

# auxmoney

## Second-Party Opinion – Social Framework

Excellent
Good 
Aligned
Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Good	<ul style="list-style-type: none"> <li>Sustainable Fitch considers the social bond framework of auxmoney and the use of proceeds (UoP) included in this framework to be aligned with the ICMA Social Bond Principles 2023 (SBP).</li> <li>Targeting under-served groups such as students, pensioners, self-employed individuals, low-income households, and borrowers with a low credit bureau score is viewed positively by us, as this provides access to financing to groups of people that may not otherwise be eligible for traditional lending programmes.</li> </ul>
Use of Proceeds – Other Information	Good	<ul style="list-style-type: none"> <li>The proceeds are used wholly for financing recently granted loans. There does not seem to be a defined lookback period. The issuer has a clear ban on specified controversial projects, which improves its social commitment.</li> </ul>
Evaluation and Selection	Excellent	<ul style="list-style-type: none"> <li>A multi-team committee is responsible for the evaluation and selection process, which ensures a degree of checks and balances. Establishing a multi-layered committee would provide an additional layer of checks and balances.</li> </ul>
Management of Proceeds	Excellent	<ul style="list-style-type: none"> <li>There is definite segregation of proceeds within the SPVs. Nevertheless, there is no actual segregation between standard and social assets. Proceeds are used to finance existing social assets, and there will be no temporarily unallocated proceeds. This is best practice, as it keeps the proceeds invested in activities compliant with the social bond framework.</li> </ul>
Reporting and Transparency	Good	<ul style="list-style-type: none"> <li>The issuer has committed to publishing information on the allocation and impact of net proceeds at least annually until maturity, which aligns with best practices.</li> </ul>

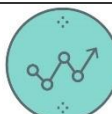
Framework Type	Social
Alignment	✓ Social Bond Principles 2023 (ICMA)
Date assigned	8 January 2024
See Appendix B for definitions.	

### Use of Proceeds Summary


Social	Access to essential services (financing to under-served communities)
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Source: Sustainable Fitch, auxmoney social bond framework 2023


### Relevant UN Sustainable Development Goals



**8**  
DECENT WORK AND ECONOMIC GROWTH



**9**  
INDUSTRY, INNOVATION AND INFRASTRUCTURE



**10**  
REDUCED INEQUALITIES

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## Framework Highlights

Sustainable Fitch considers transactions under auxmoney's updated social bond framework, which was published in 2023, to be aligned with the ICMA Social Bond Principles. Our opinion is that the alignment is 'Good'.

The company developed its social bond framework under which the issuer, an SPV, is able to issue social bond transactions that are backed up by a portfolio of loans originated by auxmoney. The issuance of social bonds will contribute towards sustainable development by financing social assets that fall within the eligible social assets definition under this framework.

The company defines eligible social assets as consumer loans extended to under-served borrowers to alleviate the social issue of financial exclusion. It specialises in providing such credit, serving borrower segments that banks are unwilling or unable to underwrite due to inadequate scoring models, high capital requirements, or burdensome legacy processes.

The company applies its own scoring technology for credit rating assessment to identify an appropriate risk-adjusted interest rate for such borrowers. The interest rates for such borrowers are often higher than for those with better credit profiles, but auxmoney's rates remain noticeably below those from credit cards or overdrafts.

As of 2022, the unserved consumer lending demand in Germany was estimated at EUR95 billion–105 billion. According to auxmoney's scoring model, EUR30 billion–37 billion of this demand comes from borrowers with manageable risks, equivalent to 4.0 million–4.5 million individuals who could be served by auxmoney.

More than 70% of auxmoney's loans are granted to under-served customers that meet the eligibility criteria of the social bond framework. Loans in auxmoney's portfolio are granted to borrowers with the following characteristics:

- around 50% have low credit bureau score;
- around 18% have net income below EUR1,500 a month;
- around 7% have fixed-term or probationary employment;
- around 9% are self-employed or entrepreneurs;
- around 9% are young people, and 5% students and trainees;
- around 9% are elderly or retired people; and
- around 9% are foreign citizens.

There are several categories of loan purposes in its portfolio. In particular, we positively considered the social debt consolidation (34% of the securitised loans), which simplifies debt repayment. We also view positively loans financing education or businesses (7%). The remaining usages are renovation and other living expenses (29%), auto expenses (10%), or other (20%); we deem these as less impactful.

The company has already issued three social public ABS transactions (Fortuna 2021, Fortuna 2022-1 and Fortuna 2023-1) under its social framework published in 2021. To comply with the ICMA SBP requirements, auxmoney designates social-labelled tranches in its ABS funding transactions that finance social projects. These tranches will not exceed the amount of social assets in the pool.

As only parts of the notes are labelled in these transactions, these notes are aligned with the characteristics of the secured social standard bond as defined in the ICMA SBP appendix 1, although the definition was not published until June 2022. These bonds contribute towards the UN Sustainable Development Goals (SDGs), specifically SDGs 8 (decent work and economic growth), 9 (industry, innovation and infrastructure) and 10 (reduced inequalities).

The ICMA SBP recommend that eligible projects are clearly described in the legal documentation for the transaction. We have only reviewed the social bond framework for this Second-Party Opinion and have not reviewed any transaction-related legal documents or marketing materials; however, the framework provides a description of the projects.

Source: Sustainable Fitch, auxmoney social bond framework 2023

## Entity Highlights

In 2007, auxmoney, a leading European digital lending platform, was established in Germany. Initially a peer-to-peer lending platform, auxmoney has transitioned over the years to fund loans primarily through institutional investors and its own resources. The company also serves as the intermediary to facilitate loan arrangements between borrowers and Süd-West-Kreditbank Finanzierung GmbH (SWK Bank). Following an investment round in 2020, Centerbridge now holds the majority of shares in auxmoney. The company operates under the wider auxmoney Group, which includes its wholly-owned subsidiary, CreditConnect GmbH, and the Dublin-based investment company, auxmoney Investments.

The platform specialises in providing credit access to clients with low credit scores, irregular income, or those facing complex lending procedures, such as foreign citizens or self-employed individuals. These individuals are often under-served by traditional lenders due to traditional scoring models (SCHUFA scores), high capital requirements, or inefficient legacy processes. At end 2023, it has achieved a cumulative loan origination volume of over EUR5 billion.

The company places great emphasis on ESG considerations, seeing them as fundamental to its long-term success and corporate identity. To align with this, auxmoney has created a comprehensive framework that includes key initiatives to generate positive societal and environmental impact.

Environmentally, auxmoney has committed to becoming climate-neutral by 2035 at the latest, as reflected in auxmoney's membership of the Düsseldorfer Klimapakt mit der Wirtschaft (Dusseldorf climate pact). The entity has committed to reducing its corporate carbon footprint by implementing green office practices, such as using sustainable goods and renewable energy sources. The company's headquarters have been renovated to be more energy efficient, and the entity is regularly measuring its CO<sub>2</sub> footprint. It also encourages eco-friendly behaviour from its employees by providing amenities such as electric vehicle charging stations.

As part of its social efforts, auxmoney has a deep-rooted commitment to financial inclusion, which has been a cornerstone of its mission since inception. It continuously refines its underwriting models and credit risk scorecards to evaluate borrowers based on criteria beyond those traditionally used by banks. This approach allows auxmoney to extend financing to under-served segments of the population, which reinforces its commitment to social responsibility.

The company is not solely focused on providing financial access to under-served borrowers, as it also emphasises responsible lending practices throughout the entire credit life cycle, including using clear language in advertising, conducting discrimination-free credit assessments, and offering different payment options or advice for borrowers with payment difficulties where appropriate.

Beyond its customer base, auxmoney has implemented various initiatives, including mental health programmes, and ensures employees have an appropriate working environment free of prejudice and in which all employees are valued – regardless of gender, nationality, ethnic origin, religion, disability, age, or sexual orientation. In 2022, auxmoney implemented an anti-discrimination and anti-harassment policy, proactively overseeing indications of gender discrimination and promptly intervening when necessary. The company also conducts regular assessments to ensure pay equity among its employees.

The company also makes contributions to society at large through various community engagement projects led by the auxmoney social impact board. The company places a high value on equal opportunities, diversity and inclusion, by regularly organising diversity and inclusion programmes, monitoring gender discrimination and performing pay equity assessments on a regular basis.

Regarding governance, auxmoney follows relevant local legislation and industry standards. It has a comprehensive set of policies to guide ethical business conduct, and it upholds robust risk management practices. At the group level, an experienced board oversees key governing committees, and regular external audits are conducted to ensure compliance.

Source: Sustainable Fitch, auxmoney web site, auxmoney social bond framework 2023

## Asset/Collateral – Projects

## Alignment: Good

### Company Material

- The company has developed a social bond framework under which the issuer, an SPV, will be able to issue social bond transactions to finance its purchase of consumer loans.
- Specifically, the framework has been developed to demonstrate how the issuer may issue social bonds that are backed up over a portfolio of loans originated by auxmoney.
- The note classes labelled social are fully backed by eligible social assets.
- The issuance of social bonds under this framework will contribute towards sustainable development by earmarking the proceeds to finance or refinance, projects and expenditures that fall within the social objective described in the framework. From auxmoney's current portfolio, it can be seen that more than 70% of all loans are granted to under-served customers. Thereby, two different forms of under-served customers can be distinguished:
  - customers that are under-served due to legacy underwriting models, e.g. models that put too much weight on traditional key performance indicators such as the credit bureau score; and
  - customers that fall into an inherently under-served group, e.g. occupations with irregular income.
- Over 70% of assets in auxmoney's portfolio comply with at least one of the social criteria identified in the framework. In order to fully respect the ICMA SBP requirements (i.e. 100% allocation to social projects), auxmoney will clearly designate which tranches of the intended ABS funding transactions are considered ESG, and these will be labelled accordingly as they only finance social projects.
- The sum of these tranches will not exceed the amount of social assets in the pool. For transactions with static portfolios, this will be indicated and confirmed at closing when the proceeds will be used for financing social assets. For transactions with a replenishment period, this will be monitored and confirmed during the full length of the replenishment period and reported on a regular basis in publicly available investor reports to ensure ongoing compliance.

### Sustainable Fitch's View

- The framework includes a commitment to allocate the proceeds from the social notes to social collateral. There is no requirement for all the collateral to be composed of social assets. In the case of a mixed pool that combines assets that are aligned with the social selection criteria of the framework with standard assets, there is no segregation between the two parts of the portfolio. As a consequence, the social investor has recourse against the whole pool and not specifically the social assets in priority.
- We positively value that there is no risk of assets becoming ineligible, as well as the commitment to keep social assets at least equal to liabilities.
- For static transactions, projects that proceeds are allocated towards are confirmed at closing and there will be no unallocated proceeds. This is considered best practice, as it ensures proceeds are invested in activities compliant with the bond.
- For revolving transactions, we consider positively that auxmoney's financed projects will be monitored during the replenishment period and publicly reported on in regular investor reports to ensure compliance.

Source: auxmoney social bond framework 2023

Source: Sustainable Fitch

## Use of Proceeds – Eligible Projects

## Alignment: Aligned

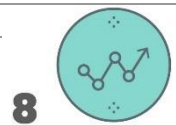
### Company Material

### Sustainable Fitch's View

#### Under-served communities

- Through its unique scoring technology, auxmoney can accurately assess credit rating based on its proprietary scoring models (more accurately than leading credit score providers). The more precise borrower assessment allows it to identify an appropriate risk-adjusted interest rate. In fact, under-served borrowers tend to have lower degrees of creditworthiness, hence the offered interest rates may exceed the average interest of auxmoney's overall loan portfolio.
- The company applies interest rates that correspond to the underlying credit risk of borrowers. This is analysed taking into account their economic situation within a dedicated affordability assessment and scoring method. The company requests the loan purpose at loan application, but this information is not used for the respective origination or pricing decisions.
- It includes under-served groups due to legacy underwriting models include the following.
  - Low credit bureau scores (i.e. SCHUFA score of E or lower), as traditional lenders in Germany mainly use credit bureau scores for credit decisions, with acceptance rates dropping below 30% for scores of class

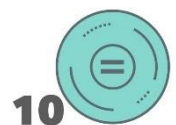
- We expect proceeds for this category to be disbursed in line with the ICMA SBP for access to essential services, specifically financing to under-served populations.
- We expect this UoP to generate overall positive social outcomes by improving financial access for target populations, and therefore to contribute to SDGs 8, 9 and 10.
- The company's borrowers can comply with several under-served criteria. This included being self-employed, freelancers and entrepreneurs; being in employment in probation or fixed-term employment; being foreign borrowers; being pensioners; being elderly people (above 65 years); being young people (between 18 and 25 years); being students and trainees; having a net household income below EUR1,500 a month; and having a low credit bureau score of SCHUFA E or lower.
- Targeting under-served groups such as students, pensioners, self-employed individuals, low-income households and borrowers with a low credit bureau score is viewed positively by us, as this provides access to financing to groups of people that may not otherwise be eligible for traditional lending programmes.



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E or lower. However, auxmoney considers additional parameters.

- Net income below EUR1,500 a month, as traditional lenders focus on affordability, often overlooking irregular income streams. The company, however, considers net and irregular income.
- Employment in probation or fixed term employment contracts, as traditional lenders often reject those with fixed-term employment contracts, especially when the contract is shorter than the loan. Yet, auxmoney assesses creditworthiness the same way for all applicants, and does not consider probation or fixed-term contracts as a hard exclusion.
- Under-served customer groups include the following.
  - Self-employed, freelancers and entrepreneurs, which are often under-served due to their irregular income.
  - Young people (between 18 and 25 years), and students and trainees, who often struggle with receiving financing due to limited credit histories. However, auxmoney considers other parameters for these groups.
  - Elderly (over 65 years) and retired people.
  - Foreign citizens, who often face complex lending procedures, have limited credit and repayment history and face language barriers.
- The company can accurately assess credit rating based on its proprietary scoring models. Under-served borrowers tend to have lower degrees of creditworthiness; hence, the offered interest rates may exceed average interest rates of its overall loan portfolio
- There are several categories of loan purposes in its portfolio such as appliance or furniture; debt consolidation; living expenses; travel; tuition; used cars; and other. In particular, we positively considered the other social characteristics such as debt consolidation, which simplifies debt repayment, tuition loans, which enable the financing of education, and business loans, which contribute to economic development.

Source: auxmoney social bond framework 2023

Source: Sustainable Fitch

## Use of Proceeds – Other Information

### Company Material

- The company commits to not knowingly being involved in financing any of the following activities through the proceeds of any social bond: terrorism, money laundering and other criminal offences.
- As proceeds of the ABS are used to finance eligible social assets that already exist, there will not be temporarily unallocated proceeds. For future replenishing pools, auxmoney will monitor the eligible portfolio to ensure it remains in line with eligibility criteria set at closing, and also when new loans are added after closing.

Source: auxmoney social bond framework 2023

## Alignment: Good

### Sustainable Fitch's View

- The proceeds will be used for financing recently granted loans. The framework does not state a defined lookback period, which limits our assessment on the additionality of the bonds issued under this framework.
- We positively view that auxmoney has a clear ban on controversial projects, which improves its social commitment.

Source: Sustainable Fitch

## Evaluation and Selection

### Company Material

- The credit risk department consists of an experienced team and continuously monitors, steers and refines the credit assessment framework established at auxmoney (including e.g. policies, scorecards, and pricing). The risk management committee oversees the credit risk management and is composed of key stakeholders at auxmoney. The committee regularly reviews the risk and origination framework as well as the origination shares by customer segment. It intends to assure compliance with auxmoney's risk policies.
- A dedicated committee with key representatives from the senior management, and from the risk, funding, legal and compliance, business development and human resources departments meets semiannually and is responsible for the following:
  - review and approval of the framework, where amended;
  - review and approval of the eligible portfolio;
  - review and approval of reporting;
  - monitoring ongoing social bond market practices; and
  - ensuring all eligible social assets comply with auxmoney's internal guidelines and exclusion criteria, which mitigate indirect negative social impacts by offering responsible access to credit as described above.
- The company's current lending criteria include loan amounts of EUR1,000 to EUR50,000 with a term of 12 months to 84 months. In the current portfolio, the average loan amount is around EUR8,000 and the average term is around 60 months; this is expected to stay relatively stable during the life of the social bond.

Source: auxmoney social bond framework 2023

## Alignment: Excellent

### Sustainable Fitch's View

- We positively view that there is a multi-team committee responsible for the evaluation and selection process, which ensures a degree of checks and balances. Establishing a multi-layered committee would provide an additional layer of checks and balances.
- A dedicated sustainability officer is also involved into the management of the social bond programme, which provides additional expertise on top of the financial and credit worthiness assessments.

Source: Sustainable Fitch

## Management of Proceeds

### Company Material

- The company commits to track the allocation of net proceeds from social bonds and disclose those allocations in its social bond report. Eligible social assets will be defined at moment of inclusion in the portfolio backing the ABS, to ensure the note classes labelled social are fully backed by eligible social assets. Net proceeds of issuance will be allocated at closing to fund eligible social assets.
- As proceeds of the ABS are used to finance eligible social assets which already exist, there will not be temporarily unallocated proceeds. For future replenishing pools, auxmoney will monitor the eligible portfolio to ensure it remains in line with eligibility criteria set at closing and also when new loans are added after closing.
- As of end-2023, the outstanding amount of all loans granted to under-served customers was above 70% of auxmoney's total loan portfolio. The number of tranches that may be labelled as social projects will be capped at such a level for ABS funding transactions to ensure that all of the proceeds of such tranches are used to finance loans identified as social.

## Alignment: Excellent

### Sustainable Fitch's View

- There will be definite segregation of proceeds within the SPV. Nevertheless, there is no actual segregation between standard and social assets.
- Proceeds are used to finance existing social assets, and there will be no temporarily unallocated proceeds. This is best practice, as it keeps the proceeds invested in activities compliant with the social bond framework.
- The company has committed to monitoring the portfolio of replenishing pools to ensure they remain in line with the eligibility criteria, which is best practice. Nevertheless, it does not specify the type of monitoring it performed on the static portfolios. This is immaterial for the analysis, as we consider the risk of the social assets becoming ineligible to be small.



- In order to ensure correct earmarking of net proceeds, including for future transactions, auxmoney will maintain and extract relevant information from its internal accounting, financial management and information systems. Key information relating to the social bond includes: issuer; transaction date; principal; amount of proceeds; settlement date; maturity date; and interest margin or coupon.
- Key information relating to the use of proceeds includes: aggregate amount of social bond proceeds and social assets; estimated social impact as described in section 4 of the framework (where available); and other necessary information.

Source: auxmoney social bond framework 2023

Source: Sustainable Fitch

## Reporting and Transparency

## Alignment: Good

### Company Material

### Sustainable Fitch's View

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|---|---|
| <ul style="list-style-type: none"> <li>• The company maintains a dedicated ESG section on its investor portal, where its Social Bond Framework and ESG related reports, e.g., the Social Bond Report (allocation &amp; impact reporting) can be found.</li> <li>• Information related to the allocation and impact of net proceeds will be published at least annually or in the case of material changes.</li> <li>• The social bond report may be updated more regularly, as required, for transactions financing replenishing portfolios and will be made available on the investor portal.</li> <li>• Moreover, there will be monthly investor reports published for all ABS transactions until the deal is fully repaid.</li> <li>• Allocation reporting may include details of social bond tranches issued during reporting period and outstanding at the reporting date and aggregated reporting of loans financed by social bond tranche proceeds at the issuance date.</li> <li>• Impact reporting may contain qualitative and/or quantitative information on the social impact resulting from loans financed by the social bond proceeds will be provided. Content of the report may include:             <ul style="list-style-type: none"> <li>– number of loans included in portfolio; number of borrowers;</li> <li>– number of self-employed, freelancers and entrepreneurs;</li> <li>– number of students and trainees;</li> <li>– number of young people (between 18 and 25 years old);</li> <li>– number of employees in probation or with fixed-term employment contracts;</li> <li>– aggregated loan amount included in portfolio;</li> <li>– percentage of loan amounts (over EUR10,000, over EUR25,000 and over EUR50,000) in portfolio;</li> <li>– weighted average interest rate in portfolio;</li> <li>– a breakdown of loans in portfolio by score class, gender, age, income, occupation and location of borrower; and</li> <li>– the impact on financial inclusion, financial health, and financial wellbeing.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• We positively view that auxmoney has committed to publishing information on the allocation and impact of net proceeds at least annually until maturity.</li> <li>• The social bond reporting is available on auxmoney's website. It includes information about the share of each eligible social category in the portfolio, which are under-served people due to customer group (self-employed; employment in probation; non-Germans; pensioners; elderly people; young people; and students and trainees) and under-served people due to traditional underwriting models (net household income below EUR1,500 a month or low credit bureau score).</li> <li>• Best practice in allocation reporting would be to provide information on the allocation of proceeds at the project level; this would provide greater clarity on individual loans that align with two or more eligible social categories in the portfolio.</li> <li>• We deem the impact metrics that auxmoney has committed to report as relevant, which is positive from an ESG perspective and is aligned with the reporting guidelines in the ICMA Harmonised Framework for Impact Reporting for social bonds. Providing information on the number of loans and borrowers categorised by the under-served group they affect improves visibility on the social impact of the bond.</li> <li>• There is no verification of the allocation of the proceeds to the social projects, though the collateral will be monitored by external parties such as including rating agencies. In addition, the figures reported in the allocation or in the impact reports are not calculated or verified by an external consultant, which is not best practice.</li> <li>• In addition, we view positively that auxmoney is monitoring the impact of its loans on the financial well-being of its clients and their credit profiles. Through two studies, a repeat borrower study and a customer lending survey, auxmoney has analysed the impact on financial inclusion, financial health and financial wellbeing.</li> </ul> |
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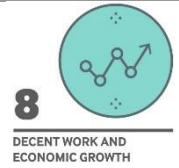
Source: auxmoney social bond framework 2023

Source: Sustainable Fitch



### Relevant UN Sustainable Development Goals

- **8.3:** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- **8.10:** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.



- **9.3:** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.



- **10.2:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



Source: Sustainable Fitch, UN



## Appendix A: Principles and Guidelines

### Type of Instrument: Social

<b>Four Pillars</b>	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes
<b>Independent External Review Provider</b>	
Second-party opinion	Yes
Verification	No
Certification	No
Scoring/Rating	No
Other	n.a.
<b>1) Use of Proceeds (UoP)</b>	
<b>UoP as per Social Bond Principles (SBP)</b>	
Affordable basic infrastructure	No
Access to essential services	Yes
Affordable housing	No
Employment generation/programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, climate transition projects and/or other considerations for a “just transition”	No
Food security and sustainable food systems	No
Socioeconomic advancement and empowerment	No
Unknown at issuance but currently expected to conform with social bonds principles (SBP) categories, or other eligible areas not yet stated in SBP	No
Other	n.a.
<b>Target Populations</b>	
Living below the poverty line	No
Excluded and/or marginalised populations and/or communities	No
People with disabilities	No
Migrants and/or displaced persons	No
Undereducated	No
Underserved, owing to a lack of quality access to essential goods and services	Yes
Unemployed and/or workers affected by climate transition	No
Women and/or sexual and gender minorities	No
Aging populations and vulnerable youth	No
Other vulnerable groups, including as a result of natural disasters, climate change, and/or climate transition projects that cause or exacerbate socioeconomic inequity	No
Other	n.a.
<b>2) Project Evaluation and Selection</b>	
<b>Evaluation and Selection</b>	
Credentials on the issuer’s social objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for social bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.



**Type of Instrument: Social**

<b>Evaluation and Selection, Responsibility and Accountability</b>	
Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

**3) Management of Proceeds**

<b>Tracking of Proceeds</b>	
Social bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	No
Other	n.a.

**Additional Disclosure**

Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	No
Other	n.a.

**4) Reporting**

<b>UoP Reporting</b>	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

**UoP Reporting/Information Reported**

Allocated amounts	Yes
Social bond-financed share of total investment	Yes
Other	n.a.

**UoP Reporting/Frequency**

Annual	Yes
Semi-annual	No
Other	n.a.

**Impact Reporting**

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

**Impact Reporting/Information Reported (exp. ex-post)**

Number of beneficiaries	Yes
Target populations	Yes
Other ESG indicators	n.a.

**Impact Reporting/Frequency**

Annual	Yes
Semi-annual	No



**Type of Instrument: Social**

Other	n.a.
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**Means of Disclosure**

Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	No
Other	n.a.

Note: n.a. - not applicable.  
Source: Sustainable Fitch, ICMA

## Appendix B: Definitions

Term	Definition
<b>Debt types</b>	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
<b>Standards</b>	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards <a href="#">created by the EU</a> to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

## Appendix C: Second-Party Opinion Methodology

### Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer’s green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, “alignment” should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

### Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

### Scale and Definitions

ESG Framework	
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

## SOLICITATION STATUS

The Second Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

A Sustainable Fitch ESG Analytical Product (ESG Product) provides an assessment of the Environmental, Social and/or Governance ("E", "S" and "G") qualities of an issuer and/or its securities. ESG Products provided by Sustainable Fitch include an ESG Entity Rating, ESG Framework Rating, ESG Instrument Rating, ESG Scores and ESG Second-Party Opinion, among other ESG analytical products. An ESG Product is not a credit rating. ESG Products are provided by Sustainable Fitch, a Fitch Solutions company, and an affiliate of Fitch Ratings. Sustainable Fitch has established certain policies and procedures intended to avoid creating conflicts of interest and compromising the independence or integrity of Fitch Ratings' credit rating activities and Sustainable Fitch's ESG Product generation activities. For a description of the methodology, limitations and disclaimers relating to Sustainable Fitch's ESG Products, please use this link: [www.sustainablefitch.com](http://www.sustainablefitch.com).

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