

# REPORT REVIEW

## Credito Emiliano S.p.A Green, Social, and Sustainability Bond Reporting

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Green, Social, and Sustainability Bond Reporting Credito Emiliano S.p.A

10 May 2023

### VERIFICATION PARAMETERS

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<b>Type(s) of reporting</b>	<ul style="list-style-type: none"><li>Green Bond and Social Bond Allocation and Impact</li></ul>
<b>Relevant standard(s)</b>	<ul style="list-style-type: none"><li>Harmonized Framework for Impact Reporting (HFIR), updated June 2022, as administered by the International Capital Market Association (ICMA)</li><li>Credito Emiliano S.p.A's Green, Social &amp; Sustainability Bond Reporting (as of May 3, 2023)</li><li>Credito Emiliano S.p.A's Green, Social &amp; Sustainability Bond Framework (as of May 9, 2022)</li></ul>
<b>Scope of verification</b>	<ul style="list-style-type: none"><li>Green Bonds identification: ISIN XS2412556461 / bond maturity January 19, 2028 (bond issuance amount EUR 200 million)</li><li>Social Bonds identification: ISIN XS2488465423 / bond maturity October 5, 2032 (bond issuance amount EUR 600 million)</li></ul>
<b>Lifecycle</b>	<ul style="list-style-type: none"><li>Post-issuance verification</li></ul>
<b>Validity</b>	<ul style="list-style-type: none"><li>As long as no changes are undertaken by the Issuer to its Green, Social &amp; Sustainability Bond Reporting as of May 3, 2023</li></ul>

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## SCOPE OF WORK

Credito Emiliano S.p.A. (“the Issuer” or “CREDEM”) commissioned ISS Corporate Solutions (ICS) to provide a Report Review<sup>1</sup> on its Green, Social & Sustainability Bond Report by assessing:

1. The alignment of Credito Emiliano S.p.A.’s Green, Social & Sustainability Bond Report with the commitments set forth in Credito Emiliano S.p.A.’s Green, Social & Sustainability Bond Framework (as of May 9, 2022)<sup>2</sup>.
2. CREDEM Green, Social & Sustainability Bond Reporting - benchmarked against the Harmonized Framework for Impact Reporting (HFIR) and the Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2022, as administered by the International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators<sup>3</sup> – whether the impact metrics align with best market practices and are relevant to the Green and Social Bonds issued.

<sup>1</sup> A limited or reasonable assurance is not provided on the information presented in CREDEM Green, Social & Sustainability Bond Reporting. A review of the use of proceeds’ allocation and impact reporting is solely conducted against ICMA’s Standards (Green Bond and Social Bond Principles) core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer [or CREDEM] is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

<sup>2</sup> The Framework was assessed as aligned with the Green Bond and Social Bond Principles as of as of May 9, 2022.

ASSESSMENT SUMMARY REVIEW SECTION	SUMMARY	EVALUATION
<p><b>Part 1.</b></p> <p><b>Alignment with the Issuer's commitments set forth in the Framework</b></p>	<p>CREDEM Allocation and Impact Report <b>meets</b> the Issuer's commitments set forth in the Green, Social &amp; Sustainability Bond Framework. The proceeds have been used to finance and (re)finance Green and Social categories in accordance with the eligibility criteria defined in the Framework.</p>	<p><b>Aligned</b></p>
<p><b>Part 2.a</b></p> <p><b>Alignment with the Harmonized Framework for Impact Reporting (HFIR)</b></p>	<p>The Green, Social &amp; Sustainability Bond Report is in line with ICMA's Harmonized Framework for Impact Reporting (HFIR). The Issuer follows core principles and where applicable key recommendations.</p> <p>CREDEM reports on the Green Bond allocation of proceeds and associated impact indicators within one year of the issuance. Allocated proceeds are reported on project category level, and by property type. The Issuer provides transparency on the calculation methodology, in line with best practices.</p>	<p><b>Aligned</b></p>
<p><b>Part 2.b</b></p> <p><b>Alignment with the Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB)</b></p>	<p>The Green, Social &amp; Sustainability Bond Report is not in line with ICMA's Harmonized Framework for Impact Reporting for Social Bonds (HFIRSB). The Issuer follows some of the core principles and where applicable some of the key recommendations.</p> <p>CREDEM reports on the Social Bond allocation of proceeds and impact indicators within one year of the issuance. Allocated proceeds are reported on project category level.</p>	<p><b>Aligned</b></p>
<p><b>Part 3</b></p> <p><b>Disclosure of proceeds allocation and soundness of reporting indicators</b></p>	<p>The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework<sup>4</sup>.</p> <p>CREDEM Green, Social &amp; Sustainability Bond Framework has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices for Green and Social Bonds.</p>	<p><b>Positive</b></p>

## REPORT REVIEW ASSESSMENT

### PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE GREEN, SOCIAL & SUSTAINABILITY BOND FRAMEWORK<sup>5</sup>

The following table evaluates the Green, Social & Sustainability Bond Report against the commitments set forth in CREDEM Framework, which are based on the core requirements of the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines as well as best market practices.

ICMA HFIR	OPINION	ALIGNMENT WITH COMMITMENT
1. Use of Proceeds	<p>CREDEM confirms to follow the Use of Proceeds' description provided by CREDEM's Green, Social &amp; Sustainability Bond Framework. The report is in line with the initial commitments set in the CREDEM Green, Social &amp; Sustainability Bond Framework: Green Buildings, Small and Medium Enterprises financing</p> <p>The Issuer's green and social categories align with the project categories and are in accordance with the eligibility criteria set in the CREDEM Green, Social &amp; Sustainability Bond Framework. Environmental at project level are described and quantified.</p> <p>The Issuer discloses the amount of proceeds allocated by project category in the allocation and impact report and percentage of refinancing and new financing, in line with the best market practices.</p>	✓
2. Process for Project Evaluation and Selection	<p>CREDEM confirms to follow the Process for Project Evaluation and Selection description provided by CREDEM's Green, Social &amp; Sustainability Bond Framework. The report is in line with the initial commitments set in the CREDEM's Green, Social &amp; Sustainability Bond Framework.</p> <p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the Eligibility Criteria. ESG risks associated with the project categories are identified and managed through an appropriate process.</p>	✓

<sup>4</sup> The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

<sup>5</sup> The CREDEM Green, Social & Sustainability Bond Framework was assessed as aligned with the GBP and SBP (as of June 2021) as of May 9, 2022.

	<p>The Issuer’s Group Sustainability Committee is chaired by the General Manager and includes the Board of Directors and top managers. The Treasury department carries out a pre-selection of eligible assets and the Group Sustainability Committee verifies the alignment of the pre-selected assets to the eligibility criteria as per the Framework. The Risk Committee supervises the environmental, climate, and social- related risks respectively.</p>	
<p><b>3. Management of Proceeds</b></p>	<p>CREDEM confirms to follow the Process for Management of Proceeds description provided by CREDEM’s Green, Social &amp; Sustainability Bond Framework. The report is in line with the initial commitments set in the CREDEM Green, Social &amp; Sustainability Bond Framework.</p> <p>The net proceeds raised by Green, Social and Sustainability Bonds are ensured by the Group Sustainability Committee to be lower than the total amount of the Eligible Green Asset, Eligible Social Assets and Eligible Asset Portfolio. The allocation process is monitored through an internal information system named “ESG Dashboard” until the relevant bonds achieve maturity. The system tracks the eligible portfolio based on the framework’s criteria and has a record of the allocated proceeds and their impact.</p>	<p>✓</p>
<p><b>4. Reporting</b></p>	<p>The CREDEM Impact Report is coherent with the Reporting description provided by the CREDEM Green, Social &amp; Sustainability Bond Framework. The report is in line with the initial commitments set in the CREDEM Green, Social &amp; Sustainability Bond Framework. The allocation and impact reporting will be published annually by CREDEM, after the issuance of each bond on a portfolio basis and the eligible asset portfolio will conclude once all Green, Social and Sustainability Bonds have been matured.</p> <p>The sections “Allocation reporting” and “Impact Reporting” of the Green, Social &amp; Sustainability Bond Report comply with the pre-issuance commitment expressed in the framework. The report is intended to be publicly available on CREDEM’s website: <a href="https://www.CREDEM.it/sostenibilita.html">https://www.CREDEM.it/sostenibilita.html</a></p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	<p>✓</p>
<p><b>5. Verification</b></p>	<p>ICS has provided A Second Party Opinion (SPO) on CREDEM Green, Social &amp; Sustainability Bond Framework on May 9, 2022.</p>	

## PART II: ASSESSMENT AGAINST THE ICMA'S HARMONISED FRAMEWORK FOR IMPACT REPORTING (HFIR) AND HARMONISED FRAMEWORK FOR IMPACT REPORTING FOR SOCIAL BONDS (HFIRSB)

Reporting is a core component of the GBP and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Green bond Issuers are required to report on both the use of green bond proceeds, as well as the environmental impacts at least on an annual basis until full allocation or maturity of the bond. Harmonized Framework for Impact Reporting (HFIR) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates CREDEM Green, Social & Sustainability Bond Report against ICMA's Harmonized Framework for Impact Reporting (HFIR).

CORE PRINCIPLES		
ICMA HFIR	GREEN, SOCIAL & SUSTAINABILITY BOND REPORT	ASSESSMENT
Reporting on an annual basis	CREDEM has reported within one year from issuance and all the proceeds have been fully allocated. The report will be available on CREDEM website.	✓
Illustrating the environmental impacts or outcomes	The assessment and measurement of the impacts generated by CREDEM Green Bonds covered the following areas: <ul style="list-style-type: none"> <li>a. 9,718 t CO<sub>2</sub> eq. per year emissions avoided</li> <li>b. 17 tCO<sub>2</sub> eq. per € m. per year of carbon impact</li> </ul>	✓
ESG Risk Management	CREDEM has respected its ESG risk management process in line with the Issuer's framework.	✓
Allocation of proceeds - Transparency on the currency	CREDEM has reported all green bond-related cashflows in Euro.	✓

RECOMMENDATIONS		
ICMA HFIR	GREEN, SOCIAL & SUSTAINABILITY BOND REPORT	ASSESSMENT
Define and disclose period and process for Project Evaluation and Selection	<p>The entirety of proceeds has been allocated to Green Assets. No modification (removal or additional projects) of the portfolio is planned.</p> <p>The Issuer followed a transparent process for selection and evaluation of Eligible Green Projects. Projects financed and refinanced through the Green and Sustainability Bonds issued under Green, Social &amp; Sustainability Bond Framework were evaluated and selected based on compliance with the Eligibility Criteria as laid out in the Framework.</p>	✓
Disclose total amount of proceeds allocated to eligible disbursements	A total of EUR 600 m has been raised through Issuer's Green Retail Bond. 100% of the proceeds has been allocated to Green Assets.	✓
Formal internal process for the allocation of proceeds and to report on the allocation of proceeds	<p>The Issuer followed a transparent process for the allocation of proceeds.</p> <p>Projects financed and/or refinanced through the Green Bond issued under Green, Social and Sustainability Bond Framework were evaluated and selected based on compliance with the Eligibility Criteria as laid out in the Framework.</p>	✓
Report at project or portfolio level	The Green, Social & Sustainability Bond Report includes the total amount of proceeds allocated per property type within eligible allocated properties, and per climate zone.	✓
Describe the approach to impact reporting	The Issuer identifies the specific eligible projects and clearly defines, for each project, the total project's allocated proceeds.	✓
Report the estimated lifetime results and/or project economic life (in years)	The estimated lifetime of the project is 6 years.	✓
Ex-post verification of specific projects	There has been no ex-post verification conducted.	-

<p>Report on at least a limited number of sector specific core indicators</p>	<p>CREDEM reports on annual GHG emissions avoided in tons of CO<sub>2</sub> equivalent. This indicator is listed in the HFIR as a core indicator for the Green Building sector.</p>	<p>✓</p>
<p>If there is no single commonly-used standard, Issuers may follow and disclose their own calculation methodologies</p>	<p>The methodology to estimate avoided CO<sub>2</sub> emissions of CREDEM green buildings portfolio as follows:</p> <ol style="list-style-type: none"> <li>1. Calculation of buildings' related greenhouse gas emissions based on: <ul style="list-style-type: none"> <li>▪ Valid Energy Performance Certificate (EPC)</li> <li>▪ Automatic estimation implementing the Primary Energy Demand from the (EPC)</li> <li>▪ Automatic GHG emissions estimation is performed by the Center for Research in International Finance (CRIF) implementing the physical characteristics of the property</li> </ul> </li> </ol> <p>The calculated GHG emissions are then benchmarked against a national benchmark for both residential and commercials</p> <ol style="list-style-type: none"> <li>2. Identification of a national benchmark such as the Census Bureau Small Area Income &amp; Poverty Estimates (SIAPE) database</li> <li>3. Identification of emission's conversion factors is based on domestic regulations as outlined in CREDEM's Technical Report<sup>6</sup>.</li> </ol>	<p>✓</p>
<p>Disclosure on the conversion approach (if applicable)</p>	<p>The Issuer has identified the Italian market standard conversion factors for cases where the information to calculate CO<sub>2</sub> emissions cannot be retrieved through EPCs or regional energy cadasters.</p> <ul style="list-style-type: none"> <li>▪ CO<sub>2</sub> emissions estimation implementing available information related to properties' physical characteristics:</li> </ul>	<p>✓</p>

<sup>6</sup> CREDEM'S Technical Report 2022, CREDEM commissions CRIF to identify Green Buildings underlying portfolio mortgages by assessing eligible residential and commercial assets related to acquisition, and construction in accordance with the Framework, ICMA, and UN SDGs. More information: <https://www.credem.it/content/dam/credem/documenti/gruppo-credem/sostenibilita/green-social---sustainability-bonds-framework/CREDEM%20Technical%20Report%20CRIF.pdf>

	<ul style="list-style-type: none"> <li>- The CO<sub>2</sub> emission conversion factor for natural gas is 0.1998 kg/m<sup>3</sup></li> <li>- The CO<sub>2</sub> emission conversion factor for electricity consumption is 0.4332 tCO<sub>2</sub>/MWh.</li> </ul>	
Projects with partial eligibility	The Issuer has not financed partially eligible projects.	-
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	Not applicable because there is only one project component, green building reported.	✓

## OPINION

*The CREDEM follows HFIR's core principles and key recommendations. CREDEM provides transparency on the level of expected reporting as well as on the frequency, scope, and duration, aligned with best market practices. CREDEM adhered to the core principles by generally reporting the allocation from green bonds annually, illustrates the environmental impacts generated by the green bonds, the ESG risk management process, and disclosed the currency associated with the allocation of green bond proceeds*

## FOR SOCIAL BONDS

Reporting is a core component of the SBP, and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Social bond Issuers are required to report on both the use of social bond proceeds, as well as the social impacts at least on an annual basis until full allocation. Harmonized Framework for Impact Reporting for Social Bond (HFIRSB) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates CREDEM Green, Social & Sustainability Bond Report against ICMA's Harmonised Framework for Impact Reporting for Social Bond (HFIRSB).

CORE PRINCIPLES		
ICMA HFIRSB	Green, Social & Sustainability Bond Report	ASSESSMENT
Reporting on an annual basis	CREDEM has reported within one year from issuance and all the proceeds have been fully allocated. The report will be available on CREDEM website.	✓
Formal internal process to track proceeds	CREDEM confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying Framework.	✓
Allocation of the proceeds to social project categories	In accordance with the criteria established within the Framework, in compliance with the Social Bond Principles issued by the ICMA, CREDEM has allocated the net proceeds of the bond issued under this Framework to new eligible assets within the following categories: <ul style="list-style-type: none"> <li>▪ Low GDP Area: Loans to SMEs located in areas with a GDP per capita below National average</li> <li>▪ Female entrepreneur: Loans granted to SMEs run by women</li> <li>▪ Healthcare: Loans to SMEs operating in the healthcare sector</li> </ul>	✓
Target Population(s) identified	The Issuer defined targeted populations for the respective project categories: <ul style="list-style-type: none"> <li>▪ Loans to SMEs located in areas with a GDP per capita below National average <sup>7</sup></li> <li>▪ Loans granted to SMEs run by women</li> </ul>	✓

<sup>7</sup> CREDEM uses data from ISTAT. Comparing the regional GDP per capita to the national GDP per capita yields the national average. SMEs are included in the portfolio if they are located in regions with lower economic growth than the national average. More information: <http://dati.istat.it/>

	<ul style="list-style-type: none"> <li>Loans to SMEs operating in the healthcare sector</li> </ul> <p>The Issuer refers to definitions and thresholds for targeted populations in its framework.</p>	
Output, outcome and/or impact of projects at project or portfolio level	The Issuer has reported on the output indicators, however CREDEM has not reported on the impact of projects financed by social bond proceeds due to lack of sufficient and credible data.	✓
Illustrating of the social impacts	<p>The assessment and measurement of the impacts generated by CREDEM’s Social Bonds covered the following:</p> <ul style="list-style-type: none"> <li>Number of employees in SMEs in low GDP area</li> <li>Number of employees in SMEs with Female Entrepreneurship</li> <li>Number of employees in SMEs in the Healthcare sector</li> </ul>	✓

## RECOMMENDATIONS

ICMA HFIRSB	Green, Social & Sustainability Bond Report	ASSESSMENT
Disclose the methodology and the assumptions used for the calculation of impact indicators	The Issuer discloses the methodology and assumptions used to calculate the impact indicators.	✓
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of CREDEM’s projects is reported by portfolio categories on an aggregated basis.	✓
Disclose the methodology used to determine the share of eligible project financing being applied to impact calculation	The Issuer discloses the methodology used to determine the share of eligible project financing being applied to impact calculation.	✓
Collaborating with experts if reporting on the estimated lifetime impacts and/or project economic life in years	The Issuer is not reporting the project economic life in years.	-
Assumptions and ex-post verification	The Issuer reports on actual figures, assumptions and ex-post verification are not applicable.	-

Report Period	The Issuer reports transparently on added projects to the portfolio reporting on actuals as of 31 December 2022 for the period 1 January 2022 to 31 December 2022.	✓
Disbursement reporting	The Social bond was issued in July 2022 and all the proceeds from the social bond issuance were used to finance new loans as of 31 <sup>st</sup> December 2022.	✓
Projects with partial eligibility	The Issuer confirms that there are no projects with partial eligibility.	-

## OPINION

*CREDEM follows Harmonized Framework for Impact Reporting for Social Bond's core principles and some key recommendations. The Issuer provides transparency on the level of expected reporting as well as on the frequency, scope, and duration, aligned with best market practices. CREDEM adhered to the core principles by generally reporting the allocation from social bonds annually, applying a formal internal process to track proceeds, outlining the allocation of proceeds to the respective social project categories, identifying the target population benefited, outlined the outcome of the social categories through impact indicators, and illustrated the social impacts generated by the social bonds.*

## PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

### Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds' categories.

The Use of Proceeds allocation reporting occurred annually, after full allocation of the proceeds.

The proceeds collected are equal to 100% of the amount allocated to eligible projects, with no exceptions.

### Proceeds allocated to eligible projects/assets

The proceeds' allocation is broken down at the project category level, by property type, and per geographical breakdown (region). The Issuer has provided details about the type of projects included in the portfolio. CREDEM allocated the proceeds of the Green Bond and of the Social Bond to a portfolio of loans that meets the eligibility criteria for use of the proceeds and follows the evaluation and selection process.

The allocation report section of the Green, Social & Sustainability Bond Report of CREDEM aligns with best-market practices by providing information on:

- The total amount of proceeds in EUR
- The number of loan (re-)financed
- The number and financing amount per type of loan for green bond (residential vs non-residential)
- The breakdown per criterion for green bond
- The amount and number of loans for eligible social categories
- The distribution of loans by Italian regions

## Impact Reporting Indicators

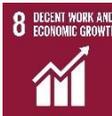
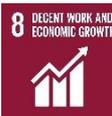
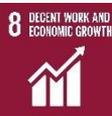
The table below presents an independent assessment of the Issuer's report and disclosure on the output, outcome, and/or impact of projects/assets using impact indicators.

ELEMENT	ASSESSMENT
<p><b>Relevance</b></p>	<p>The impact indicators chosen by the Issuer for these bonds are the following:</p> <p><b>Green Bond Pool:</b></p> <ul style="list-style-type: none"> <li>▪ Annual GHG emissions avoided in tons of CO<sub>2</sub> equivalent</li> <li>▪ Carbon impact (tCO<sub>2</sub> eq. per million EUR / year)</li> </ul> <p><b>Social Bond Pool:</b></p> <ul style="list-style-type: none"> <li>▪ Number of employees in SMEs in low GDP area</li> <li>▪ Number of employees in SMEs with Female Entrepreneurship</li> <li>▪ Number of employees in SMEs in the Healthcare sector</li> </ul> <p>These indicators are qualitative, quantitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics for Green Projects by the ICMA Harmonized Framework for Impact Report for Green Bonds. This aligns with best market practices.</p>
<p><b>Data sourcing and methodologies of quantitative assessment</b></p>	<p>For its impact indicators on annual GHG emissions avoided, the Issuer has mandated CRIF to develop a methodology to estimate the CO<sub>2</sub> avoided emissions of its green building's portfolio. CRIF has applied three approaches to calculate the Green Buildings GHG emissions:</p> <ul style="list-style-type: none"> <li>▪ CO<sub>2</sub> emissions are available through a valid EPC. The estimate emissions are the result of an automatic computation by a professional software in line with national existing legislation on energy efficiency and the characteristics of the assets as provided by the real estate valuer.</li> <li>▪ CO<sub>2</sub> emissions are available through an automatic estimation implementing the Primary Energy Demand collected from EPCs.</li> <li>▪ CO<sub>2</sub> emissions are available through an automatic estimation performed by CRIF implementing the physical characteristics of the property.</li> </ul> <p>The calculated GHG emissions are then benchmarked against a national benchmark for both residential and commercials.</p> <p>The national benchmark was built by CRIF based on a national database created by the Italian State, the Sistema Informativo sugli Attestati di Prestazione Energetica (SIAPE - Energy Performance Certificate</p>

	<p>Information System) managed by the Agenzia Nazionale per le Nuove Tecnologie, l'Energia e lo Sviluppo Economico Sostenibile (ENEA - National Agency for New Technologies, Energy and Sustainable Economic Development). SIAPE is the most important available data pool on the energy efficiency of Italy's real estate stock.</p> <p>Finally, CRIF has identified Italian market standard conversion factors for cases where the information to calculate CO<sub>2</sub> emissions cannot be retrieved through EPCs or regional energy cadasters.</p> <p>CRIF methodology is line with Partnership for Carbon Accounting Financials standard as:</p> <ul style="list-style-type: none"> <li>▪ It identifies a proper attribution factor: Loan-to-value (LTV).</li> <li>▪ The emissions of buildings are calculated as the product of a building's energy consumption and the identified attribution factor (as described above).</li> <li>▪ In relation to CREDEM portfolio, the analysis focuses on the positive environmental impact for the buildings included in the eligible portfolio</li> </ul> <p>For its impact indicators on social eligible categories, CREDEM has done an analysis of the distribution of employees for each eligible social category (female entrepreneurship, healthcare and low GDP areas). CREDEM also considers the number of companies that have been financed through the use of proceeds as an impact indicator. Their internal procedures are enabled to census the number of employees of a company and it is updated periodically via access to the Chamber of Commerce's documentation and/or interrogation of Cerved's CEBI System. Moreover, the Issuer uses data/queries available from ISTAT and confronts each region's GDP per capita with the national GDP per capita. If the SME's region falls within those regions that are below the national average than they are included with the eligible portfolio. Review is conducted periodically and updated based on the frequency with which these data is collected and made available on ISTAT's website.</p> <p>These data sourcing and methodologies are in line with the ICMA Harmonized Framework for Impact Reporting for Green Bonds.</p>
<p><b>Baseline selection</b></p>	<p>The impact data is compared with national database, SIAPE, managed by ENEA providing energy efficiency of Italian real estate stock against which the green building project can be benchmarked. Moreover, the social output indicators are compared with the National average for GDP. In this sense, the report is in line with the suggestion of the ICMA Harmonized Framework for Impact Reporting for Green Bonds.</p>
<p><b>Scale and granularity</b></p>	<p>The impact data is presented at the Use of Proceed category level for the indicators.</p>

## High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the Issuer’s Green, Social & Sustainability Bond Report, the impact indicators adopted by CREDEM for its Green and Social Bonds can be mapped to the following SDGs, according to the ICMA “A High -Level Mapping to the Sustainable Development Goals”<sup>8</sup>.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
Annual GHG emissions avoided in tons of CO <sub>2</sub> equivalent	 
Carbon impact (tCO <sub>2</sub> eq. per million EUR / year)	 
Number of employees in SMEs low GDP area	 
Number of employees in SMEs with Female Entrepreneurship	 
Number of employees in SMEs in the healthcare sector	 

### OPINION

*The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework and CREDEM Green, Social & Sustainability Bond Framework has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices. Besides, the impact indicators used align with best market practices using ICMA’s recommended metrics, both in the HFIR and the HFIRSB.*

<sup>8</sup> [ICMA’s Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds](#)

## DISCLAIMER

1. Validity of the Report Review (“Report Review”): Valid as long as no changes are undertaken by the Issuer to its Green, Social & Sustainability Bond Reporting as of May 3, 2023.
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## ANNEX 1: Methodology

### Review of the post-issuance Reports

The report review of post-issuance reports provides the Issuer with an independent opinion on the soundness of its post-issuance report and of its alignment with recognized market guidelines and it provides investors with independent information regarding the reliability of the report produced. On the basis of the information provided by the Issuer, the alignment of the report is assessed with recognized market guidelines, the metrics chosen by the Issuer and the soundness of process and methodology of reporting. The metrics are analyzed based on specific sets of indicators using proprietary method referring to common market guidelines.

### High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent to the Issuers reporting and project categories contribute to related SDGs is identified.

## ANNEX 2: Quality management processes

### SCOPE

CREDEM commissioned ICS to compile a Report Review on its Bond Report. The Report Review process includes verifying whether the Bond Report aligns with the Issuer's Green, Social and Sustainability Bond Framework and the respective market standards, i.e. the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines and to assess the robustness and completeness of the reporting methodologies.

### CRITERIA

Relevant Standards for this Report Review:

- ICMA Green Bond and Social Bond Principles
- ICMA Harmonized Framework for Impact Reporting
- ICMA Harmonized Framework for Impact Reporting for Social Bonds
- ICMA A High -Level Mapping to the Sustainable Development Goals

### ISSUER'S RESPONSIBILITY

Issuer's responsibility was to provide information and documentation on:

- Green, Social & Sustainability Bond Report
- Green, Social & Sustainability Bond Framework
- Proceeds Allocation
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

### ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with CREDEM took place in April and May 2023.

### ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this Report Review

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyzes companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyze the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent Report Review so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on Report Review services, contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

For more information on this specific Green, Social & Sustainability Bond Report Review, please contact: [SPOOperations@iss-esg.com](mailto:SPOOperations@iss-esg.com)

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