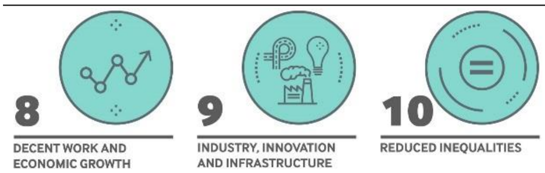
auxmoney

Second-Party Opinion — Social Bond Framework

Excellent | **Good** ✓ | Aligned | Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Good	• 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). • We positively view targeting under-served groups such as students, pensioners, self-employed individuals, low-income households, and borrowers with a low credit bureau score, as this provides access to financing to groups of people that may not otherwise be eligible for traditional lending programmes.
Use of Proceeds – Other Information	Excellent	• The proceeds are used mostly for financing recently granted loans. The issuer has a clear ban on specified controversial projects, which improves its social commitment.
Evaluation and Selection	Excellent	• 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.
Management of Proceeds	Excellent	• 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.
Reporting and Transparency	Good	• 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.

Relevant UN Sustainable Development Goals



Framework Type	Social
Alignment	✓ Social Bond Principles 2023 (ICMA)
Date assigned	2 September 2024

See Appendix B for definitions.

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Use of Proceeds Summary

Social	Access to essential services (financing to under-served communities)

Source: Sustainable Fitch, auxmoney social bond framework (September 2024)

Framework Highlights

Sustainable Fitch considers transactions under auxmoney's updated social bond framework, which was published in September 2024, 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. The company 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 74% of auxmoney's loans are granted to under-served customers that meet the updated eligibility criteria of the social bond framework. Loans in auxmoney's portfolio are granted to borrowers with the following characteristics:

- around 50% have a low credit bureau score;
- around 25% have net income below EUR1,700 a month;
- around 7% have fixed-term or probationary employment;
- around 8% are self-employed or entrepreneurs;
- around 9% are young people, and 4% 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 positively view 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.

In September 2024, auxmoney updated its eligibility criteria in response to rising inflation levels. The company recognises that, despite nominal wage increases, many people's purchasing power in Germany has been affected in real terms. Around a quarter of the total population in Germany has a net income below the former threshold of EUR1,500 a month and a third of the total population has a net income below the new threshold of EUR1,700 a month. The new threshold may still be insufficient to obtain consumer loans from traditional lenders, so we view the threshold positively as it continues to focus on a vulnerable target population.

The company has already issued four social public ABS transactions (Fortuna 2021, Fortuna 2022-1, Fortuna 2023-1 and Fortuna 2024-1); the first three were under its social bond framework from 2021 and the last one from its social bond framework from January 2024. 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 (September 2024)

Entity Highlights

Established in 2007 in Germany, auxmoney is a leading European digital lending platform. 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. It 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. As of June 2024, it achieved a cumulative loan origination volume of over EUR6 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 company 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 company is regularly measuring its CO_2 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 (September 2024)

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 74% 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, eg 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, eg occupations with irregular income.
- Over 74% 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 (ie 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.

Source: auxmoney social bond framework (September 2024)

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: Sustainable Fitch

Use of Proceeds – Eligible Projects

Alignment: Good

Company Material

Under-served communities

- Through its unique scoring technology, auxmoney can accurately assess credit ratings 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, which include the following.
  - Low credit bureau scores (ie 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

Sustainable Fitch's View

- 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 EUR1,700 a month; and having a low credit bureau score of SCHUFA E or lower.
- We positively view targeting under-served groups such as students, pensioners, self-employed individuals, low-income households and borrowers with a low credit bureau score, as this provides access to financing to groups of people that may not otherwise be eligible for traditional lending programmes.
- In September 2024, auxmoney updated its eligibility criteria in response to rising inflation levels. It previously used a

8
DECENT WORK AND ECONOMIC GROWTH

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

10
REDUCED INEQUALITIES

E or lower. However, auxmoney considers additional parameters. – Net income below EUR1,700 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 groups. – 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	threshold of a net income below EUR1,500 a month. The threshold has since been updated to EUR1,700 a month. We consider this threshold as focusing on a vulnerable target population and therefore value it positively in our assessment. • 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 social characteristics of categories 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 (September 2024)	Source: Sustainable Fitch

Use of Proceeds – Other Information	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• 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.	• The proceeds will be used for financing recently granted loans. The framework does not state a defined lookback period; however, our analysis of the loan-by-loan data shows that the origination dates of a majority of the loans included in the issuer's outstanding transactions were focused on loans granted within a year prior to the issuance of the bonds. We view this positively, as it reflects a short effective lookback period and greater additionality from the bond. • We positively view that auxmoney has a clear ban on controversial projects, which improves its social commitment.
Source: auxmoney social bond framework (September 2024)	Source: Sustainable Fitch

Evaluation and Selection	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• The credit risk department consists of an experienced team and continuously monitors, steers and refines the credit assessment framework established at auxmoney (including eg 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.	• 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 in the management of the social bond programme, which provides additional expertise on top of the financial and creditworthiness assessments.
Source: auxmoney social bond framework (September 2024)	Source: Sustainable Fitch

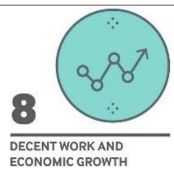
Management of Proceeds	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• The company commits to track the allocation of net proceeds from social bonds and disclose those allocations in its social bond report. Eligible social assets will be defined at moment of inclusion in the portfolio 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-June 2024, the outstanding amount of all loans granted to under-served customers was above 74% 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	• 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.

Management of Proceeds	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
all of the proceeds of such tranches are used to finance loans identified as social. • 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 (September 2024)	Source: Sustainable Fitch

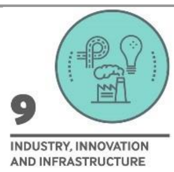
Reporting and Transparency	Alignment: Good
Company Material	**Sustainable Fitch's View**
• The company maintains a dedicated ESG section on its investor portal, where its social bond framework and ESG related reports, eg the social bond report (allocation and impact reporting) can be found. • Information related to the allocation and impact of net proceeds will be published at least annually or in the case of material changes. • 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. • Moreover, there will be monthly investor reports published for all ABS transactions until the deal is fully repaid. • 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. • Impact reporting may contain qualitative and/or quantitative information on the social impact resulting from loans financed by the social bond proceeds. The content of the report may include: – number of loans included in portfolio; – number of borrowers; – number of self-employed, freelancers and entrepreneurs; – number of students and trainees; – number of young people (between 18 and 25 years old); – number of employees in probation or with fixed-term employment contracts; – aggregated loan amount included in portfolio; – percentage of loan amounts (over EUR10,000, over EUR25,000 and over EUR50,000) in portfolio; – weighted average interest rate in portfolio; – a breakdown of loans in portfolio by score class, gender, age, income, occupation and location of borrower; and – the impact on financial inclusion, financial health, and financial well-being.	• We positively view that auxmoney has committed to publishing information on the allocation and impact of net proceeds at least annually until maturity. • 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 EUR1,700 a month or low credit bureau score). • 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. • 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. • 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 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. • 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 well-being.
Source: auxmoney social bond framework (September 2024)	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

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider	
Second-party opinion	Yes
Verification	No
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)	
UoP as per Social Bond Principles (SBP)	
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.

Target Populations	
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.

2) Project Evaluation and Selection	
Evaluation and Selection	
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

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

3) Management of Proceeds	
Tracking of Proceeds	
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	
UoP Reporting	
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.
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
Debt types	
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.
Standards	
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 created by the EU 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.