steps that would be taken for various unexpected periods of absence.

The Nomination Committee was satisfied that the succession plan and contingency arrangements in place were appropriate for the Company's stage of development and in line with its risk appetite. We agreed that we would look to continue to evolve the succession plan further in the coming year to consider development plans for high performing individuals as necessary.

Board Evaluation

As part of the work of the Nomination Committee, a process for the Company's annual board evaluation was developed and agreed. Building on the previous year's board evaluation, a formal and rigorous internal performance evaluation was designed and conducted in respect of the Board and each of its Committees, covering processes that underpin the Board and Committee effectiveness, Board and Committee constitution and commitment, Board dynamics, culture, values and strategy and stakeholder oversight. The evaluations were conducted by way of online questionnaires, with responses provided to the Chair and the Company Secretary, followed by further calls between each of the individual Directors and the Chair and the Company Secretary. A summary of the responses was provided and discussed at the Board's meeting in December 2022.

The results of the Board evaluation indicated strong performance and effectiveness of the Board and Committees. It was noted that they were well chaired and supported by the company secretarial department and by the Executive Management sponsors. The corporate governance structure was felt to be commensurate with the Company's size and requirements. Importantly, the dynamic between the Non-Executive Directors and the Executive Directors was felt to be strong and professional, with the right level of constructive challenge and support being provided.

Key themes that surfaced for focus and development included:

- Further strengthening the skills or knowledge at a Board level in areas including cyber risk and marketing.
- Shifting the temporal balance of Board meetings towards horizon scanning and strategic discussion as the Company moves towards profitability.
- Regular operational and risk focused 'deep dives', to include themes such as resilience.
- Continuing to evolve the Company's succession plan.
- Reviewing external relationships and in particular the perspectives of the Company's key stakeholders.

The Nomination Committee will consider adopting an externally facilitated Board evaluation in due course, aligning with the UK Corporate Governance Code requirement for FTSE 350 companies to carry out an externally facilitated evaluation of the Board at least every three years.

Culture Programme

In recognition of the importance that the Company places on its people and its culture, the Company has built a programme to focus on the development and enhancement of its values-based culture. Led by the Head of Culture, Inclusion and Wellbeing, the Company developed and formalised its programme based on engagement with employees across the company through focus and lived experience groups, designed to capture the breadth of our diverse employees' experiences. Having identified what employees valued about the culture at PensionBee and identifying priority areas for improvement, as part of a continuous process across the year, the Company then developed a series of initiatives to enhance employees' experience where opportunities for improvement were identified.

As part of the work of the Nomination Committee, we were pleased to have reviewed the progress, findings and initiatives of the culture programme, throughout the year.

Further detail is set out on pages 56 to 70 of the Stakeholders section and on pages 71 to 81 of the ESG Considerations section of the Strategic Report.

Diversity, Inclusion & Equality

The Board believes that the make-up of PensionBee's employees should reflect all areas of society, across all levels of the business, to better reflect, represent and serve the Company's diverse customer base. PensionBee welcomes everyone regardless of gender, race, religion, size, age, sexuality or disability and aims to create an inclusive working environment in which everyone has equal access to opportunities and is treated with fairness and dignity. The Company is committed to promoting equality, diversity and inclusion, preventing unlawful discrimination and ensuring that all colleagues feel respected and safe at work. It does this through measures such as training, anonymised hiring and promotion cycles and inclusion in the Company's performance matrices, but also informally through its diversity events and initiatives.

The Company published its Diversity, Inclusion, Equality Policy with broad goals for 2022, which included gender balance at all levels and representation of Asian/Black/Mixed/Multiple/Other ethnic backgrounds to match the UK population across all levels. PensionBee was proud to achieve 52% female and minority gender representation across its entire employee base, 57% across its Board and 50% across its Executive Management Team, exceeding the FCAs requirements to have at least 40% women on the board and at least one senior board position being held by a woman.[118] PensionBee also achieved 40% Asian/Black/Mixed/Multiple/Other ethnic representation across its entire employee base, 20% at Executive Management level and 14% at Board level, welcoming the introduction of the FCA's requirement for at least one board member being from an Asian/Black/Mixed/Multiple/Other ethnic background.[118]

Appointments to the Board and Committees are based on merit, taking into consideration the individual's skills, knowledge and experience, but there is also a focus on promoting diversity among the Board and Committees so as to ensure the composition is appropriately balanced.

As part of the work of the Nomination Committee, we reviewed the Diversity, Inclusion and Equality Policy, together with the results of the Company's annual Diversity, Inclusion, Equality & Support Survey, reviewing progress made across the year and discussing next steps and recommendations that resulted.

Further detail is set out on pages 56 to 70 of the Stakeholders section and on pages 71 to 81 of the ESG Considerations section of the Strategic Report.

Nomination Committee Evaluation

During 2022, the Board carried out an internally facilitated Board Effectiveness evaluation that included an assessment of the Committee's performance. I am pleased that this concluded that we continue to operate effectively. The Board was satisfied that the Committee's composition was appropriate with the right balance of skills and experience among its members, enhanced with the appointment of Lara Oyesanya.

Nomination Committee Priorities for 2023

For 2023, the Committee will focus its work around the further evolution of its succession plan and team development, continuing to consider any actions that need to be taken with respect to supporting the business, with a lens of increasing diversity as needed.

Appointment of Directors

The Committee is satisfied with the Board's effectiveness and has recommended that all members of the Board be put forward for appointment at the 2023 Annual General Meeting.

Mark Wood CBE
Chair of the Nomination Committee
15 March 2023

118. Supported by analysis from PensionBee's HR information system, November 2022.

5 Investment Committee Report

Mark Wood CBE
Chair, PensionBee Investment Committee

Dear Shareholder,

On behalf of the Board, as Chair of the Investment Committee (the 'Committee'), I am pleased to present the Investment Committee Report for the financial year ending 31 December 2022. This report provides shareholders with an insight into the areas of focus considered, and the nature of the work undertaken by the Investment Committee.

2022 has been characterised by volatile global investment markets, rising nominal interest rates and heightened inflation. During the year, the Investment Committee focused time and attention on reviewing the PensionBee pension product offering, monitoring the associated performance and risk profiles, and ensuring that we continue to offer our customers value for money. Our first full Governance Advisory Arrangement (GAA) assessment, led by Zedra Trustees, concluded that the PensionBee Investment Pathways product decumulation range provides excellent value for money. The Investment Committee has continued to ensure our asset managers are held responsible for providing the highest levels of service and security for our customers.

Additionally, we are pleased to have overseen the expansion of our responsible investment product offering, which enables our customers to build a better world while saving for their retirement. Much of 2022 has been spent working in partnership with BlackRock to launch PensionBee's Impact Plan, an innovation in impact investing, and the latest in a series of PensionBee customer-driven solutions for the UK pension industry.

Roles and Responsibilities

The role of the Investment Committee is set out in its terms of reference, which is available on the Company's website. The duties of the Investment Committee include, but are not limited to the following:

Duties of the Investment Committee
Reviewing the available range of product options for customers, including in accumulation and decumulation
Reviewing the selection or change of plans and asset managers
Reviewing the choice architecture available to customers
Reviewing the pricing of each plan relative to peers
Reviewing the performance of each plan relative to peers
Reviewing the risk profile of each plan
Reviewing the processes around customer communication and support
Reviewing the administration, service, and core financial transactions
Reviewing the environmental, social and governance considerations
Reviewing the retirement offering
Reviewing fund manager terms and performance, including service levels, breaches and changes to terms and conditions
Overseeing the selection process for the appointment of, and ongoing relationship with, the Governance Advisory Arrangement

The Investment Committee assists the Board in discharging its responsibility for oversight of PensionBee's investment proposition. The Investment Committee is responsible for reviewing the Company's product offering. This includes the range of options available to customers, the selection or change of asset managers, the pricing of the plans, as well as the performance and the risk profile of each plan. We also review the performance of our fund managers.

The Investment Committee assists the Board, including by making recommendations regarding the appointment and removal of asset managers, coordinating the tender process, approving remuneration and overseeing the relationship with the Governance Advisory Arrangement, which assesses the design and implementation of PensionBee's investment pathways solution.

Committee Members and Attendance

Committee Members[119]	Position	Eligible Meetings	Attended Meetings
Mark Wood	Chair of the Committee	3	3
Michelle Cracknell	Independent Non-Executive Director	3	3
Lara Oyesanya	Independent Non-Executive Director	2	2
Mary Francis	Senior Independent Director	3	3
Romi Savova	Chief Executive Officer	3	3

The Investment Committee must comprise not less than three Directors, of which at least two must be Non-Executive Directors who are independent.

Mark Wood, Michelle Cracknell, Mary Francis and Romi Savova were members of the Investment Committee from the time of the Company's listing and as at 31 December 2022. Lara Oyesana was appointed to the Board and joined the Investment Committee in April 2022, as part of the Company's transition to the Premium Segment of the London Stock Exchange. Further biographical details are set out on pages 103 to 107 of the Board of Directors and Executive Management section of the Corporate Governance Report.

Meetings are held at least three times a year at appropriate times and otherwise, as required. The Investment Committee met three times during the year to 31 December 2022, with all meetings being held by video conference. In addition to the Committee members, other regular attendees included the Chief Engagement Officer and other members of the Executive Management Team.

The Chair of the Committee reports to the Board on the Committee's proceedings in respect of all matters within its duties and responsibilities on an ongoing basis, as required.

Committee Key Activities

2022 Key Activities
Ensuring our plans and plan range offer value for money
2021 Value for Money Report
Reviewing the FCA's Investment Pathways
Governance Advisory Arrangement (GAA) review of value for money of Investment Pathways plan range, led by Zedra Trustees (scored excellent)
Comparing value across plans using AgeWage scoring, as part of our ongoing value for money assessment
Confirming the plans continued to offer value for money
Monitoring fund manager performance
Assessing asset manager performance against our contractual terms
Annual review of duties and responsibilities to report back to the Board
Liaising with asset managers as part of a transition to electronic trading with Calastone
Reminding all our managers of their legal obligations and liability with regard to customer funds
ESG integration
Expanding ESG integration on the core plan range
Reviewing Impact Plan options and overseeing the product and go-to-market strategies
Selecting the ISS SRI Voting Policy (for in scope BlackRock and State Street plans)
Reviewing the TCFD implementation
Surveying customers to ensure our plans align with their ESG views

119. Lara Oyesanya joined the Investment Committee as an Independent Non-Executive Director upon appointment on 21 April 2022

Investment Committee Evaluation

During 2022, the Board carried out an internally facilitated Board Effectiveness evaluation that included an assessment of the Committee's performance. I am pleased that this concluded that we continue to operate effectively in our oversight of the Company's investment proposition and fund manager's performance. The Board was satisfied that the Committee's composition was appropriate with the right balance of skills and experience among its members. The performance of the Committee's increased oversight of environmental related issues will be incorporated into future evaluations.

Investment Committee Priorities for 2023

For 2023, the Committee will focus its work around the 2022 Price and Value Assessment report, the Governance Advisory Arrangement report, monitoring fund manager performance, reviewing the launch of the new Impact Plan, and ESG integration for 2023.

Mark Wood CBE
Chair, Investment Committee
15 March 2023

6 Audit and Risk Committee Report

Michelle Cracknell CBE
Chair, PensionBee Audit and Risk Committee

Dear Shareholder,

On behalf of the Board, as Chair of the Audit and Risk Committee (the 'Committee'), I am pleased to present the Audit and Risk Committee Report for the year ended 31 December 2022.

The report highlights the work that has been performed over the year, and outlines how we have discharged the responsibilities delegated to the Committee by the Board.

During the year the Audit and Risk Committee worked with professional advisors ahead of the transition from the High Growth Segment to the Premium Segment of the Main Market on the London Stock Exchange to ensure the Group met the premium listing requirements and maintained a robust control environment for the future effectiveness of the business.

Over the year, the Committee focused on its key responsibilities with assisting the Board by overseeing the Group's financial reporting, effectiveness of the financial control environment and providing oversight of the external auditor relationship and processes. The Committee also assessed the independence and objectivity of the external auditor.

The Committee assists the Board in its oversight of risk within the Group. It has a particular focus on monitoring the effectiveness of, and improvements being made to, the Group's risk management framework. This includes the documentation and communication of the Group's policies, the activities of the first and second line of defence in managing risks in accordance with the Group's risk appetite and the auditing activities with respect to regulatory and information security compliance. As is customary, the Board as a whole remains responsible for the Group's risk management and strategy, and for determining the appropriate risk appetite.

Further information on the Committee's activities is provided as follows.

Role and Responsibilities

The role of the Audit and Risk Committee is set out in its terms of reference, which is available on the Company's website. The duties of the Audit and Risk Committee include, but are not limited to:

Duties of the Audit and Risk Committee
Monitoring the integrity of the financial statements of the Group and reporting to the Board on significant financial reporting policies and judgements
Reviewing the content of the annual report and financial statements and advising the Board on whether it is fair, balanced and understandable
Overseeing the relationship with the external auditor and making recommendations to the Board regarding the appointment and re-appointment of the external auditor
Reviewing and approving the annual audit plan
Assessing the external auditor's independence and objectivity
Reviewing effectiveness of external audit process, taking into consideration relevant UK professional and regulatory requirements
Assisting the Board with the definition and execution of a risk management strategy, risk policies and current risk exposure
Reviewing the adequacy and effectiveness of the Group's risk management and internal control system
Reviewing the adequacy and security of the Group's whistleblowing arrangements and procedures related to fraud, bribery and money laundering

Committee Members and Attendance

Committee Member	Position	Eligible Meetings	Attended Meetings
Michelle Cracknell	Chair of the Committee	7	7
Mary Francis	Senior Independent Director	7	7
Lara Oyesanya	Independent Non-Executive Director	4	4

The Audit and Risk Committee must comprise at least three Directors per the UK Corporate Governance Code, all of whom must be Non-Executive Directors who are independent. Where possible it should include at least one member of the Remuneration Committee and/or one Non-Executive Director responsible for risk.

Michelle Cracknell, Mary Francis and Lara Oyesanya were members of the Audit and Risk Committee for the year to 31 December 2022. Michelle Cracknell is a qualified actuary with more than 30 years' experience in financial services and more than twenty five years' experience as a Board Director, including over six years' experience as an Audit and Risk Committee Chair. Michelle Cracknell, Mary Francis and Lara Oyesanya are also members of the Remuneration Committee. Further biographical details are set out on pages 103 to 107 of the Board of Directors and Executive Management section of the Corporate Governance Report.

Meetings are held at least four times a year at appropriate times in the financial reporting and audit cycle, and otherwise as required. The Committee met seven times during 2022. In addition to the Committee members other regular attendees included the Chair, CEO, CFO, CTO, CCO and the Finance Director. The external auditor, Deloitte LLP, also attended on most occasions.

After each meeting, the Chair of the Committee reports to the Board on the Committee's proceedings in respect of all matters within its duties and responsibilities.

Committee Key Activities

2022 Key Activities

Financial Statements

Reviewing the 2022 reporting timeline:
The Committee considered and concluded that the 2022 reporting timeline would meet the requirement for timely reporting to shareholders and advised the Board on its reasonableness.

Reviewing the annual report and financial statements for fair, balanced and understandable reporting:
The Committee assessed whether the Group achieved fair, balanced and understandable reporting in its Annual Report and Financial Statements 2021, informing its review by challenging management on the accuracy, transparency and completeness of disclosures, considering the content and tone used, and reviewing the external auditor's report to the Committee. The Committee considered the narrative section of the Annual Report and Financial Statements 2021 to ensure its consistency with the information reported and that appropriate weight had been given to both positive and negative aspects of the performance of the Group. Having evaluated all of the available information, the assurances provided by management and underlying processes used to prepare the Group's financial information, the Committee concluded, and advised the Board as such, that the Annual Report and Financial Statements 2021 was fair, balanced and understandable and established the context necessary to give shareholders and other stakeholders a balanced view between successes, opportunities, challenges and risks.

Reviewing the interim report for fair, balanced and understandable reporting:
The Committee assessed whether the Group achieved fair, balanced and understandable reporting in its Interim Report 2022, informing its review by challenging management on the accuracy, transparency and completeness of disclosures, considering the content and tone used, and reviewing the external auditor's report to the Committee. The Committee considered the narrative section of the Interim Report 2022 to ensure its consistency with the information reported and that appropriate weight has been given to both positive and negative aspects of the performance of the Group. Having evaluated all of the available information, the assurances provided by management and underlying processes used to prepare the Group's financial information, the Committee concluded, and advised the Board as such, that the Interim Report 2022 was fair, balanced and understandable and established the context necessary to give shareholders and other stakeholders a balanced view between successes, opportunities, challenges and risks.

Reviewing the going concern assumption and liquidity risk:
The Group is required to assess whether it is appropriate to prepare its financial statements on a going concern basis. The Committee assessed the appropriateness of the going concern assumptions by reviewing the stress testing assumptions and results, the capital and liquidity forecast and the Group's strategy. The Committee concluded that the financial statements should be prepared on a going concern basis and that there were no material uncertainties that would impact the Group's ability to continue in operational existence for the foreseeable future which would require disclosure. The Committee recommended the going concern assumptions and liquidity risk to the Board.

External Audit

Reviewing the management representation letter:
The Committee reviewed the content of representation by management to the external auditor and concluded that sufficient representation was achieved as requested by the auditor. The management representation letter was recommended to the Board.

Reviewing the half-year audit programme, auditor's report on the financial statements and auditor's report to the Audit and Risk Committee:
The Committee met with key members of the Deloitte audit team to discuss the 2022 interim audit review plan, materiality and the auditor's areas of focus. The Committee had detailed discussions with the auditor on the audit report and the auditor's report to the Committee, with most of the focus being on the audit procedures performed and the findings. The Committee approved the interim audit plan and confirmed its satisfaction with the reports issued by the auditor.

Reviewing the full year audit programme, auditor's report on the financial statements and auditor's report to the Audit and Risk Committee:
The Committee met with key members of the Deloitte audit team to discuss the 2022 full year audit plan, materiality and the auditor's areas of focus. The Committee had detailed discussions with the auditor on the audit report and the auditor's report to the Committee, with most of the focus being on the audit procedures performed and the findings. The Committee approved the interim audit plan and confirmed its satisfaction with the reports issued by the auditor.

Governance

Reviewing the Audit and Risk Committee 2023 meeting calendar:
The Committee reviewed its 2023 meeting calendar, giving consideration to its duties and responsibilities as set out in the UK Corporate Governance Code. The Committee concluded that its calendar had sufficient and appropriate content to enable it to discharge its responsibilities.

Reviewing Financial Position and Prospects Procedures post-IPO and Premium listing recommendations:
Following the work by the Group's professional advisors in preparation for the IPO in 2021 and the subsequent transition from the High Growth Segment to the Premium Segment of the Main Market in 2022, the Committee monitored the implementation of the professional advisors' recommendations through inquiries with management and a review of policy updates. As at 31 December 2022, all recommendations by the professional advisors had been appropriately addressed.

Undertaking the Committee effectiveness evaluation:
The Committee conducted an effectiveness review as part of the evaluation process and was satisfied that the Committee composition was appropriate, there was an adequate balance of skills and experience, and the Non-Executive Directors remained independent. The effectiveness review confirmed that the Committee was operating effectively with appropriate levels of engagement with the Board, external auditor and management.

Reviewing the Committee terms of reference:
The Committee reviewed its terms of reference to confirm that they were still reflective of the most up to date UK Corporate Governance Code requirements and the Group's risk profile. No material changes were deemed necessary. The Committee will continue to monitor any future changes to the UK Corporate Governance Code and the Group's risk profile and ensure that its terms of reference are kept up to date.

Risk Management and Internal Controls

Reviewing principal risks and uncertainties:
The Committee reviewed the Group's principal risks and uncertainties to confirm their completeness and the assessed potential impact on the Group operations and financial performance. The Committee considered the identified principal risks and uncertainties to be complete, and that the Group's strategy was appropriate in respect of such risks.

Reviewing overall internal controls and risk management systems:
The Committee reviewed the appropriateness of the risk management systems, and design and operating effectiveness of key controls through regular reports and updates from management. Audit findings on internal controls were discussed with the auditors and management. The Committee considered the Group's internal controls and risk management systems to be sufficient and appropriate.

Reviewing whistleblowing and anti-bribery and corruption policies:
The Committee reviewed the whistleblowing and anti-bribery and corruption policies, giving consideration to the changes in the regulatory landscape and changes in the business since 2021. The Committee considered the existing policy sufficient and appropriate for the Group.

Reviewing the related parties list:
The Committee monitors the related parties list which is used to assess the accuracy of disclosures by management in the financial statements. The list was considered complete based on inquiries with management and the Board.

Approving the 2023 risk management plan:
The Committee approved the 2023 risk management plan, following a detailed review of the plan presented by the Risk Management Team. The Committee considered the risk management plan to be appropriate and sufficient to address the risks applicable to the Group.

Financial Reporting

Group Financial Statement Reporting

One of the core responsibilities of the Audit and Risk Committee is to ensure the integrity of the financial statements of the Group. For the financial year, the Audit and Risk Committee:

- Reviewed the Interim Report and Annual Report and Financial Statements and recommended approval to the Board.
- Reviewed the completeness of the financial reporting disclosures.
- Reviewed the application and appropriateness of accounting policies.
- Reviewed the going concern assumption and viability statement.

Significant Issues Considered by the Committee in Relation to the Financial Statements

Significant accounting policies and accounting judgements are identified by management and the external auditor and are reviewed and challenged by the Committee. The significant accounting policies and judgements considered by the Committee, and details of how they were addressed, in respect of the year ended 31 December 2022 are set out as follows:

Areas for Consideration	Committee Review and Conclusion
Revenue Recognition	The Committee considered the relevant revenue streams and recognition criteria stipulated in the accounting standard. The Committee recommended the policy to the Board for approval.
Share-based Payment	The Committee considered the grant date fair value, vesting conditions, initial recognition and subsequent measurement of share options as set out in the accounting standard. The Committee recommended the policy to the Board for approval.
Research and Development	The Committee reviewed the current accounting treatment of Research and Development, the relevance, and whether an intangible asset should be recognised. The Committee reviewed the policy and recommended it to the Board for approval.
Income Taxes	The Committee considered the Group's tax position and the accounting standard requirements on recognition of a deferred tax asset. The Committee reviewed the policy and recommended it to the Board for approval.
Leases	The Committee reviewed the basis of accounting for all types of leases; short term and long term, low value and high value leases. The Committee recommended the policy to the Board for approval.
Investment in Subsidiary Valuation	The Committee reviewed the assessment for impairment of the investment held by the Company in the Subsidiary. The Committee recommended the investment in the subsidiary valuation to the Board for approval.
FRS 102 for PensionBee Group plc Standalone Financial Statements	Due to practical reporting considerations, the Committee reviewed the existing accounting frameworks mix within the Group. The Committee recommended the approval of the continued adoption of FRS 102 by PensionBee Group plc standalone accounts to the Board.

Going Concern and Viability Statement

In addition to considering significant accounting policies and judgements, the Committee plays an important role in the production of the Annual Report and Financial Statements and the Interim Results. This includes reviewing and challenging the assumptions that support the use of the going concern basis for the preparation of the financial statements and the statement given by the Directors as to the Group's longer-term viability.

The Committee reviewed detailed management analysis elaborating on the going concern assumptions and the viability statement. This included the KPIs, profit and loss, cash flow, balance sheet and capital forecasts on a monthly basis. The Committee considered additional stress tests, including a sharp decline in equity markets, the worsening of conversion and lower transferred-in pension pot sizes, all of which could potentially be caused by the increased cost of living in the UK, geopolitical disruption and/or interest rate rises. Furthermore, the Committee considered management mitigating actions that could be taken in the stress scenarios and the strength of the Group's capital position.

After due consideration, the Committee recommended to the Board that it was appropriate for the Group to adopt the going concern basis of accounting in the preparation of the Annual Report and Financial Statements 2022 for the year and that based on the current information, the Directors could make the Viability Statement as shown on page 98 of the Strategic Report.

Risk Management Framework

The Audit and Risk Committee is responsible for monitoring the risk profile of the Company, and reviewing the effectiveness of the Company's internal controls and the overall risk management framework. The Company's risk management framework and the associated systems of internal control are designed to identify, evaluate and manage risks within the risk appetite set by the Board. Through its oversight of risks, controls and the associated risk management processes, the Committee is able to maintain a good understanding of principal and emerging risks, ensure that an adequate system of internal controls is maintained, and review the Executive Management Team's decision-making process.

The risk reporting is designed to allow the Audit and Risk Committee to form its view on how effectively risks have been assessed, how they have been managed or mitigated, whether necessary actions are being taken promptly to remedy any significant failings or weaknesses of key controls and systems, therefore ensuring that the Committee has reviewed all significant aspects of risk management and internal control systems for the Company with respect to its core business objectives and the internal and regulatory requirements.

In 2022, Petra Miskov joined PensionBee as the Chief Risk Officer, bringing more than two decades of experience in financial services. She has carried out a comprehensive review of the Company's Risk Management Policy and the risk framework, regularly engages with the Board members on risk-related matters, and serves as the Executive Management co-sponsor of the Audit and Risk Committee.

Information Security Risk Management Framework

PensionBee is ISO 27001 certified, having implemented an Information Security Management System and controls, in accordance with the risks we have identified to the organisation and in order to safeguard our information assets, while making the process effective to manage, monitor and improve.

Our Information Security risk management framework is integrated with the Company's overall risk management framework. PensionBee acknowledges that sources of Information Security and cyber crime risk will always exist, and subsequently treats Information Security risk as a business-wide risk rather than a standalone Technology Department risk. This gives a cohesive, consistent and joined-up approach when managing information and cyber security risk.

Information and cyber security risks are mitigated using a defence-in-depth approach, providing multiple layers of complementary controls. This approach includes improving controls around human risk (e.g. the risk of staff clicking on phishing emails), as well as implementing technical controls across the IT estate. External expertise and specialist sources are utilised to ensure evolving and emerging cyber risks are treated. Our Information Security Team uses real life scenarios and intelligence to create plausible cyber security and data compromise scenarios, which are simulated to help focus on continuous improvement.

PensionBee has invested in the BeeSecure Information Security Programme to further improve controls to mitigate information and cyber security risks.

Principal Risks

The Board has identified and set out the key risks which, if they were to materialise, could have an impact on the Company's ability to meet its strategic objectives. These risks include regulatory risk, information security risk, operational risk, financial risk, strategic risk and climate risk, and are further detailed on pages 92 to 97 of the Managing our Risks section of the Strategic Report.

Risk Appetite

The Board is responsible for establishing the risk appetite and monitoring the risk management framework at PensionBee.

With respect to most risks, the Company's risk appetite is low. The risk appetite is determined by the Company's desire to keep financial losses and reputational damage arising from its principal risks as low as possible, owing to the importance of allocating capital to growth as well as the Company's desire to build trust in its services. The Company generally has a medium risk appetite where the risk arises as a function of the inherent business model, for example the financial risks arising from fluctuations in capital markets.

Monthly Risk Reviews

The Board receives monthly risk updates including reports on any business areas which are, or should be, subject to further controls or additional measures to mitigate any risks that have been identified (the 'Monthly Risk Review'). The Monthly Risk Review also contains information about any emerging trends in order to prevent new risks from materialising. The report also includes an overview of policy updates, incident reporting for the month, an update on the risk-relevant open actions and a summary of significant change management activities.

These Monthly Risk Reviews also summarise the monitoring activities that the second line of defence has undertaken during the month. These include the monthly checks in respect of key financial and operational processes, deep dive reviews, scenario analysis, incidents trend analysis and other ad-hoc risk assurance activities.

Monthly Risk Reviews also include Information Security highlights of relevant risks and controls (including any relevant Third Party Supplier cyber security incidents), progress with audits, strategic initiative updates, staff training updates, and the overall progress of the information and cyber security programme.

Overall, the Monthly Risk Reviews, combined with topics raised at the Audit and Risk Committee meetings, enable the Committee to effectively oversee the Company's risk profile and the approach to risk management.

Policy Management Software

PensionBee uses Clausematch, a policy management, regulatory change and compliance platform, as its main policy management software. Clausematch facilitates an auditable process for the review and dissemination of all of the Company's policies.

External Assurance

The Company performs external assurance activities according to a calendar overseen by the Audit and Risk Committee. The Company employs external parties to provide assurance and these parties are appointed based on their sector expertise, for example, investment management, finance, compliance, regulation and information security expertise. The Company will conduct additional external assurance activities when appropriate, where additional assurance is required or where there are considered to be emerging risks. The Audit and Risk Committee is kept up to date with the work of these parties.

The external assurance activities are currently coordinated by the Risk Management Team and the Board is satisfied that the Audit and Risk Committee can adequately oversee the external assurance scope and activities, and gain the required assurance over internal controls.

Regulatory Audit

The Group continued the regular auditing of the discharge of its regulatory obligations, including the Senior Managers and Certification Regime, required training, administration standards and management information, reporting obligations, identification of risk, risk oversight, business planning, products and internal governance. The Committee was kept informed of the progress and satisfactory completion of the initial audit, which was conducted by an external party. Regular auditing activities continue in 2023 and beyond.

Information Security Certification

PensionBee's Information Security Management System ('ISMS') is certified to the internationally recognised ISO 27001 standard for the management of information security. PensionBee also holds the Cyber Essentials Plus certification, which is a Government-backed scheme to help organisations improve cyber security controls. The two frameworks are complementary and help improve information and cyber security controls under the ISMS.

The ISMS is also subject to a comprehensive annual audit programme, which gives independent and objective assurance on the system. PensionBee has an Information Security Committee ('ISC') to give oversight of the ISMS, track progress against its objectives and monitor the results of the audit programme. The ISC was held twice in 2022 and the members include senior stakeholders from the business, such as the VP of Information Security, the Executive Management Team and the Risk Management Team. Ultimate oversight of the ISC is provided by the Audit and Risk Committee.

External Audit

Deloitte LLP ('Deloitte') is PensionBee's external auditor, with 2022 being the fifth financial year to be audited by them. Kieren Cooper has fulfilled the role as lead audit partner for two of the five financial years.

The Committee oversees the audit relationship with Deloitte. The Committee's responsibilities are appointing, re-appointing and removing the external auditor and overseeing their effectiveness, independence and objectivity.

During 2022, the Committee approved the re-appointment of the auditor, the proposed audit fee and terms of engagement. The Committee assessed the effectiveness of the external auditor by reviewing the audit plan presented by Deloitte to assess the adequacy and appropriateness of the proposed audit procedures, completeness and relevance of the identified audit risks and the audit team composition.

Discussions were held with the lead audit partner in the absence of management. The Committee considered the external auditor effective and independent. Following the initial appointment of Deloitte in 2018, and giving consideration to PensionBee's listing in 2021 and the requirement for public companies to re-tender their audit every ten years, it is expected the Company's audit mandate will be re-tendered at the latest in 2029.

Non-Audit Services Policy

The Committee reviewed the existing non-audit services ('NAS') policy and confirmed that it is still sufficient and appropriate for the Group. The NAS policy is reviewed annually by the Committee to safeguard the ongoing independence of the external auditor and to ensure compliance with the FRC's Ethical Standard.

The Committee acknowledged the benefits that can be realised in using the external auditor for non-audit services due to their understanding of the business. In the circumstance where Deloitte is engaged to provide non-audit services, the policy governs the provision of these services and ensures they do not impair the external auditor's independence and objectivity.

Before proceeding with a non-audit service, the fee comparative to the audit, types of services, and external auditor independence are considered. The Committee's approval has to be achieved before the external auditor is engaged to provide non-audit services. For permitted non-audit services that are deemed to not be material, the Committee has pre-approved the use of the external auditor for cumulative amounts totalling less than £50,000. The threshold up to £20,000 requires the approval of the CFO or the CEO. Non-audit fees within the threshold of £20,001 to £50,000 require the approval of the CFO and the CEO.

Non-audit fees paid to the external auditor should not exceed 70% or more of the average audit fees for three consecutive financial years starting from the IPO. The cap will become effective from April 2024, after the three year grace period as a public interest entity ('PIE') from the time of the IPO.

The external auditor did not undertake any non-audit work during the year (in 2021, Deloitte undertook non-audit work in relation to the IPO Reporting Accountant and Tax Structuring processes and was paid a total fee of £801,000). The Committee is satisfied that the external auditor's independence has not been impaired by their provision of non-audit services.

External Auditor Fee

An overview of the total fees paid to Deloitte are shown in the table that follows:

Item	2022 £ 000	2021 £ 000
Other Assurance Services	-	633
Tax Structuring Services	-	167
Audit Related Services	58	42
Financial Statements Audit Services	138	128

Non-audit fees paid to the external auditor during the year did not exceed audit fees (2021: exceeded audit fees by 558%). The non-audit fees cap will become effective from April 2024 after the three year grace period as a PIE from the time of the IPO.

Non-audit fees paid to the external auditor will not exceed 70% or more of the average audit fees for three consecutive financial years starting from the IPO.

Details of the fees paid to Deloitte during the year are shown in Note 9 of the Financial Statements.

Compliance, Whistleblowing, Anti-Bribery and Corruption and Financial Crime

The Group maintains a robust set of compliance policies that are documented and managed on the Clausematch platform. During the year there were no whistleblowing incidents reported (2021: nil).

Whistleblowing

The Company's Whistleblowing Policy outlines the Company's approach to whistleblowing. The policy recognises that whistleblowing is an important activity that helps firms to learn about and resolve problems before they escalate further. The aim of the policy is to ensure the Company has a fit-for-purpose whistleblowing procedure that encourages employees to come forward with disclosures without fear of reprisal. The Company's whistleblowing champion is Michelle Cracknell, Chair of the Audit and Risk Committee.

Anti-Bribery and Corruption

The Company has a zero-tolerance for bribery and corrupt activities, as outlined in its Anti-Bribery and Corruption Policy. The aim of the policy is to help PensionBee uphold all laws relating to anti-bribery and corruption. The anti-bribery policy applies to all Directors, officers, employees, consultants, contractors, interns, or any other person or persons associated with the Company (including third parties), no matter where they are located (within or outside of the UK).

Financial Crime

PensionBee has a regulatory and legal responsibility to assist the authorities in countering the perpetration of financial crimes. Financial crimes include but are not limited to money laundering, terrorist financing and fraud. Financial crime is perpetrated by individuals and therefore this policy is closely linked to the Company's Know Your Customer Policy. Fraud can lead to highly damaging outcomes for customers and is particularly relevant when transactions are being processed out of the PensionBee Personal Pension. Fraud risks are therefore also closely linked to the Transfer Out Policy and the Banking Policy, which cover the risks of making inaccurate payments.

Audit and Risk Committee Evaluation

During 2022, the Board carried out an internally facilitated Board Effectiveness evaluation that included an assessment of the Committee's performance. The review concluded that we continued to operate effectively. The Board was satisfied that the Committee members had the relevant financial and commercial competence relevant to our sector and that there was the right balance of skills and experience among its members.

Audit and Risk Committee Priorities for 2023

For 2023, the focus areas for the Audit and Risk Committee are expected to include a review of the effectiveness of the Finance function and the timetable for production of the financial information, oversight of the embedding of the risk framework, a review of the new Consumer Duty implementation, and a review of the links between the risk assessments and remediation activities for the Company's most significant risks (including Information Security risk). The Committee will also review the work of the external assurance providers and consider the need for internal audit, as required by the Code.

Michelle Cracknell CBE
Chair of the Audit and Risk Committee
15 March 2023

7 Directors' Remuneration Report[120]

Annual Statement by the Chair of the Remuneration Committee

Mary Francis CBE
Chair, PensionBee Remuneration Committee

Dear Shareholder,

I am pleased to present our second Directors' Remuneration Report for the year ended 31 December 2022, which has been prepared by the Remuneration Committee and approved by the Board.

The Report comprises three sections:

- This statement, being our annual report on the activities of the Remuneration Committee during the year.
- The Directors' Remuneration Policy ('Policy') which will be subject to a binding vote at the 2023 Annual General Meeting ('AGM'). Although the Policy was approved by a binding vote at the 2022 Annual General Meeting with 99.2% of votes in favour, the Remuneration Committee has been advised to resubmit the Policy for approval following the Company's transition to the Premium Segment of the London Stock Exchange in April 2022. No substantive changes are proposed.
- The Annual Report on Remuneration, which explains how the Directors have been rewarded in 2022 and will be subject to an advisory vote at the 2023 AGM.

We have prepared this report with reference to the principles of remuneration as set out in the UK Corporate Governance Code. Our objectives for the Policy and how they align with the Company's strategy and values are laid out on page 132. Our process and approach is laid out on page 132 to 139, and our retained discretion is documented on page 136.

120. The Directors' Remuneration Report that follows has been prepared in accordance with the Listing Rules, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Companies Act 2006.

Roles and Responsibilities

The role of the Remuneration Committee is set out in its terms of reference, which is available on the Company's website. The duties of the Remuneration Committee include, but are not limited to the following:

Duties of the Remuneration Committee
Determining the Company's framework and policy for executive remuneration
Setting remuneration for all Executive Directors and reviewing remuneration for senior management
Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture
Considering remuneration arrangements with respect to the UK Corporate Governance Code requirements for clarity, simplicity, risk mitigation, predictability and proportionality

Committee Members and Attendance

Committee Members	Position	Eligible Meetings	Attended Meetings
Mary Francis	Chair of the Committee	4	4
Michelle Cracknell	Independent Non-Executive Director	4	4
Lara Oyesanya	Independent Non-Executive Director	2	2
Mark Wood	Non-Executive Chair of the Board	4	4

The Remuneration Committee must comprise not less than three Directors, all of whom are Non-Executive Directors who are independent. The Chair of the Remuneration Committee must not be the Chair of the Company, and should have served on a remuneration committee for at least 12 months prior to being appointed.

Mary Francis, Michelle Cracknell and Mark Wood were members of the Remuneration Committee throughout 2022 and Lara Oyesanya joined as of 21 April 2022. Further biographical details are set out on pages 103 to 107 of the Board of Directors and Executive Management section of the Corporate Governance Report.

Meetings are held at least twice a year at appropriate times and otherwise as required. The Committee met four times during 2022, with all meetings being held by video conference.

The CEO, COO, Company Secretary and other members of the Executive Management Team attended meetings by invitation to provide valuable input. However, no member of management plays any part in determining his or her remuneration.

After each meeting the Chair of the Committee reports to the Board on the Committee's proceedings in respect of all matters within its duties and responsibilities.

The Company-Wide Context

2022 was an important year for PensionBee, as the Company pursued customer growth and the achievement of pre-marketing profitability. Customer numbers continued to grow throughout the year, and pre-marketing profitability (on an Adjusted EBITDA before Marketing basis)[121] was achieved in the fourth quarter of 2022, in line with the Company's expectations and despite significant challenges in the macroeconomic environment.

121. See definitions on pages 54 and 56 of the Measuring our Performance section of the Strategic Report.

A challenge for the Remuneration Committee has been to recognise the very considerable achievements of the Executive Management Team, whilst also recognising the effects of difficult market conditions on our shareholders and the impact on our customers. The below-target bonus awards granted to our Executive Directors are the outcome of long and careful consideration of these matters by the Committee.

Having thoroughly reviewed the Company's Remuneration Policy in 2021, prior to its public listing, we concluded that applying a consistent approach for 2022 was appropriate. Our approach continues to be underpinned by the Company's duty of fairness to both its customers and employees, as it continues to balance cash preservation with investment for growth, exercise vigilant control over risk, and ensures that it can recruit and retain talented employees.

The arrangements in place during 2022 were fully in accordance with our Remuneration Policy. They demonstrated an appropriate and conservative approach, with remuneration levels in line with (and at the most senior levels, below) equivalent market levels, and performance-linked elements mainly in restricted share awards with a longer time horizon for vesting. The Company's desire to conserve cash for investment and growth has thus continued to be very much respected.

At the same time, we were satisfied that the policy continued to ensure that rewards were at fair levels that enabled our Company to recruit and retain high quality employees. Emphasis continued to be placed on applying a similar reward structure right across the Company, albeit geared more heavily to share-based performance rewards at the more senior levels.

The Company maintained its commitment to being a Living Wage employer for its most junior employees and conducted a benchmarking exercise for other roles across the Company, ensuring that base salaries for 2023 reflect UK labour market conditions. At the end of 2022, the Committee approved an increase of approximately £2,000 per year for each salary band to commence in January 2023, in line with changes to the London Living Wage. This reflected the Committee's view that employees should continue to be supported throughout the 'cost of living' crisis, with the fixed increase translating to greater proportional assistance at the most junior levels.

For 2022, we achieved 52% female and minority gender representation across the entire employee base[122] and a median hourly gender pay gap of 0% across our Company.[123] This gap was in line with PensionBee's target of 0% with a variance of 5% above or below owing to the overall size of the employee base.

122. Supported by analysis from PensionBee's HR information system, November 2022.
123. Gender pay gap calculated in accordance with UK Government methodology: www.gov.uk/guidance/making-your-gender-pay-gap-calculations. A positive percentage means women have lower pay than men, a negative percentage means men have lower pay than women, a zero percentage means no gap in pay between men and women.

Directors' Remuneration Policy

I now turn in more detail to the way we pay our Executive Directors. As indicated earlier, we are seeking shareholders' approval for our Directors' Remuneration Policy at the 2023 AGM, for a three-year period. There are no substantive changes to the policy approved at the 2022 AGM, and we are confident that our approach continues to support the delivery of the Company's key objectives.

The Policy is set out in detail on pages 132 to 139 of the Directors' Remuneration Policy section of this report, but the main features include:

- Below-market salaries until profitability: this principle is well embedded in the Company, noting that the bonus and restricted share awards are also set by reference to these salaries.
- Pension alignment with the wider workforce.
- Annual performance-related bonus of up to 100% of salary, with at least 75% of the bonus being deferred into shares.
- A restricted share award of up to 125% of salary, subject to performance underpin, vesting over 3-5 years and with a post-vesting holding period until the fifth anniversary of grant.
- Shareholding guidelines of 200% of salary, which continue to apply in full for a period of two years post the cessation of employment.
- Comprehensive malus and clawback provisions.

2022 Bonus and Restricted Share Awards

The annual bonus plan includes a mix of financial and non-financial performance measures. Financial measures account for at least 50% of total payout, together with personal, strategic, operational and risk control measures. Similar factors provide an underpin to the annual restricted share plan awards. The Company is committed to delivering excellent outcomes for our customers and the Committee considers the Company's approach to risk management and other environmental, social and governance factors, when assessing the appropriateness of the out-turn both in terms of the assessment of personal performance and also the thresholds for Company performance in relation to the annual bonus plan. It will also consider these factors in the context of the underpin in respect of the restricted share plan awards.

As detailed on pages 48 to 53 of the Operating and Financial Review section of the Strategic Report, the Company delivered strong top line growth across its core performance indicators, including Assets under Administration (£3.0bn), Revenue (£17.7m) and Invested Customers (183,000).[124] However, the Company's Revenue was ultimately impacted by stock and bond market declines driven by the war in Ukraine, and an environment of persistent inflation and rapidly rising interest rates across the year.

Nevertheless, through appropriate cost discipline and investment in technology to drive productivity, the Company achieved its primary financial objective for the year of pre-marketing profitability (Adjusted EBITDA before Marketing profitability) across the fourth quarter of 2022, and improved its Adjusted EBITDA Margin to exceed its threshold objective.[126] In addition, the Company maintained strong performance against its customer-focused objectives, including its Trustpilot score (Excellent 4.6★) and its app store ratings (an average of 4.6 out of 5).

Overall, this led to a bonus out-turn for the Executive Directors at 41% of maximum for 2022. While the outturn was lower than that of 2021 (75% of maximum), having also considered the Company's share price performance in 2022, which in the Committee's view was meaningfully impacted by the macroeconomic environment, the Committee confirmed the formulaic out-turn.

As regards the restricted share award to be granted in March 2023, the Committee is conscious that the current share price is below that used for the share award granted in 2022, notwithstanding that the Company has continued to deliver on its stated objectives. We accordingly considered whether the grant size should be adjusted. We concluded that the normal 125% of salary award should be made, noting that salaries are inherently low (perhaps half the comparable market level in the case of the CEO) such that overall levels are conservative. The Committee will continue to evaluate the long-term vesting outcomes of awards granted with the objective of maintaining stakeholder fairness and notes the Company's overall alignment with shareholder interests through its emphasis on equity-based compensation.

Implementing the Policy for 2023

The base salary for each of the Executive Directors will increase to £200,000 in 2023 as included in the Remuneration Policy approved at the 2022 AGM.

The first restricted share award under the Omnibus Plan was granted in March 2022 following the announcement of the Company's results, and the next award is expected to be granted in March 2023, again following the Company's 2022 year-end results announcement.

The annual bonus structure for 2023 will remain broadly unchanged, with a combination of financial performance measures (including Revenue and Adjusted EBITDA Margin)[126] accounting for 50% of the total, a Customer Love Composite metric (including the equally weighted subcomponents of the Company's Invested Customers, Trustpilot Score, App Reviews, Complaints Ratio and Net Promoter Score) accounting for 25% of the total, and personal performance accounting for 25% of the total. These metrics are considered to provide a balanced scorecard of the Executive Directors' responsibilities to key stakeholders.

124. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

Advisors

The Committee reappointed FIT Remuneration Consultants LLP ('FIT') as their independent advisor during the year. FIT advised on all aspects of our Directors' Remuneration Policy and practice and reviewed remuneration structures against corporate governance requirements. FIT is a member of the Remuneration Consultants' Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. FIT does not carry out any other work for PensionBee or its subsidiaries. The Remuneration Committee is satisfied that the advice is objective and independent, taking into account that during the year FIT was paid time-based fees of approximately £68,000 including VAT.

Remuneration Committee Evaluation

During 2022, the Board carried out an internally facilitated evaluation of the Board's Effectiveness and an assessment of the Committee's performance. The Committee was satisfied that the review had concluded it continued to operate effectively. The Board was satisfied that the Committee composition was appropriate and there was the right balance of skills and experience among its members.

Conclusion

I am grateful to my fellow Directors on the Committee, Mark Wood, Michelle Cracknell and Lara Oyesanya, for their hard work throughout 2022, and to the whole Executive Management Team and our professional advisors for their support and input.

We look forward to engaging with our shareholders and other stakeholders on an ongoing basis. I would welcome any feedback or comments on the Directors' Remuneration Report more generally, and would be glad to meet to discuss any matters of concern.

I will of course also be available at the 2023 Annual General Meeting to answer any questions about the work of the Remuneration Committee for the year.

Mary Francis CBE
Chair of the Remuneration Committee
15 March 2023

Directors' Remuneration Policy

The Directors' Remuneration Policy (the 'Policy') is submitted for approval at the 2023 Annual General Meeting ('AGM') and, subject to shareholder approval, will take binding effect from the close of that meeting. The Remuneration Committee intends that the new Policy will operate for three years. In drafting the Policy, the Committee was advised that each element of pay should include a cap. The included numbers are set to comply with this requirement and do not form an aspiration. The Policy is being resubmitted to shareholders for approval given the change in listing to the Premium Segment of the Official List, however no substantive changes have been proposed.

The Policy was reviewed and approved by the Remuneration Committee. As part of the process, input was collected from management and our external advisors.

Objectives of the Policy

The proposed Directors' Remuneration Policy is intended to come into effect from the date of its approval at the 2023 AGM, and has been designed to meet the following objectives:

Clarity	Simplicity	Risk
• The Policy is designed to be simple and to support long-term, sustainable performance. • The Policy is in line with standard UK listed company practice and is well understood by participants and shareholders alike. • The Policy clearly sets out the limits in terms of quantum, the performance measures which can be used and discretion which could be applied if appropriate.	• Our arrangements include a market standard annual bonus and a single long-term incentive plan. • The details of each are clearly set out in our Policy. • There are no complex or artificial structures required to deliver the Policy.	• Appropriate limits are set out in the Policy and within the respective plan rules. • The Committee retains discretion to override formulaic out-turns. • When considering performance measures and target ranges, the Committee will take account of the associated risks and liaise with the Audit and Risk Committee as necessary. • The long-term nature of a large proportion of pay (through significant annual bonus deferral, post-vesting holding periods and post-cessation shareholding requirements) encourages a long-term, sustainable mindset. The use of restricted shares rather than more geared forms of long-term incentives also mitigates the risk of undue focus on those targets. • Clawback and malus provisions are in place across all incentive plans.

Predictability	Proportionality	Alignment to Culture
• The Policy contains appropriate caps in place for each component of pay. • The potential reward outcomes are easily quantifiable and are set out in the illustrations provided in the Policy. • Performance can be reviewed at regular intervals to • ensure there are no surprises in outcomes at the end of the performance period.	• Incentive outcomes are contingent on successfully meeting stretching performance targets which are aligned to the delivery of the Company's strategy. • Performance will be assessed on a broad basis, including a combination of financial and operational metrics. The use of different measures ensures there is no undue focus on a single metric which could be to the detriment of other stakeholders. • The Committee retains discretion to override formulaic out-turns.	• The Policy encourages high performance delivery which is aligned to the culture within the business. However, this performance focus is always considered within an acceptable risk profile. • Overall pay levels are modest with base salaries below-market reflecting the early emergence of profitability. • The measures used in the variable incentive plans reflect the KPIs of the business.

Remuneration Policy for Executive Directors

The following table summarises each element of the Remuneration Policy for the Executive Directors, explaining how each element operates and links to the corporate strategy.

Base Salary	
Purpose	• To recruit and retain high-calibre Executive Directors. • Recognise knowledge, skills and experience as well as reflect the scope and size of the role.
Operation	• Normally reviewed annually (with any changes usually effective from January or August). An out of cycle review may be conducted if the Committee determines it is appropriate. • When setting Base Salaries, the Committee takes into account a number of factors including (but not limited to) skills and experience of the individual, the size and scope of the role, salary increases across the Group as well as salary levels for comparable roles in other similarly sized companies. • Currently, Base Salary levels are considerably below market levels reflecting the emerging profitability of the Company. The current Base Salaries for the Executive Directors are set out on page 141. • The Executive Directors' Base Salaries increased to £177,000 in January 2023 (in line with the Company-wide award, which included the application of a £2,000 cost of living increase to every salary band, reflective of the increase in the London Living Wage) and will increase to £200,000 in August 2023. The Committee will review salaries against benchmarks from 2024, which may lead, at some stage, to a higher level of increase than would normally be the case.
Maximum Potential Value	• The maximum Base Salary level is £500,000. • Base Salary increases are normally considered in relation to the wider salary increases across the Company, albeit recognising the unusually low starting position in the current Policy. • Above workforce increases may be necessary in certain circumstances such as when there has been a change in role or responsibility or where an Executive Director has been appointed on an initial salary which is lower than the desired market positioning.
Performance Metrics	• Individual performance, as well as the performance of the Company, is taken into consideration as part of the annual review process.

Pension	
Purpose	• To provide cost-effective retirement benefits.
Operation	• The Executive Directors may participate in the Company's pension scheme or receive a cash allowance in lieu if HMRC caps apply. • Pension contributions and allowances are normally paid monthly and are not bonusable.
Maximum Potential Value	• The Company pension contributions to defined contribution retirement arrangements or cash allowances are capped at those of the wider workforce (currently 5% of qualifying salary). • This applies to current and any future Executive Directors.
Performance Metrics	• Not applicable.

Benefits	
Purpose	• To provide competitive, cost-effective benefits which help to recruit and retain Executive Directors.
Operation	• Benefits may include various insurances such as life, disability, medical and other benefits provided more widely across the Company from time to time. • Other benefits, such as relocation expenses or expatriate arrangements may be provided as necessary. • Reasonable business-related expenses (including any tax thereon) will be reimbursed.
Maximum Potential Value	• The value of benefits will vary based on the cost to the Company of providing the benefits.
Performance Metrics	• Not applicable.

Annual Bonus	
Purpose	• To incentivise and reward for the delivery of suitably stretching annual corporate targets to align with shareholders' and wider stakeholders' interests.
Operation	• The Annual Bonus is subject to performance measures and objectives set by the Committee for the financial year. • At the end of the performance period, the Committee assesses the extent to which the performance targets have been achieved and approves the final outcome. • At least 75% of any Annual Bonus earned will be deferred in shares under the 2021 PensionBee Group PLC Omnibus Plan ('Omnibus Pan') ('DSB Award'), normally for a total of three years, with a third vesting and becoming exercisable in each of the first, second and third years respectively. • Dividend equivalents may apply to the extent that such deferred awards vest. • Malus and clawback provisions apply as set out on page 136. • Annual Bonus awards are non-pensionable and are payable at the Committee's discretion.
Maximum Potential Value	• The Annual Bonus policy maximum is 100% of Base Salary. • The target Annual Bonus opportunity is normally set at 50% of the maximum. • The threshold Annual Bonus opportunity is up to 25% of the maximum.
Performance Metrics	• The Committee will determine the relevant measures and targets each year taking into account the key strategic objectives at that time. • Performance measures may include financial, strategic, operational, ESG, and/or personal objectives. • At least 50% of the Annual Bonus will be linked to financial measures. • The Committee sets targets that are challenging, yet realistic in the context of the business environment at the time and by reference to internal business plans and external consensus. Targets are set to ensure there is an appropriate level of ambition associated with achieving the top end of the range, but without encouraging inappropriate risk taking. • The performance measures for FY22 are set out on page 140.

Long-Term Incentives	
Purpose	• To incentivise and reward for the delivery of long-term performance and shareholder value creation. • To align with shareholders' interests and to foster a long-term mindset.
Operation	• An annual award of restricted shares under the Omnibus Plan ('RSP Award') which normally vest after a period of not less than three years (expected to be one-third on each of the third, fourth and fifth anniversaries of grant for Executive Directors), subject to continued employment and the achievement of a performance underpin. • Vested RSP Awards are subject to a further holding period applying at least until the fifth anniversary of grant during which they may not ordinarily be sold (other than to pay relevant tax liabilities due). • Dividend equivalents may accrue over the period from grant until the later of vesting and the expiry of any holding period. • Malus and clawback provisions apply as set out on page 136.
Maximum Potential Value	• The maximum annual RSP Award is 125% of Base Salary and the Committee expects to normally grant awards at this level to the Executive Directors.
Performance Metrics	• The nature of restricted shares under the RSP Award is that they are not based primarily on performance conditions, although the Committee will apply an underpin and may reduce vesting levels if overall performance is not considered sufficient to warrant the full vesting level (having regard to financial performance, the development of the strategy and the management of risk and other ESG factors).

All-Employee Share Plans	
Purpose	• To encourage wider share ownership across all employees, including the Executive Directors. • To align with shareholders' interests and to foster a long-term mindset. • The Company does not currently intend to deploy the all-employee share plans. Disclosure around the plans has been included for future flexibility as required.
Operation	• Executive Directors may participate in all employee schemes on the same basis as other eligible employees. • This includes the Share Incentive Plan ('SIP') and the Save As You Earn ('SAYE') which have been adopted but are not currently in operation. • Both plans have standard terms, which are HMRC approved and allow participants to either purchase or be granted shares (SIP) or enter into a savings contract (SAYE) in a tax-efficient manner.
Maximum Potential Value	• Limits are in line with those set by HMRC (or at a lower level if so determined by the Remuneration Committee).
Performance Metrics	• Not applicable as per market standard.

Shareholding Requirement	
Purpose	• To align with shareholders' interests and to foster a long-term mindset.
Operation	• Executive Directors will normally be expected to retain shares, net of sales to settle tax, until they have met the required shareholding. • Progress towards the guidelines will be reviewed by the Committee on an annual basis. • In addition, Executive Directors are expected to hold shares after cessation of employment to the full value of the shareholding requirement (or the existing shareholding if lower at the time) for a period of two years.
Maximum Potential Value	• The shareholding requirement for Executive Directors is 200% of Base Salary.
Performance Metrics	• Not relevant.

Fees Policy for Chair and Non-Executive Directors

The following table summarises the fees policy for the Chair of the Board and the other Non-Executive Directors ('NEDs').

Fees	
Purpose	• To provide a competitive fee to attract NEDs who have the requisite skills and experience to oversee the implementation of the Company's strategy.
Operation	• Fees for the Chair of the Board are set by the Committee (with the Chair absent from such discussion). • Fees for the other NEDs are set by the Board excluding the NEDs. • Fees are reviewed, but not necessarily increased, annually. Fee increases are normally effective from January or August. • Fee levels are determined based on an estimate of the expected time commitments of each role and by reference to comparable fee levels in other companies of a similar size and complexity. • Additional fees are payable to the Senior Independent Director and Chairs of the Audit and Risk and Remuneration Committees to reflect their additional responsibilities. The Director responsible for Employee Engagement will also be eligible for an additional fee. • Higher fees may be paid to a NED should they be required to assume executive duties on a temporary basis. • The NEDs and the Chair are not eligible to receive benefits or incentive plans. Business expenses incurred in respect of their duties (including any tax thereon) are reimbursed.
Maximum Potential Value	• Determined within the overall aggregate annual limit of £1m.
Performance Metrics	• Not eligible to participate in any performance-related elements of remuneration.

Pension	
Purpose	• To provide cost-effective retirement benefits.
Operation	• The NEDs may participate in the Company's pension scheme given its central role in the activities of the Company. • Pension contributions and allowances are normally paid monthly.
Maximum Potential Value	• The Company pension contributions to defined contribution retirement arrangements or cash allowances are capped at that of the wider workforce (currently 5% of qualifying fees). • This applies to current and any future NEDs.
Performance Metrics	• Not applicable.

Discretions Retained by the Committee in Operating the Incentive Plans

The Committee administers the Omnibus Plan in line with its rules and in accordance with HMRC and Listing rules where relevant. To ensure the efficient operation of these plans, the Committee may apply certain discretions which include (but are not limited to) the following:

- The participants in the plan.
- The timing of grants and/or payments under the plan.
- The size of grants and/or payments (albeit within the limits set out in the policy table for Executive Directors).
- Any performance measures and targets for the incentive plans for each year.
- Any use of discretion to amend the outcome, as appropriate.
- Determining leaver status and the appropriate treatment under the incentive plan.
- Determining the treatment of awards in the event of a change of control.
- Determining any necessary technical adjustments in certain circumstances (e.g. corporate restructuring events, variation of capital and special dividends).

The Committee has the discretion to vary the performance conditions applying to outstanding awards in exceptional circumstances if an event occurs (e.g. a material acquisition or divestment) which causes the Committee to believe that the original condition is no longer appropriate. Any change in performance conditions will not be materially less challenging than the original condition would have been but for the event in question.

Legacy Arrangements

The Committee will honour any commitments entered into with current directors prior to the Company's stock market listing or to internally promoted future Executive Directors prior to their appointment to the Board. This includes any outstanding awards under historic share option plans. Details of the historic share option plans are available in the Company's Prospectus, produced in 2021, and made available on its website.

Recoupment (Malus and Clawback)

Malus and clawback may be applied at any time before a restricted share award vests (or would have vested but for the operation of any holding period) or for three years after vesting in the following circumstances:

- Material misstatement of the results of the Company.
- Errors or inaccuracies or misleading information leading to incorrect grant or vesting of the award.
- Gross misconduct.
- Material failure of risk management by the Company.
- Corporate failure (e.g. administration or liquidation).
- Any other circumstance which in the opinion of the Remuneration Committee could have a significantly adverse impact on the Company's reputation.

Malus permits the Company to reduce the amount of any unvested award, including awards in holding periods. Clawback permits the Company to reduce the amount of any vested award or any future salary or bonus and also require the employee to pay back amounts.

Selection of Performance Measures and Targets

The Remuneration Committee selects the performance measures applying to the Annual Bonus based on the strategic priorities of the Company at the time. The measures and their weightings may change from year to year to reflect the needs of the business.

Measures used may include financial (such as Revenue and Adjusted EBITDA Margin)[125], operational, strategic, ESG objectives, personal objectives or shareholder value creation outcomes. The use of such measures is intended to ensure performance is assessed on a rounded basis and is appropriately aligned to the Company's KPIs.

125. See definitions on pages 54 and 56 of the Measuring our Performance section of the Strategic Report.

The targets for the Annual Bonus are set after considering the annual business plan, external analyst consensus, relevant economic indicators and any expected regulatory changes. The target range is set so that it is appropriately challenging, yet realistic and does not incentivise undue risk taking. The possible outcomes for the Annual Bonus for Executive Directors for FY23 are set out on page 140.

The RSP Award will be subject to a performance underpin. The Remuneration Committee will assess whether vesting is appropriate, taking into consideration the Company's share price, its financial performance over the vesting period and the participant's adherence to the Company's values, standards on risk and environmental, social and governance considerations. On the basis that the RSP Awards are intended to provide greater certainty of vesting in return for a lower Base Salary, the default will be for vesting to occur, unless the Remuneration Committee decides otherwise.

Statement of Consideration of Shareholder Views

The views of the major shareholders were considered when determining the Policy. The Committee will consider shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally.

If the Committee considered it appropriate to make material changes to the Policy, it would be subject to prior consultation with major shareholders as necessary.

Differences in Remuneration Policy for Executive Directors and Employees in General

All employees participate in the Annual Bonus scheme, which is operated on similar terms to those for the Executive Directors, albeit with performance measures which are appropriate to their area of responsibility. Bonus deferral in respect of the Company element is applied for all employees. RSP Awards are granted to approximately 30% of the workforce on similar terms to those applied to grants made to the Executive Directors. All employees are able to participate in PensionBee's equity ownership schemes, which further helps to drive engagement and an ownership mentality.

Statement of Consideration of Employment Conditions Elsewhere in the Company

The Committee is kept informed of pay and employment conditions throughout the Company. This will include information on base salary banding and increases, annual bonus outcomes and share usage across the workforce. The Company conducts an annual benchmarking exercise that informs the overall remuneration package at each level of employee seniority. The annual benchmarking exercise pays due regard to job roles and seniority. The remuneration package for each level of employee seniority is documented in the Company's Policy, which is transparently shared with all employees. The Policy documents the Company's desire to take an industry-leading approach to reducing and eliminating pay gaps, as well as excessive differences in remuneration between the highest and lowest paid employees.

Input from the Director responsible for Employee Engagement will also be considered as part of the Committee's deliberations. Findings from employee engagement surveys will also be provided to the Committee.

The Committee has not, to date, formally consulted with employees on matters of the Company's Policy. However, in November 2022, the Chair and members of the Remuneration Committee participated in a Town Hall session to understand employees' attitudes to remuneration and other aspects of the Company's employee value proposition.

Executive Directors' External Appointments

Executive Directors may accept an external appointment as a Non-Executive Director with the prior approval of the Board. Any fees payable for such an appointment can be retained by the Executive Director.

Recruitment of Executive Directors - Approach to Remuneration

The ongoing remuneration package for any new Executive Director will be set in accordance with the terms of the Policy in place at the time of appointment. The principles which will be applied are set out as follows.

Element of Pay	Recruitment Policy
Base Salary	• Set on appointment at a level which takes into account the skills and experience of the individual and the nature of the role. • The initial base salary may be set at a level below the desired market position to reflect experience. Thereafter, increases may be above those of the wider workforce to align the salary with the market level in accordance with the individual's development in the role, as and when permitted under the Policy.
Benefits	• Will be in line with those offered to current Executive Directors. The Committee will have the discretion to pay certain relocation expenses as deemed necessary.
Pension	• Will be in line with the pension provision offered to the wider workforce.
Annual Bonus	• Will be operated in line with the terms of the Policy. Any bonus for the year of appointment will be pro-rated based on service rendered. It may be necessary to use alternative performance measures for the remainder of the initial performance period, depending on the timing and circumstances of the appointment.

Restricted Share Plan	• An award may be made shortly after appointment, in line with the Policy table.
Buy-out Awards	• Additional awards may be offered in the form of cash and/or share based elements to compensate an individual for remuneration forfeit on leaving their previous employment. To be clear, the value of any buy-out arrangements will be limited to an assessment of the value forfeit. The structure of awards will normally be delivered on a like-for-like basis where possible, replicating the form, time horizons and any performance requirements attached to the awards forfeited.
Legacy Arrangements	• For an internal appointment, any existing pay or contractual arrangements agreed prior to the Executive Director being appointed to the Board may be allowed to continue on the original terms, adjusted as relevant to take into account the new appointment.

Recruitment of Directors - Approach to Remuneration of Non-Executive Directors

On appointment of a new Chair of the Board or Non-Executive Director, the fees will be set taking into account the experience and calibre of the individual and the prevailing rates of the other Non-Executive Directors at the time.

Service Contracts and Letters of Appointment

Each Executive Director's service agreement will be terminable by either the Company or the Executive Director on not less than 6 months' written notice. Each Executive Director will continue to be eligible to participate in the Company's discretionary year-end bonus plan and will be eligible to participate in such long-term incentive plans as the Company may establish in the future. Any incentives or remuneration payable to the Executive Directors will be subject to limitation or modification to the extent reasonably deemed necessary by the Remuneration Committee, including to remain consistent with the Company's shareholder-approved remuneration policy from time to time. Each Executive Director is entitled to 25 days' paid holiday per annum (excluding public holidays). Each Executive Director is entitled to contributions by the Company of 5% of qualifying salary to the Company pension scheme. The contracts are available for inspection (alongside NED letters of appointment) at the Company's registered office. The date of each service contract is noted in the table below:

	Date of Service Contract
Romi Savova	16 March 2021
Jonathan Lister Parsons	16 March 2021
Christoph J. Martin	30 June 2022

The service contract of any new appointment is expected to be consistent with that of current Executive Directors.

The Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment. The date of appointment for each Non-Executive Director is shown in the table that follows:

	Date of Appointment
Mark Wood	2 February 2021
Mary Francis	2 February 2021
Michelle Cracknell	2 February 2021
Lara Oyesanya	21 April 2022

Each appointment is for a fixed three-year term, but each Non-Executive Director may be invited by the Company to serve for a further period. In any event, each appointment is subject to annual re-election by the Company at each annual general meeting, and each Non-Executive Director's appointment may be terminated at any time with three months' written notice.

Policy on Payment for Departure from Office

The Company will be entitled to terminate an Executive Director's service agreement with immediate effect by payment in lieu of notice equal to the basic annual salary the Executive Director would have been entitled to receive during the notice period, payable in equal monthly instalments which are reduced if the Executive Director secures alternative employment/engagement within that period (the Executive is contractually obliged to use their best endeavours to secure alternative employment/engagement).

The Committee will take into account the contractual entitlements, rules of the incentive plans, the specific circumstances for the departure and the interests of shareholders when determining the termination treatment:

Component of Pay	Voluntary Resignation or Termination for Cause	'Good Leaver' (e.g. Death, Ill Health, Disability)
Annual Bonus	Leaving employment part way through the bonus year will normally result in no bonus being paid	Leaving employment part way through the bonus year or after the year end but prior to the normal bonus payment date will result in cash and deferred bonus being paid on a time pro-rated basis for the portion of the year worked. Bonus outcomes will continue to be based on the performance achieved.
DSB Awards	Unvested DSB Awards will lapse	DSB Awards will normally continue to vest on their original vesting date unless the Committee determines they should vest earlier.
RSP Awards	Unvested RSP Awards will lapse	RSP Awards will normally be retained by the individual for the remainder of the vesting period and remain subject to the relevant performance underpin, with the award time pro-rated. The Committee will retain discretion to assess the performance underpin and allow awards to vest at an earlier date if considered appropriate (and to dis-apply time pro-rating if considered appropriate).

Any outstanding SIP and/or SAYE awards will be treated in line with HMRC regulations.

The Committee will have the authority to settle any legal claims in respect of employment matters against the Company, if considered to be in the best interests of shareholders. The Committee may also reimburse legal costs and provide a contribution towards outplacement support if felt appropriate.

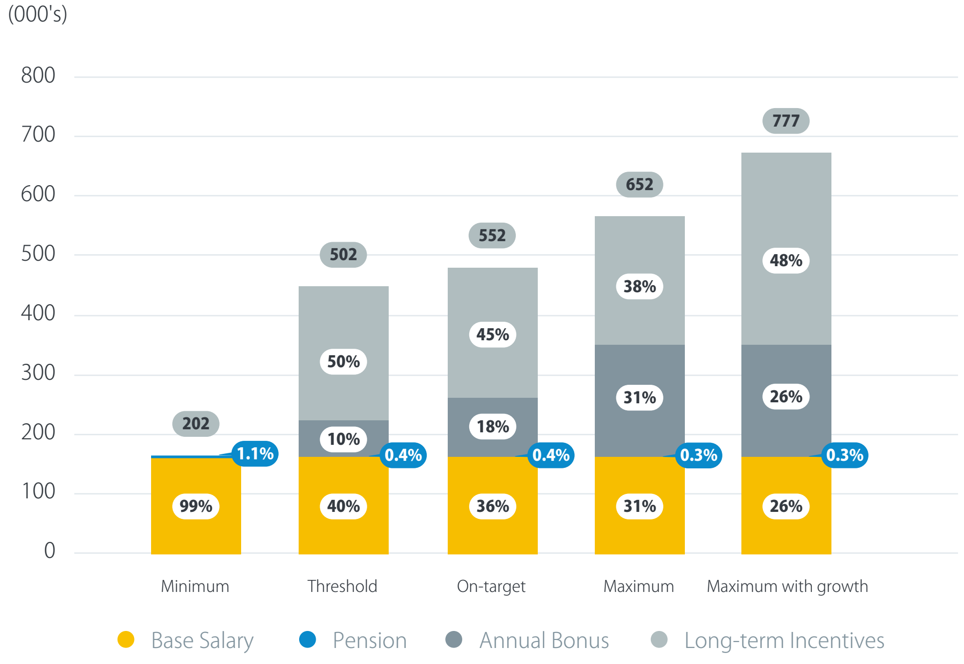
If there is a change of control or similar event, outstanding awards may vest early (subject to any performance criteria assessment) subject to time pro-rating (unless the Committee believes this is not appropriate).

On termination, at any time, a Non-Executive Director is entitled to any accrued but unpaid director's fees, but not to any other remuneration.

Illustration of the Remuneration Policy

The chart that follows sets out the potential values of the remuneration package for FY23 under various performance scenarios for the Executive Directors.

Executive Director's Remuneration



Notes:

a. Salary represents the £200,000 expected ending salary for 2023. Benefits have been included based on 2022 figures.
b. Pension represents the value of the annual pension allowance for Executive Directors of 5% of qualifying salary.
c. Minimum performance comprises salary, benefits and pension only with no bonus awarded and no RSP Award vesting (i.e. assumes the RSP Award performance underpin is not met).
d. Threshold performance comprises annual bonus payouts at threshold level (25% of maximum) with the RSP Awards vested in full (no share price appreciation).
e. Target performance comprises annual bonus payouts at target level (50% of maximum) and with the RSP Awards vested in full (no share price appreciation).
f. Maximum performance comprises annual bonus awarded at maximum level (100% of maximum) and with the RSP Awards vested in full (no share price appreciation).
g. Maximum + share price growth comprises e) above plus an assumed increase of 50% in the value of the RSP Award to take account of potential share price appreciation.
h. For ease of understanding, the chart assumes an RSP Award grant at 125% of the 2023 salary. In practice, grants are considered to relate to performance in the prior year so are based on the salary as at the previous 31 December.

Annual Report on Remuneration

Implementation of Directors' Remuneration Policy for FY23

Component of Pay	Implementation for FY22
Executive Directors' Base Salaries	• Salaries for each Executive Director have increased to £177,000 in January 2023 and will increase to £200,000 in August 2023.
Executive Directors' Benefits and Pension	• No changes to benefits. • Pension provision remains at 5% of qualifying salary.

Executive Directors' Annual Bonus	• Maximum Annual Bonus of 100% of salary, with at least 75% deferred into shares ('DSB Award'), which will vest in equal instalments across the first, second and third anniversary of grant, which is aligned to the treatment throughout the organisation.
	• In respect of 2022 bonuses, the Executive Directors' DSB Awards will vest in three equal annual tranches as described.
	• The performance measures for 2023 bonuses are:
	  ◦ Financial measures, weighted at 50% of the total bonus, and consisting of two sub-metrics each accounting for 25% of the total bonus: Revenue (£), Adjusted EBITDA Margin (%)[126]
	  ◦ Customer composite metric, weighted at 25% of the total bonus, and consisting of five sub-metrics each accounting for 5% of the total bonus: Invested Customers[126], Trustpilot Score, App Store Ratings, Net Promoter Score and Complaints Ratio
	  ◦ Personal performance, weighted at 25% of the total bonus
	• Consistent with market practice, the Committee considers the targets themselves for 2023 to be confidential and will disclose them in next year's report.

Executive Directors' Restricted Share Plan Award	• A restricted share award ('RSP Award') of 125% of salary which vests in equal instalments on the third, fourth and fifth anniversary of grant and released following the fifth anniversary. • The RSP Awards are subject to a performance underpin whereby the Remuneration Committee will assess whether vesting is appropriate, taking into consideration the Company's share price, its financial performance over the vesting period and the participant's adherence to the Company's values and its standards on risk and environmental, social and governance factors. On the basis that the RSP Awards are intended to provide greater certainty of vesting in consideration of lower Base Salaries, the default will be for vesting to occur, unless the Remuneration Committee decides otherwise.

Non-Executive Directors' Fees	• Remain unchanged:
	  ◦ Chair of the Board fee £125,000
	  ◦ Non-Executive Director ('NED') base fee £45,000
	  ◦ Senior Independent Director fee £25,000
	  ◦ Board Committee Chair fee £10,000
	  ◦ Employee engagement lead fee £10,000
	• NEDs are eligible to participate in the Company's automatic enrolment pension plan.

126. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

Single Total Figure of Remuneration (Audited)

The figures included in the tables below represent remuneration relating to 2022 and 2021 respectively.

2022		Executive Directors			Non-Executive Directors			
		Romi Savova	Jonathan Lister Parsons	Christoph J. Martin	Mark Wood	Mary Francis	Michelle Cracknell	Lara Oyesanya
Fixed Pay	**Base Salary/Fees**	£175,000	£175,137	£175,137	£125,000	£90,000	£55,000	£45,000
	Benefits	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Pension	£2,202	£2,202	£2,202	n/a	n/a	£2,202	£1,938
Variable Pay	**Annual Bonus**	£72,192	£72,192	£72,192	n/a	n/a	n/a	n/a
	Long-Term Incentives	£0	£0	£0	n/a	n/a	n/a	n/a
Total		**£249,393**	**£249,531**	**£249,531**	**£125,000**	**£90,000**	**£57,202**	**£46,938**
Total Fixed Remuneration		**£177,202**	**£177,339**	**£177,339**	**£125,000**	**£90,000**	**£57,202**	**£46,938**
Total Variable Remuneration		**£72,192**	**£72,192**	**£72,192**	**n/a**	**n/a**	**n/a**	**n/a**

2021		Executive Directors		Non-Executive Directors		
		Romi Savova	Jonathan Lister Parsons	Mark Wood	Mary Francis	Michelle Cracknell
Fixed Pay	**Base Salary/Fees**	£116,667	£116,758	£83,333	£60,000	£36,667
	Benefits	n/a	n/a	n/a	n/a	n/a
	Pension	£1,468	£1,468	n/a	n/a	£1,468
Variable Pay	**Annual Bonus**	£131,250	£131,250	n/a	n/a	n/a
	Long-Term Incentives	£264,000	£264,000	n/a	n/a	n/a
Total		**£513,384**	**£513,476**	**£83,333**	**£60,000**	**£38,134**
Total Fixed Remuneration		**£382,135**	**£382,226**	**£83,333**	**£60,000**	**£38,134**
Total Variable Remuneration		**£131,250**	**£131,250**	**n/a**	**n/a**	**n/a**

Notes to the Table

Base Salary

The 2022 table reflects the pro rata base salary for the relevant period of appointment for Christoph J. Martin (1 July 2022 to 31 December 2022) and Lara Oyesanya (21 April 2022 to 31 December 2022) i.e. what the annual figure would be for the relevant individual in order to enable a comparison with the other Directors. The 2021 table only pertains to the period following the Company's IPO in April 2021.

Benefits

The Executive Directors did not receive benefits from the Company, but are eligible to participate in Company-wide schemes from time to time.

Pension

The Executive Directors received pension benefits equivalent to 5% of qualifying earnings.

Annual Bonus for 2022: Targets and Outcomes

The Annual Bonus for FY22 was subject to performance measures which consisted of the equally weighted measures of: Revenue (25% of Annual Bonus), Adjusted EBITDA Margin (25% of Annual Bonus), a Customer Love Composite Score (25% of Annual Bonus ,which included equally weighted targets in relation to Invested Customers, Trustpilot Score, App Store Ratings, the Net Promoter Score and Complaints), and Personal Performance (25% of Annual Bonus).[127]

The Personal Performance element is based on a competency matrix, comprising quantitative and qualitative measures, that rewards each Executive Director for their achievements over the course of the year in line with their accomplishments and embodies the Company's values of Love, Quality, Honesty, Innovation and Simplicity. The competency matrix refers to the Executive Director's achievements with respect to furthering the Company's culture, the Company's approach to diversity and inclusion, the Company's delivery of operational performance, strategic initiatives and the approach to risk management controls, including the timely submission of policies and risk assessments, the minimisation and effective resolution of risk incidents and adherence to budgetary cost controls.

The CEO's personal objectives included delivering on the continued growth of the Company in the context of efficient customer acquisition and growing brand awareness, accompanied by excellent customer service with a specific requirement to deliver industry-leading response times to customers. Specific measurable goals were set, including maintaining the Cost per Invested Customer within the budgetary objectives, high customer conversion, delivering on the risk management programme and high satisfaction rates among employees.

127. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

The CTO's personal objectives included leadership in product innovation, development of an industry leading technology platform with increased velocity and quality, and further extensions of the Company's data platform, each of which were fully met. He was also subject to a number of similar measurable targets as for the CEO above, including conversion and also information security certification outcomes under ISO 27001.

The CFO's personal objectives included managing our capital structure efficiently, business planning and monitoring of the execution of the business plan and particularly the delivery of the Company's core financial objectives, including the delivery of Adjusted EBITDA before Marketing profitability.[128] The CFO was evaluated on the quality and process relating to the preparation of the budget, monthly accounts and departmental expenditure plans, as well as the overall integrity and delivery timeline of the Company's financial results. The CFO was particularly responsible for the timely and accurate delivery of the Company's internal and external financial materials, including those contained within the Annual Report and investor presentations.

The table below summarises the 2022 performance targets and outcomes:

Metric[130]	**Weighting**	**Threshold**	**Target**	**Max**	**Actual**	**Out-turn**
Revenue	25%	£20.1m	£21.2m	£21.8m	£17.7m	0%
Adjusted EBITDA Margin	25%	(112)%	(102)%	(97)%	(110)%	30%
Customer Composite Score						
of which: Invested Customers	5%	200,000	210,000	220,000	183,000	0%
of which: Trustpilot Score	5%	4.6	4.65	4.7	4.6	25%
of which: App Store Rating average	5%	4.5	4.6	4.7	4.6	50%
of which: NPS	5%	57	60	63	54	0%
of which: Complaints per 1,000 accounts	5%	1.0	0.95	0.90	0.8	100%
Personal Performance	25%	25%	50%	100%	100%	100%
Overall						**41%**

The Committee considered that the overall performance and the experience of stakeholders was appropriately reflected in the overall bonus outcome and therefore no discretion was required to amend the result.

128. See definitions on pages 54 and 55 of the Measuring our Performance section of the Strategic Report.

For FY22, 100% of any bonus linked to Company-wide performance and 60% of any bonus linked to individual performance is deferred, resulting in 90% deferral for Executive Directors. The deferred bonus vests in equal proportions over three years.

Consistent with the approach adopted for all equity awards, participants are required to bear any employers' NICs on those awards which means that the headline level of DSB Awards and RSP Awards overstates their commercial value by approximately 14% compared with other listed companies where the company itself bears this charge. This reflects the emerging profitability status of the Company and will be kept under review for subsequent grants.

	Cash Bonus (£)	**Deferred Bonus (£)**	**Total Bonus (£)**	**Total Bonus (% Max)**
CEO	£17,500	£54,692	£72,192	41.25%
CTO	£17,500	£54,692	£72,192	41.25%
CFO	£17,500	£54,692	£72,192	41.25%

Awards Vesting in the Year

Under the regulations, long-term incentive awards are included when and to the extent that the performance underpins are met. Last year's figures included legacy awards which were contingent on the Company's public listing occurring (these will only vest and become exercisable over time). The next awards to be assessed against pre-vest performance conditions will be the 2022 RSP Award grant reported below (granted in respect of 2021 performance) at the end of 2024. No RSP Awards were due to vest in 2022.

Awards Granted in the Year

The following awards with respect to the Financial Year ending 2021 were granted in March 2022:

	Restricted Share Plan[129]	**Deferred Share Bonus[130]**
CEO	152,545	79,324
CTO	152,545	79,324

129. The RSP Awards represent 125% of their salaries as at 31 December 2021 (i.e. £218,750) using a share price of 143.4p (being the average closing share price on the two dealing days immediately prior to grant. The RSP Awards are subject to a performance underpin assessing performance to the third anniversary of grant but no pre-set percentage would vest for any given level of performance. They will then be subject to an additional two year holding period.
130. The DSB Awards represent the proportion of the bonus awarded in shares contingent on employment to the third anniversary of grant. They had a face value of £113,751 using a share price of 143.4p.

Other Statutory Requirements[131]

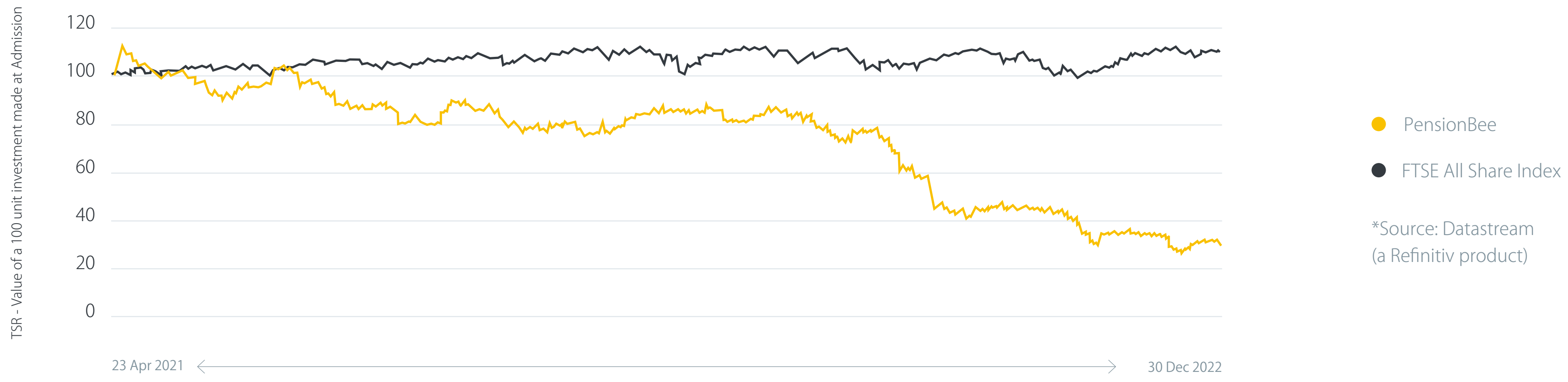
Shares Interests and Incentives	Shares Owned Outright	Awards Unvested and Subject to Performance Conditions	Options Unvested and Not Subject to Performance Conditions	Options Vested and Not Subject to Performance Conditions	Shareholding Requirement Met
Romi Savova	80,000,000	231,869	80,000	80,000	Yes
Jonathan Lister Parsons	13,232,800	231,869	80,000	80,000	Yes
Christoph J. Martin[132]	751,664	170,687	206,329	1,527	Yes
Mark Wood[133]	2,762,200	0	0	0	n/a
Mary Francis[134]	50,141	0	0	0	n/a
Michelle Cracknell	0	0	0	0	n/a
Lara Oyesanya	30,903	0	0	0	n/a

Our middle market share price at the close of business on 31 December 2022 was 53.9p and the range of the middle market price during the year was 46p to 146p. Since the year-end there have been no other changes in the shareholdings.

Change in CEO Total Remuneration

The chart that follows shows the value of £100 invested in the Company on Admission at the IPO price, compared with the value of £100 invested in the FTSE All Share Index at the same date and the movement in value until 31 December 2022. We have chosen the FTSE All Share Index as it provides the most appropriate and widely recognised index for benchmarking the Company's corporate performance since IPO.

Total Shareholder's Return*



*Source: Datastream
(a Refinitiv product)

131. All numbers are unaudited unless otherwise stated.
132. Christoph J. Martin's shareholding of 719,110 includes 90,000 shares held in his SIPP.
133. Mark Wood's shareholding of 2,762,200 includes 18,500 Shares held in his SIPP. In addition, Mark Wood's wife holds 65,000 Shares in her SIPP, which were previously transferred from Mark Wood.
134. Mary Francis's shareholding is held jointly with her husband.

CEO Single Figure History	Total Remuneration[135]	Annual Bonus as % of Max	Long-Term Incentive Shares Vesting as % of Max
FY21	£513,384	75.00%	n/a
FY22	£249,393	41.25%	n/a

CEO Pay Ratio[136]

The table below shows the multiple of our CEO's pay ratio to median, lower quartile and upper quartile pay at the Company. The calculations are based on methodology Option A as defined by the regulations and calculating the pay and benefits of all UK employees on a full-time equivalent basis. The CEO pay ratio is based on comparing the CEO's pay to that of PensionBee's UK-based employee population. For the CEO the FY22 figure is based on the single figure total of £249,393.

Methodology	25th Percentile	50th Percentile	75th Percentile
Option A	8:1	7:1	5:1
Total Pay	£30,066	£33,918	£46,663
Salary Component	£27,417	£29,746	£42,000

The Committee will continue to monitor trends in the CEO pay ratio over the longer term.

Relative Importance of Spend on Pay

	2021FY	2022	YoY % Change
Total Employee Costs (Note 5 of the Financial Statements)	£7.4m	£9.6m	30%
Distributions to Shareholders	£0	£0	n/a

135. The table 'Single Total Figure of Remuneration (Audited)' outlines detailed components of the CEO's Total Remuneration.
136. All numbers are unaudited unless otherwise stated.

Percentage Change in Director Pay

Year on Year Change[137]	Percentage Change in Salary	Percentage Change in Pension Contributions	Percentage Change in Annual Bonus	Overall Percentage Change
Romi Savova	12%	0%	-45%	-14%
Jonathan Lister Parsons	12%	0%	-45%	-14%
Christoph J. Martin[138]	30%	0%	-45%	-10%
Mark Wood	11%	n/a	n/a	11%
Mary Francis	7%	n/a	n/a	7%
Michelle Cracknell	16%	17%	n/a	16%
Lara Oyesanya[139]	n/a	n/a	n/a	n/a

Payments for Loss of Office and/or Payments to Former Directors

No payments for loss of office, nor payments to former Directors were made during the year under review.

Statement of Voting at the Annual General Meeting (Unaudited)

At the Company's 2022 AGM, shareholders were asked to vote on the Directors' Remuneration Report for the year ended 31 December 2021 and the Directors' Remuneration Policy. The resolutions received significant votes in favour by shareholders. The votes received were:

Resolution	Votes For	% of Votes	Votes Against	% of Votes	Votes Withheld
To approve the Directors' Remuneration Report (2022 AGM)	149,226,168	99.2%	1,196,795	0.8%	1,423
To approve the Directors' Remuneration Policy (2022 AGM)	149,223,138	99.2%	1,196,795	0.8%	4,302

This report was approved by the Board of Directors and signed on its behalf by:

Mary Francis CBE
Chair of the Remuneration Committee
15 March 2023

137. Annualised figures including compensation from 2021 prior to the company's IPO. These figures do not include Long Term Incentives. The figures are not comparable to the table 'Single Total Figure of Remuneration (Audited)', which only presents 2021 figures following the IPO of the Company in April 2021.
138. The comparison in respect of Christoph J. Martin's pay is based on actuals for 2022, not the pro rata salary shown in the table 'Single Total Figure of Remuneration (Audited)'.
139. Since Lara joined the company in 2022, there is no comparable year-on-year change to disclose.

8 Directors' Report

The Directors' Report for the year ended 31 December 2022 comprises pages 147 to 121 of this report, together with the sections of the Annual Report and Financial Statements incorporated by reference. The Corporate Governance Report set out on pages 98 to 152 is incorporated by reference into this report and, accordingly, should be read as part of this report.

As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report set out on pages 3 to 98, as the Board considers them to be of strategic importance.

Taken together, the Strategic Report on pages 3 to 98 and this Directors' Report fulfil the requirement of Disclosure, Guidance and Transparency Rule 4.1.5R to provide a Management report.

Disclosure	Location
Future Business Developments	Our Strategy, pages 25-33
Research and Development	Note 2 of the Financial Statements, pages 165-170
Financial Instruments	Note 22 of the Financial Statements, pages 178-180
Financial Risk Management Objectives and Policies	Note 22 of the Financial Statements, pages 178-180
Exposure to Price, Credit and Liquidity Risk	Managing our Risks, pages 92-97 Note 22 of the Financial Statements, pages 178-180
Greenhouse Gas emissions ('GHG'), contained within our Task Force on Climate-related Financial Disclosures ('TCFD') section	Climate Related Disclosures, pages 82-91
People, Values and Culture	About Us, pages 10-24 Our People, pages 36-45 Stakeholders, pages 56-70 ESG Considerations, pages 71-81
Section 172 Statement	Stakeholders, pages 56-70
Stakeholder Engagement	Stakeholders, pages 56-70 ESG Considerations, pages 71-81
Directors' Interests	Directors' Remuneration Report, pages 128-146
Statement of Directors' Responsibility	Statement of Directors' Responsibility, page 152
Applicable Disclosures required under Listing Rule 9.8.4R	**Location**
Details of Long-Term Incentive Schemes	Directors' Remuneration Report, pages 128-146
Relationship with Major Shareholder Statement	Directors' Report, pages 147-151

Principal Activity

PensionBee is a leading online pension provider in the UK, a direct-to-consumer financial technology company with a mission to make pensions simple, so that everyone can look forward to a happy retirement. The Company is registered as a public limited company under the Companies Act 2006 and is listed on the Main Market of the London Stock Exchange.

Results and Dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 161 of the Financial Statements. The Directors are not proposing a final dividend for the year ended 31 December 2022.

Directors and their Interests

The names and biographies of the Directors who were in office during the year ended 31 December 2022 are set out on pages 103 to 107 of the Board of Directors and Executive Management section of the the Corporate Governance Report.

Directors' interests in the Ordinary shares of PensionBee Group plc as at 31 December 2022 are set out within pages 128 to 146 of the Directors' Remuneration Report within the Corporate Governance Report. Details of Directors' service contracts are set out within pages 108 to 114 of the Corporate Governance Statement within the Corporate Governance Report.

During the period covered by this report, no Director had any material interest in a contract to which the Company or any of its subsidiary undertakings was a party (other than their own service contract) that requires disclosure under the requirements of the Companies Act 2006.

Directors' Powers

The powers of the Directors are set out in the Articles of Association and the Companies Act 2006 (the 'Act') and are subject to any directions given by special resolution. The Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company whether relating to the management of the business or not. The Directors may also, subject to the Articles, delegate any of their powers, authorities and discretions as they see fit.

The Articles give the Directors power to appoint and replace Directors. Unless otherwise determined by the Company by ordinary resolution, the number of directors (other than alternate directors) must not be less than two and must not be more than thirteen.

Appointment and Replacement of Directors

The rules governing the appointment and replacement of Directors are set out in the Company's Articles and are governed by the Code, the Act and related legislation. Directors may be appointed by ordinary resolution at a general meeting, by a decision of the Directors or by the sole Director if the Company has only one Director.

All Directors are subject to election by shareholders at the first Annual General Meeting ('AGM') following their appointment and to annual re-election thereafter, in accordance with the UK Corporate Governance Code.

Articles of Association

The Articles may be amended by a special resolution of the Company's shareholders. They were last reviewed, updated and adopted at the Company's AGM in May 2022. As well as setting out the rules governing the appointment and replacement of Directors, the Articles also set out, amongst other matters, the Directors' general authority, rules on decision-making by the Directors, as well as in full the powers of the Directors in relation to issuing shares and buying back the Company's own shares. A copy of the Company's Articles can be found on the Company's website.

Directors' Insurance and Indemnities

The Company's Articles provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Company and the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers.

Directors' and Officers' liability insurance cover is maintained by the Company and is in place in respect of all the Company's Directors at the date of this Annual Report. The Company will review its level of cover on an annual basis.

Compensation for Loss of Office

The Company does not have any agreements with any Executive Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's historic EMI Option Scheme and Non tax-qualifying Option Scheme may cause options and awards outstanding under such schemes to vest on a takeover.

RSP awards will vest subject to the measurement of the underpin at the time of the event and, unless the Remuneration Committee determines otherwise, time pro-rated DSBP awards will vest in full.

Further information is provided on pages 128 to 146 of the Directors' Remuneration Report within the Corporate Governance Report.

Share Capital

Details of the Company's authorised and issued share capital, together with movements during the year, are set out in Note 15 of the Financial Statements. As at 31 December 2022, the Company's issued share capital consisted of 223,014,942 Ordinary shares with a nominal value of £0.001 each. Since the financial period end the Company's issued share capital has increased to 223, 014, 942 due to the exercise of vested options granted under the historic pre-IPO EMI Option Scheme and Non tax-qualifying Option Scheme. Details of the employee share plans are provided on pages 128 to 146 of the Directors' Remuneration Report within the Corporate Governance Report.The Company has one class of Ordinary Share. There are no specific restrictions on the size of the holding nor on the transfer of shares, which are both governed by the general provisions of the Articles and prevailing legislation.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands, every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Lock-Up Arrangements

As part of the Company's initial public offering ('IPO'), lock-up arrangements were put in place in respect of the Company's shares held by the pre-IPO investors. Specifically, they included:

- The shareholdings[140] of the Executive Directors at the time of admission (Romi Savova and Jonathan Lister Parsons) were, and remain, subject to lock-up arrangements expiring on 26 April 2023.
- The shareholdings[140] of all the Executive Management Team, the Independent Non-Executive Directors and pre-IPO shareholders[141] owning more than 3% of the Company's issued share capital pre-IPO. The lock-up arrangements in respect of this group of shareholders expired on 19 January 2023 in conjunction with the release of the Company's 4Q 2022 trading update.
- The shareholdings[140] of all other pre-IPO shareholders owning less than 3% of the Company's issued share capital pre-IPO and all other pre-IPO option holders. The lock-up arrangements in respect of this group of shareholders expired on 21 July 2022.

Further details of the lock-up arrangements are set out in the Company's Prospectus, a copy of which is available on the Company's website at https://www.pensionbee.com/investor-relations/ipo-centre.

140. Includes the shareholding at the point of the Company's IPO, together with any shares received subsequently for the duration of the relevant lock-up period as a result of the exercise of any options granted pre-IPO.
141. Includes State Street Global Advisors, Inc, together with Mr. Joseph Suddaby's aggregate holding of shares held directly by him and indirectly through his self-invested personal pension.

Authority to Purchase Its Own Shares

Pursuant to the terms of its Articles, the Company is permitted to purchase its own shares subject to shareholder approval. The necessary shareholder authority was not sought at the 2022 Annual General Meeting given that the Company is a pre-profit business with a significant opportunity for continued growth.

Significant Interests

The interests in shares notified to the Company in accordance with the Disclosure Guidance and Transparency Rules as at 31 December 2022 are set out below.

Name of shareholder	Number of Ordinary Shares of £0.001 each Held	Percentage of Total Shares Outstanding/ Total Voting Rights
Romina Savova	80,000,000	35.9%
Jonathan Lister Parsons	13,232,800	5.9%
State Street Global Advisors, Inc.	8,757,600	3.9%
Norges Bank	7,927,044	3.6%

Between 31 December 2022 and 15 March 2023 (the latest practicable date for inclusion in this report), there were no changes to the interests above.

Romi Savova and Jonathan Lister Parsons are deemed to be acting in concert, together with certain other shareholders who represent, in aggregate, approximately 1,022,600 shares or 0.5% of the Company's Total Shares Outstanding/Total Voting Rights.

Relationship with Major Shareholder

In April 2022, in light of the transfer of the entire share capital of the Company from the High Growth Segment of the London Stock Exchange plc ('LSE') to the Premium Segment of the Official List of the Financial Conduct Authority and to trading on the LSE's main market for listed securities, a relationship agreement was put in place between Romi Savova, Jonathan Lister Parsons (together, the 'Signing Controlling Shareholders') and the Company ('Relationship Agreement'). The principal purpose of the Relationship Agreement is to ensure that the independence provisions as set out in Chapter 6 of the Listing Rules ('Independence Provisions') are complied with.

Pursuant to the Independence Provisions, the Relationship Agreement contains undertakings from the Signing Controlling Shareholders that they will each, and will ensure that each of their associates will:

- Conduct all transactions and arrangements with the Company or any other member of the Group on an arm's length basis and on normal commercial terms;
- Not take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- Not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Romi Savova has also agreed to procure the compliance of certain other shareholders who, in addition to Jonathan Lister Parsons, are deemed to be acting in concert with her, and who represent, in aggregate, approximately 0.5% of the Company's voting rights (the 'Non-signing Controlling Shareholders' together with the Signing Controlling Shareholders, the 'Controlling Shareholder Group') with the Independence Provisions. The Company considers, in light of its understanding of the relationship between Romi Savova and each of the Non-signing Controlling Shareholders, that Romi Savova can procure the compliance of the Non-signing Controlling Shareholders and their respective associates with the Independence Provisions.

Under the terms of the Relationship Agreement, in the event Romi Savova is no longer an Executive Director, she has a right to appoint two non-executive representative directors to the Board, provided she holds 25% or more of the voting rights of the Company's shares, and one director, provided she holds 10% or more of the voting rights of the Company's shares.

The Board confirms that the Company is in compliance with the undertakings in the Listing Rules and the Relationship Agreement and so far as the Company is aware, the undertakings have been complied with by each member of the Controlling Shareholder Group.

Capital Management

PensionBee Limited, a subsidiary of PensionBee Group plc, is a FCA regulated business and subject to holding a Liquid Capital requirement under IPRU (INV) 5.9. As of December 2022, the capital resources stood at £20.5m (unaudited) as compared to a capital resource requirement of £1.2m (unaudited), resulting in a coverage of 16.6x.

Research and Development

Details of the Company's research and development is contained in Note 2 of the Financial Statements.

Political and Charitable Contributions

During the financial year ending 31 December 2022, the Company did not make any charitable donations, nor any political contributions.

Change of Control - Significant Agreements

There are a number of agreements that may take effect after, or terminate upon, a change of control of the Company, such as commercial contracts and property lease arrangements. None of these are considered to be significant in terms of their likely impact on the business as a whole.

Environment

The Board considers environmental matters to be of strategic importance. Therefore, relevant information contained in our TCFD section within pages 82 to 91 of the Climate-related Disclosures section of the Strategic Report is incorporated into the Directors' Report by cross reference. The TCFD Disclosure includes our annual report on GHG emissions.

Internal Control and Risk Management

The Board is ultimately responsible for establishing the risk appetite and the risk management framework at PensionBee. The Audit and Risk Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal control and risk management systems.

Further detail is set out on pages 92 to 97 of the Managing our Risks section of the Strategic Report and on pages 121 to 127 of the Audit and Risk Committee Report within the Corporate Governance Report.

Market Abuse Regulation

The Company has in place its own internal dealing policies and procedures which apply to all employees and which encompass the requirements of the Market Abuse Regime.

Going Concern and Viability Statement

The Consolidated Financial Statements have been prepared on a going concern basis. After making enquiries and considering the Group's financial position, its business model, strategy, financial forecasts and regulatory capital together with its principal risks and uncertainties, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for at least 12 months from the date of signing this report. The going concern basis of preparation is discussed within Note 2 of the Financial Statements.

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the going concern provision. Details of the assessment can be found on page 98 in the Viability Statement section of the Strategic Report.

Post Balance Sheet Events

There have been no material post balance sheet events involving the Company or any of the Company's subsidiaries as at the date of this report.

Disclosure of Information to Auditor

Each of the Directors at the date of the approval of this Annual Report confirms that:

- So far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of them has taken all the reasonable steps that they ought to have taken as a Director to make themself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP has indicated their willingness to continue in office and resolutions to reappoint them as auditor and to authorise the Audit and Risk Committee to determine the auditor's remuneration will be proposed at the forthcoming Annual General Meeting to be held on 18 May 2023.

Annual General Meeting

The full details of the Company's 2023 Annual General Meeting ('AGM'), which will take place on 18 May 2023, are set out in the Notice of 2023 AGM. A copy of the Notice of 2023 AGM can be found on the Company's website.

Approved by the Board on 15 March 2023 and signed on its behalf by:

Romi Savova
Chief Executive Officer
15 March 2023

9 Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, they are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK in conformity with the requirements of the Companies Act 2006 and have elected to prepare the Parent Company Financial Statements in accordance with UK Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period.

In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant, reliable and prudent;
- For the Group Financial Statements, state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the Group Financial Statements;
- For the Parent Company Financial Statements, state whether Financial Reporting Standard 102 has been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements;
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's operations and disclose with reasonable accuracy at any time the financial position of the Company and that enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance report that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Financial Statements 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approved by the Board of Directors on 15 March 2023 and signed on its behalf by:

Romi Savova
Chief Executive Officer
15 March 2023

1 Independent Auditor's Report to the Members of PensionBee Group plc

Report on the Audit of the Financial Statements

1 Opinion

In our opinion:

- the financial statements of PensionBee Group plc (the 'Parent Company') and its subsidiary (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Statements of Financial Position;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated Statement of Cash Flows;
- the related Notes 1 to 25 to the Consolidated Financial Statements; and
- the related Notes 1 to 10 of the Parent Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in Note 9 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3 Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Revenue Recognition Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £353k which was determined on the basis of 2% of Group revenue.
Scoping	Our audit scope focused on PensionBee Limited and PensionBee Group plc. The Parent Company and the subsidiary account for 100% of the Group's profit before tax, 100% of the Group's revenue and 100% of the Group's net assets.
Significant changes in our approach	In the current period we have considered both the Parent Company and the subsidiary to be one business unit and have identified the entire Group as a single component.

4 Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We evaluated management's going concern assessment in light of the conflict in Ukraine and changes to the UK's macroeconomic conditions; this included obtaining evidence such as underlying business plans and forecasts to support key assumptions;
- We assessed management's reverse stress testing and the likelihood of the various scenarios that could adversely impact upon the Group's liquidity;
- We have assessed management's ability to apply mitigative actions in response to a downturn scenario. This included performing analysis of the Group's cost base and identifying whether there existed any significant committed expenditure;
- We performed independent reverse stress testing which considered various scenarios that could adversely impact upon the Group's liquidity. The stresses applied in our independent analysis were more severe than those used by management in their reverse stress tests;
- We obtained and inspected correspondence between the Group and its regulator, the FCA, to identify any items of interest which could potentially indicate non-compliance with legislation or potential litigation, or regulatory action held against the Group;
- We have assessed the appropriateness of the disclosures made in relation to going concern in Note 2;
- We have reviewed the directors' statement and corporate governance statement for material consistency with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5 Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. 1 Revenue Recognition

Key audit matter description	The sole material revenue stream for the Group is fees from fund administration. These fees are earned for administering the customer pension schemes and are charged based on a fixed percentage of the value of a customer's pension scheme. The revenue recognition key audit matter relates to the fee percentages applied by management when calculating the administration fees as a small change in these fees may have a material impact on the overall year-end result reported. Revenue recognised in the period ended 31 December 2022 was £17,662k; further details are included within Note 2 and 4 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding and tested the relevant controls relating to the percentages used in calculation of the administration fees. We tested the appropriateness of the fee percentage applied by management on customer pension schemes in the period by engaging analytics specialists who performed a 100% recalculation of the 2022 administration fee revenue based on customer transactional data. We have tested the completeness and accuracy of the underlying transactional data used within recalculation of the administration fee. We have tested the appropriateness of the fee percentage applied by management on customer pension schemes by generating an expectation of the administration income in an independent model using third party valuation reports for underlying assets under administration data.
Key observations	Based on the work performed we have determined the revenue recognised is appropriate.

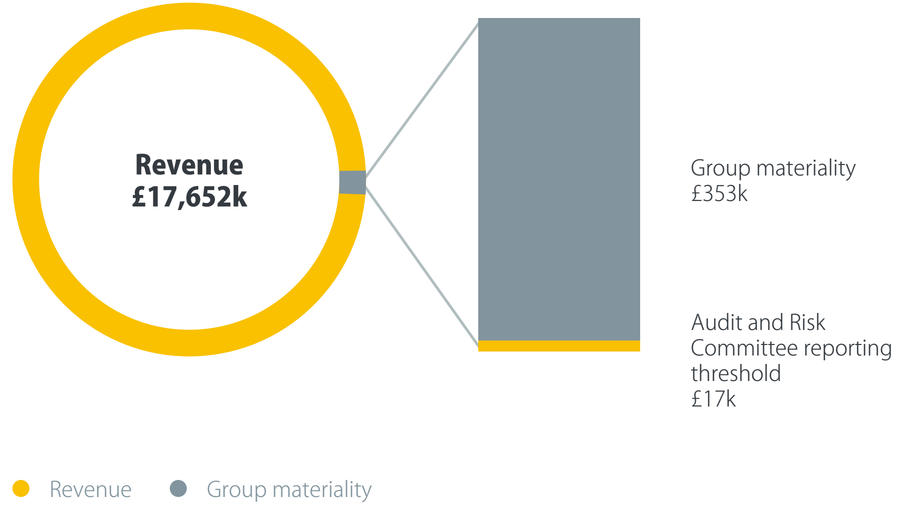
6 Our application of materiality

6. 1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£353k (2021: £255k)	£353k (2021: £242k)
Basis for determining materiality	2% of Revenue (2021: 2% of Revenue)	1% of net assets capped at Group materiality (2021: 1% of net assets capped at 95% of Group materiality)
Rationale for the benchmark applied	Revenue has been determined as the most appropriate benchmark due to the fact that it is a key balance used for determining future profitability and stability of the Group.	The Parent Company primarily exists as the holding company which carries investments in Group subsidiaries and is the issuer of listed securities. We consider net assets to be the critical benchmark for this company.



6. 2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	65% (2021: 65%) of Group materiality	65% (2021: 65%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • the quality of the control environment; and • the nature, volume and size of misstatements (corrected and/or uncorrected) in the previous audit.	

6.3 Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £17.1k (2021: £12.8k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 An overview of the scope of our audit

7.1 Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including controls over revenue, and assessing the risks of material misstatement at the Group level.

In the current period we have made changes to how we have identified components for our audit purposes. The two financially significant entities of the Group are PensionBee Limited and the PensionBee Group plc Parent entity. In the prior period we identified each subsidiary of the Group as a separate component. In the current period we have considered both entities in the Group to be one business unit and have recognised them as a single component.

Our full scope of audit accounts for 100% of the Group's profit before tax, 100% of the Group's revenue and 100% of the Group's net assets. Audit work to respond to the risks of material misstatement was performed directly by the Group audit engagement team.

7.2 Our consideration of the control environment

In order to evaluate business cycle controls, we performed walkthrough procedures over key cycles, including, financial reporting, revenue, payroll, expenses and cash in order to understand whether controls were effectively designed to address the related risk. We then obtained an understanding of the key controls identified within the above processes across the audit period.

We involved IT specialists to test the general IT controls (GITCs) over key financial reporting systems and relevant automated controls within those systems. In relation to GITCs, we performed an independent risk assessment of the systems used to support business processes and reporting to determine those which are of greatest relevance to the Group's financial reporting. We performed testing of GITCs across our in-scope applications, and their supporting infrastructure (database and operating system) covering controls surrounding access security and change management, as well as testing over relevant automated controls.

We reported findings from our controls work to the Audit and Risk Committee. Across all areas, we adopted a non-controls reliance approach in response to these findings and we therefore performed additional substantive procedures.

7.3 Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group continues to develop its assessment of the potential impacts of environmental, social and governance (ESG) related risks, including climate change, as outlined in Environmental, Social and Governance Considerations on pages 71-81.

We have performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions. Our work involved:

- evaluating climate as a factor in risk assessments for potentially affected balances;
- challenging the completeness of the risks identified and considered in the Group's climate risk assessment and the conclusion that there continues to be no material impact of climate change risk on financial reporting; and
- challenging the completeness of the Critical Accounting Judgements and Key Sources of Estimation Uncertainty disclosure in note 3 through consideration of the climate risks.

As part of our audit procedures, we read and considered these disclosures to assess whether they are materially inconsistent with the financial statements and knowledge obtained in the audit and we did not identify any material inconsistencies as a result of these procedures.

8 Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9 Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities on page 152, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11. 1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the Audit and Risk Committee;
- results of our enquiries of management, the directors and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. We identified the greatest potential for fraud within the recognition of revenue, accuracy of assets under administration data due to IT control findings and the valuation of investment in subsidiary at the Parent Company level. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licence, regulatory solvency requirements and the regulations imposed by the Financial Conduct Authority.

11. 2 Audit response to risks identified

As a result of performing the above, we identified revenue recognition as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing the supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and Financial Conduct Authority;
- testing relevant manual controls which address the accuracy of asset information within the administration software and testing a sample of pension transactions on a customer level to assess whether these were valid and were recognised accurately in the asset administration system. This included corroborating customer contribution and withdrawal transactions to third party bank statements.
- assessing the appropriateness of the key forecast assumptions and methodology used in management's discounted cashflow model. This review covers the appropriateness the discount rate, revenue growth rates, forecast expenditure and long-term growth rate; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12 Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13 Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Report relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Statement of Directors' Responsibilities with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 152;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 152;
- the directors' statement on fair, balanced and understandable set out on page 152;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 152;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 92-97; and
- the section describing the work of the Audit and Risk Committee set out on pages 121-127.

14 Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. 2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15 Other matters which we are required to address

15. 1 Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by Board of Directors on 23 June 2021 to audit the financial statements for the Group for the year ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years, covering the year ending 31 December 2022.

15. 2 Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16 Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules (DTRs) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard (ESEF RTS). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Kieren Cooper FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
15 March 2023

2 Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	17,662	12,753
Employee Benefits Expense (excluding Share-based Payment)	5	(9,554)	(7,447)
Share-based Payment	5, 21	(1,898)	(3,939)
Depreciation Expense	12, 13	(276)	(256)
Advertising and Marketing		(16,554)	(12,865)
Other Expenses	7	(11,067)	(8,862)
Listing Costs	25	(687)	(2,947)
Operating Profit/(Loss)		**(22,374)**	**(23,563)**
Finance Costs	8	(46)	(1,416)
Profit/(Loss) before Tax		**(22,420)**	**(24,979)**
Taxation	10	274	348
Profit/(Loss) for the Year		**(22,146)**	**(24,631)**
Total Comprehensive Profit/(Loss) for the Year wholly attributable to Equity Holders of the Parent Company		**(22,146)**	**(24,631)**
Earnings per Share (pence per Share)			
Basic and Diluted	11	(9.97)	(11.86)

The above results were derived from continuing operations.
The notes on pages 165 – 180 form an integral part of these financial statements.

3 Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current Assets			
Property, Plant and Equipment	12	358	127
Right of Use Assets	13	553	692
		911	**819**
Current Assets			
Trade and Other Receivables	14	3,412	3,171
Cash and Cash Equivalents		21,321	43,518
		24,733	**46,689**
Total Assets		**25,644**	**47,508**
Equity and Liabilities			
Equity			
Share Capital	15	223	221
Share Premium	16	53,218	53,218
Share-based Payment Reserve	16, 21	10,215	8,317
Retained Earnings	16	(40,124)	(17,976)
Total Equity		**23,532**	**43,780**
Non-current Liabilities			
Lease Liability	17	397	560
Provisions	18	46	43
		443	**603**
Current Liabilities			
Lease Liability	17	154	97
Trade and Other Payables	19	1,515	3,028
		1,669	**3,125**
Total Liabilities		**2,112**	**3,728**
Total Equity and Liabilities		**25,644**	**47,508**

The notes on pages 165 – 180 form an integral part of these financial statements.

Approved by the Board on 15 March 2023 and signed on its behalf by:

Christoph J. Martin
Chief Financial Officer

4 Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Share Capital £ 000	Share Premium £ 000	Share-based Payment Reserve £ 000	Retained Earnings £ 000	Total £ 000
At 1 January 2021		-	30,322	4,378	(28,245)	6,455
Profit/(Loss) for the Year		-	-	-	(24,631)	(24,631)
Total Comprehensive Profit/(Loss)		-	-	-	(24,631)	(24,631)
Share-based Payment Transactions		-	-	3,939	-	3,939
Issue of Share Capital in PensionBee Limited		-	4,765	-	-	4,765
Group Reorganisation	15	180	(35,088)	-	34,908	-
Issue of Share Capital in PensionBee Group plc	15	33	54,967	-	-	55,000
Transaction Costs on Issue of Shares	15	-	(1,748)	-	-	(1,748)
Exercise of Share Options	15	8	-	-	(8)	-
At 31 December 2021		**221**	**53,218**	**8,317**	**(17,976)**	**43,780**
At 1 January 2022		221	53,218	8,317	(17,976)	43,780
Profit/(Loss) for the Year		-	-	-	(22,146)	(22,146)
Total Comprehensive Profit/(Loss)		-	-	-	(22,146)	(22,146)
Share-based Payment Transactions		-	-	1,898	-	1,898
Exercise of Share Options	15	2	-	-	(2)	-
At 31 December 2022		**223**	**53,218**	**10,215**	**(40,124)**	**23,532**

The notes on pages 165 – 180 form an integral part of these consolidated financial statements.

5 Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Cash Flows used in Operating Activities			
Profit/(Loss) for the Year		(22,146)	(24,631)
Adjustments to Cash Flows from Non-cash Items			
Depreciation		276	256
Loss on Disposal of Equipment	7	-	10
Finance Costs	8	46	1,416
Share-based Payment Transactions		1,898	3,939
Taxation	10	(274)	(348)
Operating Cash Flows before movements in Working Capital		(20,200)	(19,358)
Working Capital Adjustments			
Increase in Trade and Other Receivables	14	(162)	(1,277)
Increase in Trade and Other Payables	19	(1,511)	997
Cash used in Operations		(21,873)	(19,638)
Income Taxes Received	10	194	-
Net Cash Flow used in Operating Activities		(21,679)	(19,638)
Cash Flows used in Investing Activities			
Acquisition of Equipment	12	(367)	(69)
Direct cost for acquiring Right of Use Asset		-	(6)
Net Cash Flow used in Investing Activities		(367)	(75)
Cash Flows from Financing Activities			
Revolving Credit Facility Fees		-	(1,409)
Proceeds from Issue of Ordinary Shares		-	59,765
Transaction Costs on Issue of Shares		-	(1,748)
Payment of Principal of Lease Liabilities	17	(105)	(113)
Payment of Interest of Lease Liabilities	17	(46)	-
Net Cash Flows from Financing Activities		(151)	56,495
Net (Decrease) / Increase in Cash and Cash Equivalents		**(22,197)**	**36,782**
Cash and Cash Equivalents at 1 January		**43,518**	**6,736**
Cash and Cash Equivalents at 31 December		**21,321**	**43,518**

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes have been disclosed in Note 17 to the financial statements.

The notes on pages 165 – 180 form an integral part of these consolidated financial statements.

6 Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1 General Information

PensionBee Group plc ('Company') is the parent company of PensionBee Limited ('Subsidiary') (together the 'Group'). The Company is a public company, whose shares are traded on the Premium Segment of the Main Market of the London Stock Exchange ('LSE') and is incorporated and domiciled in England and Wales.

The address of its registered office is:

209 Blackfriars Road
London
SE1 8NL
United Kingdom

Principal Activity

The principal activity of the Group is that of a direct-to-consumer online pension provider. The Group seeks to make its UK customers 'Pension Confident' by giving them complete control and clarity over their retirement savings. The Group helps its customers to combine their pensions into one new online plan where they can contribute, forecast outcomes, invest effectively, and withdraw their pensions (from the age of 55), all from the palm of their hand.

2 Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK in conformity with the requirements of the Companies Act 2006. The financial statements are prepared on the historical cost basis and on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The financial statements are presented in GBP and all values are rounded to the nearest thousand (£'000), except when otherwise indicated. The functional currency of the Company is GBP because it is the primary currency in the economic environment in which the Company operates.

Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2022.

On 24 March 2021, PensionBee Group plc acquired all the issued shares of PensionBee Limited through a share for share transaction ('Group Reorganisation'). For every issued share in PensionBee Limited, 800 shares of PensionBee Group plc were issued. PensionBee Group plc issued 180,054,400 ordinary shares of £0.001 each. The newly issued ordinary shares were accounted for at their nominal value. As part of the Group Reorganisation, the Company reduced its share premium to create additional distributable reserves. From the acquisition date, PensionBee Limited became a subsidiary of PensionBee Group plc. On the same date, all the share options granted by PensionBee Limited to its employees were cancelled and replaced by share options granted by PensionBee Group plc. The cancellation and replacement of share options was accounted for as a modification with no impact on the vesting conditions and the share options valuation.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company reassesses whether it controls an entity if facts and circumstances indicate there are changes to one or more elements of control.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiary, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going Concern

The Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future and are satisfied that the Group can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Group has strong cash reserves and forecasts growth that should see the financial results improve in the future years.

The Group has been operationally resilient as proven by consistent operational efficiencies that have been maintained during the financial year. Stress testing was done by considering severe and unlikely but possible scenarios including a sharp decline in equity markets, the worsening of conversion and lower transferred-in pension pot sizes, all of which could potentially be caused by the macroeconomic and geopolitical environment. The impact of the invasion of Ukraine by Russia on global capital markets and on the world more generally has also been considered in the Directors' assessment of going concern. While the Group's own exposure to Russia in terms of investments is minimal, rounding to 0%, broader market volatility could impact Assets under Administration and the Directors will continue to monitor the ongoing situation.

The Group has adequate resources to survive macroeconomic downturns and the Directors concluded that the Group has sufficient financial resources to remain in operational existence. For these reasons, the Directors adopt the going concern basis of preparation for these financial statements.

Changes in Accounting Policy

The following amendments are effective for the period beginning 1 January 2022:

Standard	Effective Date, Annual Period beginning on or after
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	1 January 2022
References to Conceptual Framework (Amendments to IFRS 3)	1 January 2022

None of the standards, interpretations, and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

New Standards, Interpretations and Amendments not yet Effective

The new standards which are not yet effective will not have a material impact on the financial statements.

Standard	Effective Date, Annual Period beginning on or after
Amendments to IAS 1 - Classification	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Deciding which Accounting Policies to Disclose	1 January 2023
Amendments to IAS 8 – Distinction between changes in Accounting Policies and Accounting Estimates	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets	1 January 2023

Revenue Recognition

Revenue represents amounts receivable for services net of VAT. Revenue is derived from the administration of our customers' retirement savings and the provision of one-off ancillary services to customers. The Group operates a service to combine and transfer customers' old pensions into new online plans, which are subsequently managed by third party money managers. The Group has applied the 5-step model outlined in IFRS 15 Revenue from contracts with customers as is set out below:

Identification of the contract with a customer - During account opening, the customer is made aware of the promises the Group is making. Rights and obligations of each party are outlined. The point at which the customer agrees to the terms and conditions is the point at which both the Group and the customer have signed or agreed the contract.

Identification of the performance obligations in the contract - The Group makes one promise to its customers, the careful administration of the customers' retirement savings, including through investments with its third party money managers. The Group performs administrative tasks during the process of on boarding its customers to its technology platform which are necessary for the fulfilment of administration of the customers' retirement savings. The Group does not consider these administrative tasks to be a separate performance obligation. As a result, it is considered that the Group has a single performance obligation, which is the administration of the customers' retirement savings.

Determination of the transaction price – The money managers invest customers' retirement savings in funds ('Group Plans') that match each customer's selection. The Group charges an annual management fee that is charged daily against the units held by each customer. The annual management fee is based on a fixed percentage (%) which varies for each of the Group Plans; the fees range from 0.50% to 0.95%. There is a further fixed discount of 50% provided to customers who have over £100,000 in their pension pots. The discount is applied to the incremental amount over and above £100,000.

Allocation of the transaction price - As there is only one performance obligation, the whole transaction price is allocated to this performance obligation.

Recognition of revenue when a performance obligation is satisfied - The administration of customers' retirement savings is continuous until the customer fully withdraws their pension pot or transfers it to another UK registered pension provider. Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs them. Revenue is calculated daily as a percentage (basis points) of the value of Assets under Administration ('AUA') as agreed by the customer.

Consideration Payable to Customers

The Group runs a number of incentive-linked marketing campaigns. Under these campaigns, a customer becomes entitled to either a pension contribution or cashback once they make their first live pension transfer. This consideration payable to the customer is not in exchange for a distinct good or service that the customer transfers to the Group. Therefore, it is accounted for as a reduction to the transaction price. The full consideration is accounted for as a revenue reduction in the year it is payable because the difference between spreading it over the contract life and recognising it in full in the year it is incurred is not material. A materiality assessment is done annually.

Recurring Revenue

The Group's revenue is recurring in nature as the annual charges are calculated daily as a percentage (basis points) of the value of AUA and will continue to be earned on an ongoing basis whilst the Group administers those assets. Recurring revenue is derived from management fees and is recognised based on daily accruals of customers' pension balances as the performance obligation, being the provision of pension scheme administration services to customers, is met. These management fees are charged daily and collected by the Group on a monthly basis.

Other Revenue

Other Revenue relates to one-off ancillary and ad-hoc services including pension splitting on divorce, early withdrawals owing to ill-health, and full draw-down within one year of becoming an Invested Customer. For this revenue stream, the performance obligation is the execution of the requested task. There are fee structures in place which are used to determine the transaction price. Revenue is recognised at a point in time when the requested task is executed (when the service is provided to the customer).

Foreign Currency Transactions and Balances

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

For the purpose of presenting consolidated financial statements, transactions in foreign currencies are translated to the Group's presentation currency at the foreign exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the presentation currency at the foreign exchange rate recorded at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. There are no material foreign exchange transactions in the financial statements.

Tax

Tax on the loss for the year comprises research and development credit. There was no current or deferred tax charge for the year (2021: £nil). Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the United Kingdom where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes liabilities where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Property, Plant and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Group assesses at each reporting date whether there are impairment indicators for tangible fixed assets.

Depreciation

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Asset Class	Depreciation Method and Rate
Computer Equipment	three years straight line
Furniture and Fittings	four years straight line
Leasehold Improvements	straight line over life of the lease
Right of Use Assets	straight line over life of the lease

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income when the asset is derecognised.

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment of Non-Financial Assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated based on future cashflows with a suitable range of discount rates and the expectations of future performance. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss is recognised in the Statement of Comprehensive Income.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and short term highly liquid deposits with a maturity of less than 3 months.

Trade Receivables

Trade and other receivables are recognised initially at the transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables and other receivables.

Trade Payables

Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method. Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Initial Recognition and Measurement

The Group initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the group's initial direct costs (e.g. commissions) and an estimate of restoration, removal, and dismantling costs.

Subsequent Measurement

After the commencement date, the Group measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the Statement of Comprehensive Income, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises. Repayment of lease liabilities within financing activities in the Statement of Cash Flows include both the principal and interest.

Short Term and Low Value Leases

The Group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e. short-term leases).

The Group has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is worth £5,000 or less (i.e. low value leases).

Lease payments on short term and low value leases are accounted for on a straight-line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the Statement of Comprehensive Income.

Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined Contribution Pension Obligation

The Group operates a defined contribution plan for its employees, under which the Group pays fixed contributions into the PensionBee Personal Pension. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in creditors as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group.

Share-based Payment

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using the market price of the shares at a point in time adjacent to the issue of the award. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Group (market conditions) and non-vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the Statement of Comprehensive Income, with a corresponding entry in equity under the Share-based Payment Reserve.

Where the terms of an equity-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Statement of Comprehensive Income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity (Share-based Payment Reserve), with any excess over fair value expensed in the Statement of Comprehensive Income.

The Company has established a Share-based Payment Reserve but does not transfer any amounts from this reserve on the exercise or lapse of options. On exercise, shares issued are recognised in share capital at their nominal value. Share premium is recognised to the extent the exercise price is above the nominal value. Where the Company is settling part of the exercise price, a transfer is made from retained earnings to share capital.

Research and Development

Research and development expenditure is recognised as an expense as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, how the asset will generate future economic benefits, the availability of resources to complete development of the asset and the ability to measure reliably the expenditure during development. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The Group's research and development costs relate to costs incurred on projects carried out to advance technology used to serve its customers. No development expenditure has been capitalised during the years 2021 and 2022, on the basis that the specified criteria for capitalisation has not been met, as costs spent on the development phase of projects cannot be reliably estimated. All research and development costs are therefore recognised as an expense as incurred.

Impairment of Financial Assets

Measurement of Expected Credit Losses

Expected credit losses ('ECLs') are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade and other receivables, the Group applies a simplified approach in calculating the ECLs. Therefore, the Group recognises a loss allowance based on lifetime ECLs at each reporting date.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Group does not have any critical accounting judgements or key estimation uncertainties.

4 Revenue

The analysis of the Group's Revenue for the year from continuing operations is as follows

	2022 £ 000	2021 £ 000
Recurring Revenue	17,527	12,592
Other Revenue	135	161
	17,662	**12,753**

Recurring Revenue relates to revenue from the annual management fee charged to customers. There are no individual revenues from customers which exceed 10% of the Group's total Revenue for the year.

Segment Information

Operating segments and reporting segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The Group considers that the role of CODM is performed by the Board of Directors. The CODM regularly reviews the Group's operating results to assess performance and to allocate resources. All earnings, balance sheet and cash flow information received and reviewed by the Board of Directors is prepared at a company level. The CODM considers that it has a single business unit comprising the provision of direct-to-consumer online pension consolidation and, therefore, recognises one operating and reporting segment with all revenue, losses before tax and net assets being attributable to this single reportable business segment.

Further, the Group operates in a single geographical location only, being the United Kingdom.

5 Employee Benefits Expense

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2022 £ 000	2021 £ 000
Wages and Salaries	8,373	6,447
Social Security Costs	946	767
Pension Costs, Defined Contribution Scheme	235	203
	9,554	7,447
Share-based Payment Expense	1,898	3,939
	11,452	**11,386**

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2022 No.	2021 No.
Executive Management	9	9
Technology and Product	38	30
Marketing	15	9
Customer Service	90	85
Legal, Compliance and Risk	11	7
Administration and Other	22	15
	185	**155**

6 Directors' Remuneration

The Directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	853	569
Group Contributions paid to Defined Contribution Pension Schemes	10	6
	863	**575**

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Members of Defined Contribution Pension Schemes	5	3

In respect of the highest paid Director:

	2022 £ 000	2021 £ 000
Remuneration	193	168
Group Contributions to Defined Contribution Pension Schemes	2	2

Exercise of Share Options

	2022 £ 000	2021 £ 000
Amount of Gains made on the Exercise of Share Options	225	198

7 Other Expenses

Arrived at after charging:

	2022 £ 000	2021 £ 000
Loss on Disposal of Equipment	-	10
Auditor's Remuneration	196	187
Money Manager Costs	2,825	2,300
Other Expenses	8,047	6,365
	11,067	8,862

Included in Other Expenses is technology and platform costs, professional services fees, irrecoverable VAT, and general and administrative costs.

8 Finance costs

	2022 £ 000	2021 £ 000
Interest Expense on Lease Liabilities	43	7
Revolving Credit Facility Fees	-	1,409
Interest Expense on Dilapidations Provision	3	-
Total Finance Costs	46	1,416

9 Auditor's Remuneration

	2022 £ 000	2021 £ 0000
Audit of the Company's Financial Statements	44	33
Audit of the Company's Subsidiary Financial Statements	94	95
Total Audit Fees	138	128
Tax Advisory Services	-	167
Audit Related Assurance Services	58	42
Other Assurance Services	-	633
Total Non-Audit Fees	58	842

Auditor's remuneration has been shown net of VAT. Except for £61,000 (2021: £28,000) relating to the half year review of the Group's financial statements and CASS audit and contained in Audit Related Assurance Services, all non-audit fees are attributed to services received in preparation for admission to the London Stock Exchange and have been recorded in listing costs. No services were provided pursuant to contingent fee arrangements.

10 Tax

Tax charged/(credited) in the Statement of Comprehensive Income:

	2022 £ 000	2021 £ 000
Current Taxation		
UK Corporation Tax	(274)	(348)
Deferred Taxation		
Arising from Origination and Reversal of Temporary Differences	-	-
Arising from Tax Rate Changes	-	-
Total Deferred Taxation	-	-
Tax Credit in the Statement of Comprehensive Income	(274)	(348)

The tax on loss for the year was computed at the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit/(Loss) before Tax	(22,420)	(24,979)
Corporation Tax at Standard Rate	(4,260)	(4,746)
Increase from effect of different UK Tax Rates on some Earnings	-	-
Increase from effect of expenses not deductable in determining Taxable Profit (Tax Loss)	288	1,464
Capital Allowances	(11)	-
Share-based Payment	83	-
Deferred tax expense (credit) from unrecognised Tax Loss or Credit	3,900	3,282
Decrease from effect of adjustments in Research Development Tax Credit	(274)	(348)
Total Tax Credit	**(274)**	**(348)**

	2022 £ 000	2021 £ 000
Fixed Assets	(43)	(13)
Temporary Difference Trading	-	-
Total Deferred Tax Liability	(43)	(13)
Losses available for offsetting against Future Taxable Income	43	13
Total Deferred Tax Asset	**43**	**13**
Net deferred tax	-	-

The Group has £72,755,000 of non-expiring carried forward tax losses at 31 December 2022 (2021: £38,629,000) against which no deferred tax has been recognised. A deferred tax asset has not been recognised on the basis that there is insufficient certainty over the recovery of these tax losses in the near future.

11 Earnings per Share

Basic earnings per share is calculated by dividing the loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by dividing the loss attributable to ordinary equity holders of the Group adjusted for the effect that would result from the weighted average number of ordinary shares plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential shares under option. At each balance sheet date reported below, the following potential ordinary shares under option are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

	2022	2021
Number of Potential Ordinary Shares	4,619,220	3,911,235
Profit/(Loss) Attributable to Equity Holders of PensionBee Group plc (£)	(22,146,000)	(24,631,000)
Weighted Average Number of Shares Outstanding during the Year	222,223,650	207,743,435
Basic and Diluted Earnings per Share (pence per Share)	(9.97)	(11.86)

Basic Earnings per Share was (9.97)p for 2022 (2021: (11.86)p).

12 Property, Plant and Equipment

	Fixtures and Fittings £ 000	Leasehold Improvements £ 000	Computer Equipment £ 000	Total £ 000
Cost				
At 1 January 2021	71	126	198	395
Additions	-	-	69	69
Disposals	(6)	-	(7)	(13)
Transfers	(5)	-	5	-
At 31 December 2021	60	126	265	451
At 1 January 2022	60	126	265	451
Additions	1	251	115	367
Disposals	-	-	(17)	(17)
At 31 December 2022	61	377	363	801
Depreciation				
At 1 January 2021	43	71	86	200
Charge for the year	12	55	60	127
Eliminated on Disposal	-	-	(3)	(3)
Transfers	(4)	-	4	-
At 31 December 2021	51	126	147	324
At 1 January 2022	51	126	147	324
Charge for the year	7	50	77	134
Eliminated on Disposal	-	-	(15)	(15)
At 31 December 2022	58	176	209	443
Carrying amount				
At 31 December 2022	**3**	**201**	**154**	**358**
At 31 December 2021	**9**	**-**	**118**	**127**
At 1 January 2021	**28**	**55**	**112**	**195**

13 Right of Use Asset

	£ 000
At 1 January 2021	295
Additions	703
Disposals	(295)
At 31 December 2021	703
At 1 January 2022	703
Additions	3
Disposals	-
At 31 December 2022	706
Depreciation	
At 1 January 2021	177
Charge for the year	129
Eliminated on Disposal	(295)
At 31 December 2021	11
At 1 January 2022	11
Charge for the year	141
Eliminated on Disposal	-
At 31 December 2022	152
Carrying Amount	
At 31 December 2022	**553**
At 31 December 2021	**692**
At 1 January 2021	**118**

14 Trade and Other Receivables

	2022 £ 000	2021 £ 000
Trade Receivables	1,565	1,335
Prepayments	903	887
Other Receivables	944	949
	3,412	**3,171**

Trade and other receivables are measured at amortised cost and management assessed that the carrying value is approximately their fair value due to the short-term maturities of these balances.

15 Share Capital

Allotted, Called Up and Fully Paid Shares

	2022 No. 000	£ 000	2021 No. 000	£ 000
Ordinary of £0.001 each	222,862	223	221,526	221
	222,862	**223**	**221,526**	**221**

During the year, PensionBee Group plc issued ordinary shares from share options exercised totaling 1,336,148 ordinary shares (2021: 8,138,194) of £0.001 each. The exercise price for each exercised share option was £0.001 (2021: £0.001).

On 24 March 2021, PensionBee Group plc acquired all the issued shares of PensionBee Limited through a share for share transaction. Every issued share in PensionBee Limited was exchanged for 800 shares in PensionBee Group plc. Every share option was cancelled and replaced by 800 share options. Through the Group Reorganisation, PensionBee Group plc issued 180,054,400 ordinary shares of £0.001 each and reduced its share premium to create additional distributable reserves. On 26 April 2021, PensionBee Group plc issued 33,333,333 ordinary shares of £0.001 each as part of its Initial Public Offering ('IPO'). Each share was issued at £1.65. Transaction costs incurred and directly attributable to the issuance of shares for the IPO amounted to £1,748,000. These costs were recognised as a reduction to the share premium.

Each ordinary share carries one vote per share and ranks pari passu with respect to dividends and capital.

16 Reserves

Share Premium

The share premium account represents the excess of the issue price over the par value on shares issued, less transaction costs arising on the issue.

Share-based Payment Reserve

The Share-based Payment Reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Retained Earnings

The balance in the retained earnings account represents the distributable reserves of the Group.

17 Leases

In December 2021, the Group entered into a new property lease with a 5-year lease term ending in December 2026 with an option to terminate the lease after three years. The Group is reasonably certain that this option will not be exercised therefore the lease term was determined to be five years. On inception, the lease liability was determined using a discount rate linked to London office rental yields, adjusted for risk premium for certain company specific factors as well as taking into consideration the interest rate associated with the revolving credit facility entered in March 2021 and cancelled in September 2021. The discount rate was 7%. Lease terms have not been amended since inception.

The carrying amounts of right-of-use assets recognised and the movements during each year are set out in Note 13. Set out below are the carrying amounts of lease liabilities and the movements during the year.

	2022 £ 000	2021 £ 000
As at 1 January	657	109
Additions	-	654
Accretion of interest	43	7
Cash flow timing adjustment	2	-
Payments	(151)	(113)
As at 31 December	**551**	**657**

Lease Liabilities included in the Statement of Financial Position:

	2022 £ 000	2021 £ 000
Non-current	397	560
Current	154	97
	551	**657**

The following are the amounts recognised in the Statement of Comprehensive Income:

	2022 £ 000	2021 £ 000
Depreciation on Right of Use Asset	141	129
Interest on Lease Liability	43	7
Low Value Leases	-	-
	184	**136**

18 Provisions

	2022 £ 000	2021 £ 000
Dilapidations		
At 1 January 2022	43	-
Additional Provisions	-	43
Interest	3	-
At 31 December 2022	46	43
Non-current Liabilities	46	43

The Group is required to restore the leased premises of its offices to their original condition at the end of the lease term. The lease term ends on 2 December 2026. A provision has been recognised at the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the Right of Use Asset and are amortised over the useful life of the asset.

19 Trade and Other Payables

	2022 £ 000	2021 £ 000
Trade Payables	132	356
Accrued Expenses	1,301	1,873
Social Security and Other Taxes	-	83
Other Payables	83	716
	1,515	**3,028**

Trade and other payables are measured at amortised cost and management assessed that the carrying value is approximately their fair value due to the short-term maturities of these balances.

20 Pension and Other Schemes

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £235,000 (2021: £203,000).

21 Share-based Payment

PensionBee EMI and Non-EMI Share Option Scheme

Scheme Details and Movements

Under the PensionBee EMI and Non-EMI Share Option Scheme share options were granted to eligible employees who have passed their probation period at the Group. The exercise price of all share options is £0.001 per share.

The share options normally vest on the later of the following tranches, 25% of the shares vest on the first anniversary of the vesting commencement date with the remaining 75% of the shares vesting quarterly in equal instalments over the following three years.

The fair value of the share options granted is estimated on the date of grant by reference to the prevailing share price. Before the Company was listed in 2021, the fair value was determined by reference to the price paid by external investors as part of periodic funding rounds.

The weighted average fair value of share options granted during the year of grant was £nil (2021: £1.65).

In the prior period, share options could be exercised upon the occurrence of an exit event, a takeover, reconstruction, liquidation and sale of the business, to the extent they have vested. In the event that there has been no exit event before the tenth anniversary of the date of grant, the Directors may determine that an option holder may exercise their option in the 30 day period before such anniversary.

Following the listing of the Company in 2021, share options can be exercised upon satisfying the service condition.

The movements in the number of share options during the year were as follows:

	2022 Number	2021 Number
Outstanding, start of the year	3,911,235	15,293
Outstanding after Group Reorganisation	-	12,234,400
Granted during the year	-	312,000
Exercised during the year	(1,297,359)	(8,463,383)
Expired during the year	(169,472)	(171,782)
Outstanding, end of the year	**2,444,404**	**3,911,235**

The weighted average share price on date of exercise of share options exercised during the year was £1.05 (2021: £1.64) and the weighted average remaining contractual life is one year and six months (2021: two years and five months).

Deferred Share Bonus Plan

Scheme Details and Movements

Under the PensionBee Deferred Share Bonus Plan ('DSBP'), awards are granted to eligible employees who are or were an employee (including an Executive Director) of the Group and have been granted a bonus. DSBP awards are granted at the end of the financial year once the annual bonus outturn has been determined. The exercise price of all DSBP awards is £0.001 per award.

For the two Executive Directors that were in office as of 31 December 2021 their 2022 granted DSBP awards cliff vest on the third anniversary of the date of grant. For the rest of the employees and the subsequent grants, DSBP awards vest in three equal installments over a service period of three years from grant date. DSBP awards vest upon satisfying the service condition.

The fair value of the DSBP awards is the share price on grant date. DSBP awards can be exercised to the extent they have vested.

The weighted average fair value of awards granted during 2022 was £1.44 (2021: £nil).

The movements in the number of awards during the year were as follows:

	2022 Number	2021 Number
Outstanding, start of the year	-	-
Granted during the year	944,508	-
Exercised during the year	-	-
Lapsed during the year	(54,957)	-
Outstanding, end of the year	**889,551**	-

There were no exercises during the year (2021: nil) and the weighted average remaining contractual life is one year and five months.

Long Term Incentives

Scheme Details and Movements

Under the PensionBee Long Term Incentives ('LTI'), awards are granted to eligible employees who are or were employees (including an Executive Director) of the Group, at mid-level management or higher, and have been granted a bonus. LTI awards are granted in the subsequent year following a bonus grant. The exercise price of all LTI awards is £0.001 per award.

The awards vest in tranches, a third of the awards vest on the third anniversary, a third on the fourth anniversary and the last third on the fifth anniversary of the vesting commencement date.

The fair value of the LTI awards is the share price on grant date discounted for restricted selling period. LTI awards can be exercised to the extent they have vested.

The weighted average fair value of awards granted during 2022 was £1.38 (2021: £nil).

The movements in the number of awards during the year were as follows:

	2022 Number	2021 Number
Outstanding, start of the year	-	-
Granted during the year	1,311,681	-
Exercised during the year	-	-
Lapsed during the year	(26,415)	-
Outstanding, end of the year	**1,285,266**	**-**

There were no exercises during the year (2021: nil) and the weighted average remaining contractual life is three years and three months.

Charge/Credit arising from Share-based Payment

The total charge for the year for the Share-based Payment was £1,898,000 (2021: £3,939,000), all of which related to equity-settled share-based payment transactions.

22 Financial Risks Review

This note presents information about the Group's exposure to financial risks and the Group's management of capital. Financial risk exposure results from the operations of the Subsidiary. The Company is not trading and therefore is structured to avoid, in so far as possible, all forms of financial risk.

Financial Risk Management Objectives

The Group has identified the financial risks arising from its activities and has established policies and procedures to manage these risks in accordance with its risk appetite. These risks included market risk, credit risk and liquidity risk. The Group does not enter or trade financial instruments, including derivative financial instruments. Assisted by the Audit and Risk Committee, the Board of Directors has overall responsibility for establishing and overseeing the Group's risk management framework and risk appetite.

The Group's financial risk management policies are intended to ensure that risks, including emerging risks are identified, evaluated and subject to ongoing close monitoring and mitigation where appropriate. The Board of Directors regularly reviews financial risk management policies, procedures and systems to reflect changes in the business, risk horizon, markets and financial instruments used by the Group. The Group's senior management is responsible for the day-to-day management of these risks in accordance with the Group's risk management framework.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises risks including interest rate risk, currency risk and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group considers interest rate risk to be insignificant due to no debt and no interest-bearing assets.

On 22 March 2021, the Group entered into a revolving credit facility for up to £10 million with National Westminster Bank plc as part of prudent capital management to provide it with further liquidity resources going forward. On 20 September 2021, management decided to close the facility on the basis that the additional liquidity resources were no longer required. No amounts were drawn from the facility during the period in which the credit was available. Amounts charged to the 2021 income statement in respect of the cost of this facility totaled £1,409,000 for the year.

Price Risk

As the main source of revenue is based on the value of assets under administration (Assets under Administration ('AUA') is a measure of the total assets for which a financial institution provides administrative services). The Group has an indirect exposure to price risk on investments held on behalf of customers. These assets are not on the Group's Statement of Financial Position. The risk of lower revenues is partially mitigated by asset class diversification. The Group does not hedge its revenue exposure to movements in the value of customers assets arising from these risks, and so the interests of the Group are aligned to those of its customers.

A 10% change in equity markets would have an approximate 7.5% impact on revenue. The 10% change in equity markets is a reasonable approximation of possible change.

Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's exposure to credit risk arises principally from its cash balances held with banks and trade receivables. The Group's trade receivables are the contractual cashflow obligations that the payors must meet. The payors are BlackRock, Legal & General, and State Street Corporation which are high credit rated financial institutions. Assets they hold on behalf of the Group are a small percentage of their net assets and on this basis credit risk is considered to be low. Utilising the simplified approach the Group has shown there is no expected credit loss due to no historic credit losses, and no material need for a lifetime loss allowance.

At the end of the reporting period no assets were determined to be impaired and there was no balance past due.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Due to the Group's financial assets primarily being trade receivables which all have an expected lifetime of less than 12 months, the Group has elected to measure the expected credit losses at 12 months only.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

		Days Past Due				
	Current	< 30 days	30-60 days	61-90 days	>91 days	Total
31-Dec-22	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Gross Trade Receivables	1,565	-	-	-	-	1,565
Other Receivables	540	-	-	-	404	944

		Days Past Due				
	Current	< 30 days	30-60 days	61-90 days	>91 days	Total
31-Dec-22	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Gross Trade Receivables	1,335	-	-	-	-	1,335
Other Receivables	348	-	-	-	601	949

The Group's trade receivables are concentrated in the three money managers

	2022 %	2021 %
BlackRock	73%	71%
State Street Corporation	16%	16%
Legal & General	11%	13%
Total	**100%**	**100%**

Other receivables comprise R&D tax credit due from HMRC, office rental deposit and amounts due from a related party (PensionBee Trustees). The probability of default by these parties is deemed low.

The credit risk on liquid funds financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group's principal Bank is Barclays Bank. The Group only uses banks with a credit rating of at least BBB+ (Standard & Poor's). The Group's liquid funds are concentrated in Barclays, which hold 94% of the total balance as at year end (2021: 93%).

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations to settle its liabilities. This is managed through cash flow forecasting.

Undiscounted Maturity Analysis

The following table sets out the remaining contractual maturities of the group's financial liabilities by type:

	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2022	£ 000	£ 000	£ 000	£ 000
Trade and Other Payables	1,515	-	-	1,515
Lease Liabilities	186	438	-	624

	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2021	£ 000	£ 000	£ 000	£ 000
Trade and Other Payables	3,028	-	-	3,028
Lease Liabilities	140	636	-	776

Capital Risk Management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments considering changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

Externally Imposed Capital Requirements

The capital adequacy of the business is monitored on a quarterly basis as part of general business planning by the Finance Team. The Group conducts a capital adequacy assessment process, as required by the Financial Conduct Authority ('FCA') to assess and maintain the appropriate levels.

23 Related Party Transactions

Key Management Compensation

	2022 £ 000	2021 £ 000
Salaries and Other Short-term Employee Benefits	1,752	1,428
Other Long-term Benefits	24	21
Share-based Payment	1,222	2,489
	2,998	**3,938**

Related Party - PensionBee Trustees

The following related party transactions occur between the Company and PensionBee Trustees Limited:

(i) Payment of the PensionBee Trustees Limited bank fees on a quarterly basis. During the year bank fees amounted to £52,000 (2021: £15,000). There was no outstanding balance at year end (2021: £nil).

(ii) Compensation payments as a gesture of goodwill to customers that prefer to be compensated via a pension contribution or the purchasing of additional units. During the year, these costs amounted to £11,000 (2021: £16,000). There was no outstanding balance at year end (2021: £nil).

(iii) Other payments to customers (e.g. referral rewards). Payments are made from the Company and invested into the customer's fund from the PensionBee Trustees account. These payments can be found in 'Other Expenses' and 'Advertising and Marketing'. During the year these costs amounted to £379,000 (2021: £314,000). There was no outstanding balance at year end (2021: £nil).

Transactions with Directors

During the year ended 31 December 2022, Mark Wood repaid £105,279 to the Subsidiary in respect of a payment to HMRC made by the Group on his behalf in the prior year.

24 Events After the Reporting Period

There were no events of material impact to the financial statements that occurred after the reporting date.

25 Alternative Performance Measures

The Company uses a variety of alternative performance measures ('APMs') which are not defined or specified by IFRS, in particular Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation ('Adjusted EBITDA'). The Directors use a combination of APMs and IFRS measures when reviewing the performance and position of the Company and believe that each of these measures provides useful information with respect to the Company's business and operations. The Directors consider that these APMs illustrate the underlying performance of the business by excluding items considered by management not to be reflective of the underlying trading operations of the Company.

The APMs used by the Company are defined below and reconciled to the related IFRS financial measures:

Adjusted EBITDA

Adjusted EBITDA represents loss for the year before taxation, finance costs, depreciation, share-based compensation and listing costs.

Adjusted EBITDAM

Adjusted EBITDAM represents loss for the year before taxation, finance costs, depreciation, advertising and marketing, share based compensation and listing costs.

	2022 £ 000	2021 £ 000
Operating Profit/(Loss)	(22,374)	(23,563)
Depreciation Expense	276	256
Share-based Payment (1)	1,898	3,939
Listing Costs (2)	687	2,947
Adjusted EBITDA	**(19,513)**	**(16,421)**
Marketing Costs	16,554	12,865
Adjusted EBITDA before Marketing	**(2,959)**	**(3,556)**

(1) Relates to total annual charge in relation to Share-based Payment expense as detailed in Note 21.
(2) 2022 Listing Costs relate to expenses incurred in relation to the preparation for the transfer from the High Growth Segment to the Premium Segment of the Main Market of the London Stock Exchange (2021: preparation for admission to the High Growth Segment of the London Stock Exchange).

7 Company Financial Statements

Statement of Financial Position

As at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current Assets			
Investment in Subsidiaries	3	357,071	348,089
Current Assets			
Other Receivables	4	289	64
Cash and Cash Equivalents		3,036	12,139
		3,325	**12,203**
Total Assets		**360,396**	**360,292**
Equity and Liabilities			
Equity			
Share Capital	8	223	221
Share Premium	9	53,218	53,218
Share-based Payment Reserve		5,222	3,324
Retained Earnings	9	301,605	303,302
Total Equity		**360,268**	**360,065**
Current Liabilities			
Trade and Other Payables	5	128	227
Total Equity and Liabilities		**360,396**	**360,292**
The Company Loss for the period is £1,648,000			

The notes on pages 183 - 186 form an integral part of these financial statements.
Approved by the Board on 15 March 2023 and signed on its behalf by:

Christoph J. Martin
Chief Financial Officer

Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Share Capital £ 000	Share Premium £ 000	Share-based Payment Reserve £ 000	Retained Earnings £ 000	Total
As at 1 January 2021		-	-	-	(1,275)	(1,275)
Total Comprehensive Profit/(Loss)		-	-	-	(1,275)	(1,275)
Share-based Payment Transactions		-	-	3,324	-	3,324
Issue of Share Capital	8	33	54,967	-	-	55,000
Group Reorganisation	8	180	-	-	304,585	304,765
Transaction Costs on Issue of Shares	8	-	(1,749)	-	-	(1,749)
Exercise of Share Options	8	8	-	-	(8)	-
At 31 December 2021		**221**	**53,218**	**3,324**	**303,302**	**360,065**
As at 1 January 2022		221	53,218	3,324	303,302	360,065
Total Comprehensive Profit/(Loss)		-	-	-	(1,648)	(1,648)
Share-based Payment Transactions		-	-	1,898	-	1,898
Prior year Adjustment		-	-	-	(47)	(47)
Exercise of Share Options	8	2	-	-	(2)	-
At 31 December 2022		**223**	**53,218**	**5,222**	**301,605**	**360,268**

The notes on pages 183 - 186 form an integral part of these financial statements.

8 Notes to the Company's Financial Statements

For the year ended 31 December 2022

1 Accounting Policies

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Summary of Significant Accounting Policies and Key Accounting Estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These financial statements have been prepared using the historical cost convention.
The financial statements are presented in GBP and all values are rounded to the nearest thousand (£'000), except when otherwise indicated. The functional currency of the Company is GBP because it is the primary currency in the economic environment in which the Company operates.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

Judgements and Key Sources of Estimation Uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have considered the following key sources of estimation uncertainty at the statement of financial position date which have a significant effect on the amounts recognised in the financial statements.

Assessment as to whether the investment in subsidiary is impaired

The recoverable amount is the subsidiary's discounted cash flow value. The determination of the recoverable amount of the investment in subsidiary depends on certain assumptions, which include selection of the discount rate and projection of future cash flows. The discount rate is the Company's Weighted Average Cost of Capital ('WACC'). This was set by reference to comparable companies' WACC and adjusting it for the Company's risk profile. Significant assumptions are required to be made when selecting comparable companies and determining the Company's risk profile adjustment.

Future cash flow projections significantly rely on revenue projections which are inherently uncertain due to their sensitivity to changes in market conditions and revenue growth rate. Significant assumptions are required to be made when setting the revenue growth rate which takes into consideration perceived changes in market conditions and customer behavior. Further information on the investment in subsidiary's recoverable amount and the sensitivity of the recoverable amount to changes in unobservable inputs are provided in Note 3.

Summary of Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

Going Concern

The Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Company has strong cash reserves and forecasts growth in the subsidiary that should see the financial results improve in the future years. The Company's only investment is in the subsidiary. Therefore, the subsidiary's ability to remain in operational existence was considered.

The subsidiary has been operationally resilient as proven by consistent operational efficiencies that have been maintained during the financial year. Stress testing was done by considering severe and unlikely but possible scenarios including a sharp decline in equity markets, the worsening of conversion and lower transferred-in pension pot sizes, all of which could potentially be caused by the geopolitical and macroeconomic environment. The impact of the invasion of Ukraine by Russia on global capital markets and on the world more generally has also been considered in the Directors' assessment of going concern. While the subsidiary's own exposure to Russia in terms of investments is minimal, rounding to 0%, broader market volatility could impact Assets under Administration and the Directors will continue to monitor the rapidly developing situation.

The Company has adequate resources to survive macroeconomic downturns and the Directors concluded that the Company has sufficient financial resources to remain in operational existence. For these reasons, the Directors adopt the going concern basis of preparation for these financial statements.

Tax

There was no current or deferred tax charge for the year (2021: £nil). Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the United Kingdom where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes liabilities where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Investments

Investment in subsidiary is recognised at cost and an annual impairment review is undertaken.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and short term highly liquid deposits with a maturity of less than 3 months.

Trade Receivables

Trade and other receivables are recognised initially at the transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables.

Trade Payables

Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Impairment of Non-Financial Assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated based on future cashflows with a suitable range of discount rates and the expectations of future performance. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss is recognised in the Statement of Comprehensive Income.

Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. Refer to Note 8 for the basis of accounting for the share for share transaction that was recorded during the year. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share-based Payments

The financial effect of awards by the Parent Company of equity-settled awards (principally, options over its equity shares) to the employees of the subsidiary undertaking are recognised by the Parent Company in its individual financial statements. In particular, the Parent Company records an increase in its investment in subsidiaries with a credit to equity equivalent to the expense for the equity-settled award recognised in the group for such awards. There are no recharges to the subsidiary undertaking for such awards.

2 Staff Numbers

The Company does not have employees.

3 Investments

Summary of the Company Investments

	2022 £ 000	2021 £ 000
As at 1 January	348,089	-
Additions	8,982	348,089
As at 31 December	**357,071**	**348,089**

Subsidiary undertakings

Name of Subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held (2021)
PensionBee Limited	Pension provider	209 Blackfriars Road SE1 8NL	100%

PensionBee Limited has been included in the Group consolidated financial statements.

Impairment of Investment in Subsidiary

At each reporting period, the investment in the subsidiary is assessed for impairment. Management has determined the recoverable amount of the investment in the subsidiary by reference to the subsidiary's discounted forecast cash flows. Key assumptions in this assessment include consideration of growth rates which drive revenue and costs, expected changes to future costs and the discount rate. The period considered was fifteen years. A projection period of fifteen years was considered appropriate due to the high growth phase of the subsidiary. The projection period was split into medium term (year 2-5) and long term (year 6-15) growth phase whereby the growth trajectory declines over that forecasting period. PensionBee's short term projections are based on the most recent Board approved financial information. PensionBee's medium to long term projections are supported by its high customer retention rate, young customer base in pension accumulating assets, strong brand awareness and effective marketing acquisition capabilities as well as the scalability of the cost base. The long term growth rate used was 2.5%. The Weighted Average Cost of Capital ('WACC') used for discounting the forecast cash flows was 14%, which was benchmarked against comparable companies. The recoverable amount is higher than the carrying amount therefore no impairment was identified. A 5% decrease in the cumulative annual growth rate would decrease the recoverable amount by 6% and a 5% increase in the cumulative annual growth rate would increase the recoverable amount by 16%. A 5% decrease in the cumulative annual growth rate would result in a recoverable amount that is 4% lower than the carrying amount of the investment. Sensitivity factors were consistently applied throughout the long term.

4 Other Receivables

	2022 £ 000	2021 £ 000
Amounts due from Subsidiary	279	-
Prepayments	10	64
	289	64

5 Trade and Other Payables

	2022 £ 000	2021 £ 000
Trade Payables	6	62
Accrued Expenses	122	32
Amounts due to Subsidiary	-	133
	128	227

6 Deferred Taxation

Deferred tax assets have not been recognised in respect of tax losses as there is insufficient evidence of recoverability in the near future. The Company has tax losses of £1,389,000 (2021: £409,000) that are indefinitely available against future taxable profits of the Company for which no deferred tax has been provided.

7 Share-based Payment

Full disclosure of PensionBee's share option scheme is given in Note 21. The disclosures required in relation to Directors' emoluments and share option plans are given in Note 6.

8 Share Capital

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary of £0.001 each	222,862	223	221,565	221
	222,862	**223**	**221,565**	**221**

During the year, PensionBee Group plc issued ordinary shares from share options exercised totaling 1,336,148 ordinary shares (2021: 8,138,194) of £0.001 each. The exercise price for each exercised share option was £0.001 (2021: £0.001).

On 24 March 2021, PensionBee Group plc acquired all the issued shares of PensionBee Limited through a share for share transaction. Every issued share in PensionBee Limited was exchanged for 800 shares in PensionBee Group plc. Every share option was cancelled and replaced by 800 share options. Through the Group Reorganisation, PensionBee Group plc issued 180,054,400 ordinary shares of £0.001 each and reduced its share premium to create additional distributable reserves. The issued ordinary shares were accounted for at their nominal value. On 26 April 2021, PensionBee Group plc issued 33,333,333 ordinary shares of £0.001 each as part of its Initial Public Offering ('IPO'). Each share was issued at £1.65.

Transaction costs incurred and directly attributable to the issuance of shares for the IPO amounted to £1,748,000. These costs were recognised as a reduction to the share premium.

Each ordinary share carries one vote per share and ranks pari passu with respect to dividends and capital.

9 Reserves

Share Premium

The share premium account represents the excess of the issue price over the par value on shares issued, less transaction costs arising on the issue.

Share-based Payment Reserve

The Share-based Payment Reserve represents the cumulative expense in relation to share options granted to subsidiary employees.

Retained Earnings

The balance in the retained earnings account represents the distributable reserves of the standalone company, PensionBee Group plc.

10 Events After the Reporting Period

There were no events of material impact to the financial statements that occurred after the reporting date.

PensionBee Executive Directors: Romi Savova (Chief Executive Officer), Jonathan Lister Parsons (Chief Technology Officer), Christoph J. Martin (Chief Financial Officer)

PensionBee Non-Executive Directors: Mark Wood CBE (Non-Executive Chair), Mary Francis CBE (Senior Independent Director), Michelle Cracknell CBE (Independent Non-Executive Director), Lara Oyesanya FRSA (Independent Non-Executive Director)

Company Secretary: Michael Tavener

Registered Number: 13172844

Registered Office: 209 Blackfriars Road, London, SE1 8NL, United Kingdom

Auditor: Deloitte LLP, 4 Brindley Place, Birmingham, B1 2HZ, United Kingdom