

EX-POST EXTERNAL REVIEW

Impact reporting

Green, Social & Sustainability Bond Reporting Credem

9 May 2022

VERIFICATION PARAMETERS

Type(s) of reporting	<ul style="list-style-type: none"> Green Bond Allocation and Impact
Relevant standard(s)	<ul style="list-style-type: none"> Harmonized Framework for Impact Reporting (HFIR) as administered by the ICMA (as of June 2021)
Scope of verification	<ul style="list-style-type: none"> Credem's Green, Social & Sustainability Bond Reporting (as of May 2, 2022) Credem's Green, Social & Sustainability Bond Framework (as of May 9, 2021)¹
Lifecycle	<ul style="list-style-type: none"> Post-issuance verification
Validity	<ul style="list-style-type: none"> As long as no material changes are undertaken by the issuer to its Green, Social & Sustainability Bond Reporting as of May 2, 2022

¹ Credem initially published its Green, Social & Sustainability Bond Framework in December 2021. A new version of the framework has been published in May 2022, substituting the previous one. As no modification occurred with regard to the core elements of the framework (use of proceeds, processes for projects evaluation and selection, management of proceeds, reporting) the updated framework can be considered when analyzing Credem's Green, Social & Sustainability Bond Reporting.

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SCOPE OF WORK

Credito Emiliano Banking Group (“the issuer” or “Credem”) commissioned ISS ESG to provide an External Review on its Green, Social & Sustainability Bond Reporting by assessing:

1. The alignment of the Credem’s Green, Social & Sustainability Bond Reporting with the commitments set forth in Credem Green, Social and Sustainability Bond Framework (as of May 9, 2022)² assessed against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG) applicable at date of publication of the Framework.
2. Credem’s Green, Social & Sustainability Bond Reporting - benchmarked against ICMA’s HFIR³ updated as of June 2021.
3. The disclosure of proceeds allocation and soundness of reporting indicators⁴ – whether the metrics align with best market practices and are relevant to the Green, Social and Sustainability Bonds issued.

CREDEM BUSINESS OVERVIEW

Credem is a bank founded in 1910 on the initiative of Reggio Emilia’s entrepreneurs under the name Banca Agricola Commerciale di Reggio Emilia (Commercial Agricultural Bank of Reggio Emilia). Credem has its origin in the territories of the north area of Italy and keeps supporting an economy mainly oriented towards small and medium enterprises. Credem is present throughout Italy in 19 regions: this growth was achieved through the opening of new branches and selected acquisitions.

² Credem initially published its Green, Social & Sustainability Bond Framework in December 2021. A new version of the framework has been published in May 2022, substituting the previous one. As no modification occurred with regard to the core elements of the framework (use of proceeds, processes for projects evaluation and selection, management of proceeds, reporting) the updated framework can be considered when analyzing Credem’s Green, Social & Sustainability Bond Reporting.

³ ISS ESG will only assess the Green Bond Reporting against the ICMA’s HFIR as, since December 2021, there haven’t been social bond issuances.

⁴ ISS ESG’s review does not follow auditing or assurance standards or guidance. ISS ESG does not provide assurance on the information presented in Credem Green, Social & Sustainability Bond Reporting. ISS ESG solely conducted a review of the Use of Proceeds’ allocation and impact reporting against ICMA’s HFIR core principles and recommendations where applicable, and criteria outlined in the issuer’s Framework.

ISS ESG ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1</p> <p>Alignment with the issuer's commitments set forth in the Framework</p>	<p>ISS ESG finds that Credem's Green, Social & Sustainability Bond Reporting meet the issuer's commitments set forth in the Green, Social and Sustainability Bond Framework. The issuer issued a green bond under this Framework. The underlying issuance aligns with key requirements defined by the Green and Social Bond Principles, and Sustainability Bond Guidelines⁵.</p>	<p>Aligned</p>
<p>Part 2:</p> <p>Alignment with the ICMA's HFIR</p>	<p>ISS ESG assesses the Green Allocation and Impact Reporting as of December 2021⁶. ISS ESG finds that the Green, Social & Sustainability Bond Reporting is in line with ICMA's 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>Aligned</p>
<p>Part 3:</p> <p>Disclosure of proceeds allocation and soundness of impact reporting indicators</p>	<p>ISS ESG finds that the allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the underlying Framework⁷.</p> <p>The reporting indicators are relevant, in line with suggested market guideline metrics and align with the reporting criteria for eligible Green Assets outlined in the issuer's Framework</p> <p>Data sourcing, quantitative assessment methodologies, the baseline selection, and granularity of the impact indicators reflect best market practices. The impact indicators are relevant for the green asset categories financed.</p>	<p>Positive</p>

⁵ The Framework was assessed by ISS ESG as aligned with the ICMA's Green and Social Bond Principles, and Sustainability Bond Guidelines as of December 7, 2021. The framework has since been updated as of May 2022 without changes to the core components that had been assessed as aligned with the ICMA's Green and Social Bond Principles, and Sustainability Bond Guidelines.

⁶ Credem initially published its Green, Social & Sustainability Bond Framework in December 2021. A new version of the framework has been published in May 2022, substituting the previous one. As no modification occurred with regard to the core elements of the framework (use of proceeds, processes for projects evaluation and selection, management of proceeds, reporting) the updated framework can be considered when analyzing Credem's Green, Social & Sustainability Bond Reporting.

⁷ ISS ESG bases its assessment on the information provided in the allocation reporting. 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.

ISS ESG EXTERNAL REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK⁸

The following table presents ISS ESG’s assessment of the Green, Social & Sustainability Bond Reporting against the commitments set forth in Credem’s Green, Social and Sustainability Bond 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.

CORE GBP, SBP REQUIREMENT OR BEST MARKET STANDARD	CREDEM’S GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK	CREDEM’S GREEN, SOCIAL & SUSTAINABILITY BOND REPORTING	ALIGNMENT WITH COMMITMENT
1. Use of Proceeds			
1.1. Alignment with asset categories defined by the GBP and SBP	<p>The net proceeds will be exclusively allocated to finance or re-finance projects in the following categories:</p> <p>Green and Social Eligible Categories</p> <ul style="list-style-type: none"> ▪ Pollution Prevention and Control ▪ Renewable Energy ▪ Clean Transportation ▪ Green Buildings ▪ Sustainable Management of Living Natural Resources and Land Use ▪ Small and Medium Enterprises Financing ▪ Healthcare System ▪ Non-profit Organizations 	<p>In accordance with the eligibility criteria established in the Framework, the proceeds have been used to finance or re-finance projects in the following categories:</p> <ul style="list-style-type: none"> ▪ Green Buildings 	✓

⁸ ISS ESG assessed the Credem Green, Social and Sustainability Framework as aligned with the ICMA’s Green and Social Bond Principles, and Sustainability Bond Guidelines (06.2021 version) as of 07.12.2021. The framework has since been updated as of May 2022 without changes to the core components that had been assessed as aligned with the ICMA’s Green and Social Bond Principles, and Sustainability Bond Guidelines.

<p>1.2. Defined and transparent criteria for eligible projects</p>	<p>Green Buildings have the following characteristics:</p> <p>For buildings built before 31 December 2020, the building has an Energy Performance Certificate (EPC) class A or above, or</p> <p>For buildings built before 31 December 2020, the building is within the top 15% in Italy of the most carbon efficient buildings (kg CO₂e/sqm)</p> <p>For buildings built after 31 December 2020, the Primary Energy Demand (PED) is at least 10% lower than the threshold set for nearly zero-energy building (NZEB)</p>	<p>The issuer has financed green buildings, with EPC labels A, B and C, built before 31 December 2020 within the top 15% in Italy of the most carbon-efficient buildings.</p>	<p>✓</p>
<p>1.3. Description of the expected environmental and/or social benefits of the project categories</p>	<p>The net proceeds of Credem's Green Bonds will be used exclusively to, finance and re-finance, in whole or in part, loans and investments (the "Eligible Green Assets") that seek to achieve positive environmental impacts, including mitigating climate change, reducing greenhouse gas emissions and reducing pollution.</p> <p>All of these impacts are believed to support the transition to a low-carbon economy.</p>	<p>A detailed description of core environmental impacts for each target area is available in the report.</p> <p><u>Green real estate assets</u> - Loans to finance the construction and/or the acquisition of commercial and residential buildings belonging to the top 15% of the most carbon-efficient buildings (kgCO₂e/sqm) in their respective countries.</p>	<p>✓</p>
<p>1.4. Refinancing/ Financing</p>	<p>The net proceeds of Credem's Green Bonds will be used exclusively to, finance and re-finance, in whole or in part, loans and investments (the "Eligible Green Assets").</p>	<p>Credem has allocated all of the proceeds, which have been assigned to the eligible portfolio, for a total amount of EUR 600,800,612.</p>	<p>✓</p>
<p>1.5. Exclusion of harmful project categories</p>	<p>Certain activities will be automatically excluded under this framework due to their potentially</p>	<p>The proceeds have been not allocated in any of the excluded sectors listed.</p>	<p>✓</p>

	<p>controversial or negative environmental and/or social impact. In particular, any kind of investment connected to Fossil Fuel, Nuclear Energy generation, and the Armament sector are excluded from Eligible Green Loans.</p>		
<p>2. Process for project evaluation and selection</p>			
<p>2.1 Documented process to determine whether projects fit within defined categories</p>	<p>The issuer has established the Group Sustainability Committee to support the Framework.</p> <p>The Sustainability Committee will verify the compliance of the selected pool of eligible assets with the eligibility criteria defined by this Framework and will be responsible to propose to the Board of Directors the allocations of net proceeds on an annual basis for its approval.</p> <p>The issuer has also defined the process for asset evaluation and selection 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.</p> <p>The Group Sustainability Committee is established to support the Framework and development of the ESG strategy. The committee meets at least every four months and has also the responsibility to exclude financing of a range of businesses, as well as projects with relevant negative impacts on communities.</p>	<p>✓</p>
<p>2.2 Documented process to identify and manage potential ESG risks</p>	<p>The Group's Risk Committee was given an ad-hoc Sustainability mandate for supporting the BoD in the definition of the Sustainability strategy, the supervision of environmental, climate & social related risks and last but not least the analysis of the Sustainability Report.</p>	<p>The issuer confirms that environmental, climate & social related risks were identified by the Group's Risk Committee.</p>	<p>✓</p>
<p>2.3 Information on responsibilities and accountability</p>	<p>The Treasury department of Credem Group carries out a pre-selection of potential Eligible Assets.</p> <p>The potential Eligible Assets are submitted by</p>	<p>The issuer confirms that the responsibilities and accountability of the Sustainability Committee are respected as per the Framework.</p>	<p>✓</p>

	<p>the Treasury department to the Sustainability Committee. The Sustainability Committee verifies the alignment of the pre-selected assets to the Eligible Asset criteria confirming the correctness and compliance of the portfolio of Loans with the Framework.</p> <p>The Eligible Assets are clearly identified within Credem Group's internal information system.</p>		
2.4 Stakeholders involved in the process	<p>The Sustainability Committee will be chaired by the General Manager, and it will be made up of two members of the Board of Directors, as well as all members of the general department.</p>	<p>The issuer confirms that various stakeholders are involved throughout the process as per the Framework.</p>	✓
3. MANAGEMENT OF PROCEEDS			
3.1 Green and Social Bonds proceeds tracked in an appropriate manner	<p>The combination of all the Eligible Assets earmarked by each Credem Group entity will compose the Eligible Asset Portfolio and will be consolidated at Group level.</p> <p>The Credem Group has set up an internal information system enabling the recording and tracking of the Eligible Assets, where the net proceeds of the Green, Social and Sustainability Bonds will be allocated until the maturity of the relevant bond.</p> <p>The Sustainability Committee, so appropriately addressed by the Treasury</p>	<p>Credem Sustainability Committee is in charge of monitoring the allocation of proceeds to the Eligible Assets</p> <p>The Sustainability Committee, so appropriately addressed by the Treasury department, ensures that the net proceeds raised are lower than the total amount of the Eligible Assets</p> <p>The allocation process is monitored through an internal information system until maturity</p>	✓

	<p>department, ensures that the net proceeds raised by Green, Social and Sustainability Bonds are lower than the total amount of the Eligible Green Asset, Eligible Social Assets, and Eligible Asset Portfolio, respectively.</p>		
<p>3.2 Disclosure of intended types of temporary investment instruments for unallocated proceeds</p>	<p>Pending the full allocation of the proceeds or in the unlikely case of insufficient Eligible Assets, Credem commits to hold the additional funds in the Group's Treasury, in accordance with its liquidity policy and, to the extent possible, invest in Green, Social and Sustainability Bonds as soon as those assets are identified.</p>	<p>The proceeds have been fully allocated.</p>	<p>✓</p>
<p>3.3 Procedure in case of divestment or postponement</p>	<p>If a loan or investment no longer meets the Eligible Asset criteria (as described in the Use of Proceeds section), the asset will be removed from the Eligible Asset Portfolio and replaced by another eligible loan or investment, as soon as reasonably practical.</p>	<p>The proceeds have been fully allocated. Credem Sustainability Committee is in charge of monitoring the allocation of proceeds to the Eligible Assets</p>	<p>✓</p>
<p>3.4 Disclosure of portfolio balance of unallocated proceeds</p>	<p>The Report will provide a section on the respective allocation of the Green, Social and Sustainability Bonds' net proceeds, including the amount of unallocated proceeds, if any.</p>	<p>The proceeds have been fully allocated.</p>	<p>✓</p>

4. Reporting			
4.1 Use of Proceeds reporting	<p>The allocation report will include details on:</p> <ul style="list-style-type: none"> ▪ the total amount of Green, Social and Sustainability Bonds outstanding; ▪ the total amount of Green, Social and Sustainability Bond’s net proceeds allocated to Eligible Assets ▪ the amount of unallocated proceeds, if any; and a breakdown of the Eligible Assets by Eligible Category 	<p>The section “Allocation reporting” of the Green, Social & Sustainability Bond Reporting complies with the pre-issuance commitment expressed in the framework and with the requirements defined in the GBP/SBP.</p> <p>Credem goes beyond the commitment in reporting on a breakdown of the allocated eligible category per property type and per region.</p> <p><i>Further analysis of this section of the report is displayed in Part III of this report.</i></p>	✓
4.2 Impact reporting	<p>Credem will communicate the expected impact its Green, Social and Sustainability Bonds have through qualitative and quantitative criteria.</p> <ul style="list-style-type: none"> ▪ total installed renewable energy capacity (MW); ▪ expected quantity of waste treated, recycled (tones/year); ▪ expected quantity of water supplied, stored (m3/year); ▪ CO2 emissions avoided (tons); and number of environmental labels obtained or improved. 	<p>The section “Impact Reporting” of the Green, Social & Sustainability Bond Reporting complies with the pre-issuance commitment expressed in the framework and with the requirements defined in the GBP/SBP.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	✓

<p>4.3 Means of disclosure: where the information is published</p>	<p>Credem will make its Report available for investors on its website.</p>	<p>The report is intended to be publicly available⁹.</p>	<p>✓</p>
<p>4.4 External review</p>	<p>Credem Group will mandate an independent auditor in order to verify the compliance of the Eligible Portfolio with the Framework and the reporting metrics as published in the Annual Report.</p>	<p>ISS ESG has provided a Second Party Opinion on Credem's Green, Social and Sustainability Bond Framework by checking the compliance of the Eligible Portfolio and the reporting metrics.</p> <p>Credem's balance sheet is audited by Ernest & Young¹⁰. In addition, the Green Eligible Portfolio has been certified by CRIF¹¹.</p>	<p>✓</p>

Opinion: ISS ESG finds that the Green, Social & Sustainability Bond Reporting meets the general conditions set forth in Credem's Green, Social and Sustainability Bond Framework. Core components as defined by ICMA have been considered in the Framework and have then been transposed accordingly in the Green, Social & Sustainability Bond Reporting.

⁹ The report will be published at the following link: <https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>

¹⁰ The audit report is published at the following link: https://www.credem.it/content/dam/credem/documenti/Investor_Relations/Bilanci/in-corso/2021/Bilancio%20consolidato%20al%2031.12.2021.pdf

¹¹ The certification report by CRIF will be available at the following link: <https://www.credem.it/content/credem/en/credem-group/sostenibilita.html>

PART II: ASSESSMENT AGAINST THE ICMA'S HFIR

Reporting is a core component of the GBP. Green bond issuers are required to report on both the use of green bond proceeds, as well as the expected environmental impacts at least on an annual basis. ICMA's HFIR has been chosen as the benchmark for this analysis as it represents the most widely adopted standard.

The table below presents the findings of an ISS ESG assessment of Credem Green, Social & Sustainability Bond Reporting against ICMA's HFIR.

CORE PRINCIPLES		
ICMA HFIR	GREEN, SOCIAL & SUSTAINABILITY BOND REPORTING	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's website ¹² .	✓
Illustrating the expected environmental impacts	The assessment and measurement of the impacts generated by Credem Green Bonds covered the following areas: <ul style="list-style-type: none"> a. 9,700 ton per year of CO₂ emissions avoided b. 16t CO₂ eq. per € m. per year of carbon impact 	✓
Transparency on the cash flow and currency	Credem has reported all green bond-related cash-flows in Euro.	✓

RECOMMENDATIONS		
ICMA HFIR	GREEN, SOCIAL & SUSTAINABILITY BOND REPORTING	ASSESSMENT
Define and disclose the period and process for including projects in their report	The entirety of proceeds has been allocated to Green Assets. The allocation of proceeds will be reviewed on an annual basis.	✓
Indicate the total signed amount and the amount of environmental bonds proceeds allocated to eligible disbursements	A total of EUR 600,800,612 has been raised through issuer's Senior Preferred Green Bond. The entirety of the proceeds has been allocated to Green Assets.	✓
Put in place a formal internal process for the allocation of	The issuer followed a transparent process for selection and evaluation of Eligible Green	✓

¹² The report will be published at the following link: <https://www.credem.it/content/credem/it/gruppo-credem/sostenibilita.html>

proceeds linked to their lending and investment operations for Green Projects and to report on the allocation of proceeds.	Projects. 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.	
Provide a list of projects to which environmental bonds proceeds have been allocated, or report solely on a portfolio level	The Green, Social & Sustainability Bond Reporting includes the total amount of proceeds allocated property type within eligible allocated properties, and per geographical breakdown (region).	✓
Describe the approach to impact reporting	The issuer identifies the portfolio's eligible green portfolio and clearly defines, for each property type, the total project's allocated proceeds.	✓
Report the estimated lifetime results and/or project economic life (in years)	Not applicable because there is no defined or estimated lifetime for projects.	N/A
Ex-post verification of specific projects	Not applicable because there has been no ex-post verification conducted.	N/A
Report on at least a limited number of sector specific core indicators for projects included in their green bond programmes	Credem reports on annual GHG emissions avoided in tons of CO ₂ equivalent. This indicator is listed in the HFIR as a core indicator for the Green Building sector.	✓
For the calculation of indicators, where there is no single commonly-used standard, issuers may follow their own methodologies while making these available to investors	<p>The issuer used the following values to calculate the avoided emissions of its Green Buildings Eligible Portfolio:</p> <ul style="list-style-type: none"> ▪ valid EPC, ▪ automatic estimation implementing the Primary Energy Demand, ▪ automatic estimation performed by CRIF implementing the physical characteristics of the property, ▪ Italian market standard where no other information is available, ▪ national benchmark, ▪ attribution factor (loan-to-value). <p>(more information on the calculation methodology are available on pages 15-16)</p>	✓

Elect, for consistency reasons, to convert units reported for individual projects. Disclosure on the conversion approach	The issuer has identified the Italian market standard conversion factors for cases where the information to calculate CO ₂ emissions cannot be retrieved through EPCs or regional energy cadasters.	✓
Be transparent about projects with partial eligibility	No projects with partial eligibility are currently financed	✓
In case the expected impacts of different project components may not be reported separately, issuers may attribute the results to each component based on their relative share in the related financing, disclosing the attribution approach	Not applicable because there is only one project component, green building reported.	N/A

Opinion: ISS ESG finds that Credem follows HFIR's core principles and some key recommendations. Credem has clearly reported on the Green Bond use of proceeds and associated impact indicators. The issuer also commits to annual reporting and disclosure of calculation methodology, aligned with best practices.

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

Methodology note: ISS ESG's review does not follow auditing or assurance standards or guidance. ISS ESG does not provide assurance on the information presented in Credem Green, Social & Sustainability Bond Reporting. ISS ESG notes that it has not verified or audited the allocation reporting and thus cannot provide any assurance on its soundness. ISS ESG solely conducted a review of the Use of Proceeds' allocation and impact reporting against ICMA's HFIR's core principles, recommendations and best market practices.

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. ISS ESG solely conducted a review of the Use of Proceeds' allocation reporting against ICMA Green Bond Principles' core recommendations on the level, scope and information to be provided in the allocation reporting. ISS ESG finds that the Use of Proceeds allocation reporting occurred within one year from the issuance, after full allocation of the proceeds.

Proceeds allocated to Eligible Projects

The proceeds' allocation is broken down at the project category level, by property type, and per geographical breakdown (region). The issuer has provided detail about the type of projects included in the portfolio.

ISS ESG finds that the allocation report section of the Green, Social & Sustainability Bond Reporting of Credem aligns with best market practices by providing information on:

- the number of loan (re-)financed
- type of loan (residential vs non-residential)
- distribution of loans by Italian regions
- the total amount of proceeds in million euros

Impact Reporting Indicators



ISS ESG finds that the impact indicators used by Green, Social & Sustainability Bond Reporting of Credem align with best market practices using ICMA’s recommended metrics, in the HFIR. The issuer measures and discloses relevant indicators for each Use of Proceeds project category. The table below shows the assessment conducted by ISS ESG.

ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The impact indicators chosen by the issuer for this green bond are the following:</p> <ul style="list-style-type: none"> a) Annual GHG emissions avoided in tons of CO₂ equivalent b) Carbon impact (t CO₂ eq. per € m. / year) <p>These indicators are qualitative and material to the Use of Proceeds category financed through this bond and in line with the Suggested Impact Reporting metrics for Green Building Projects by the ICMA Harmonized Framework for Impact Report for Green Bonds. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>Credem has mandated CRIF to develop a methodology to estimate the CO₂ avoided emissions of its portfolio. CRIF has applied three approaches to calculate the Green Buildings GHG emissions:</p> <ul style="list-style-type: none"> ▪ CO₂ 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. ▪ CO₂ emissions are available through an automatic estimation implementing the Primary Energy Demand ▪ CO₂ emissions are available through an automatic estimation performed by CRIF implementing the physical characteristics of the property. <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 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 CO₂ 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"> it identifies a proper attribution factor: Loan-to-value (LTV). the emissions of buildings are calculated as the product of a building's energy consumption and the identified attribution factor (as described above). in relation to Credem's portfolio, the analysis focuses on the positive environmental impact for the buildings included in the eligible portfolio <p>Energy Performance Certificates used by the issuer are in line with the core indicator proposed by the ICMA Harmonized Framework for Impact Reporting.</p>
Baseline selection	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. In this sense, the report is in line with the suggestion of the ICMA Harmonized Framework for Impact Reporting.
Scale and granularity	The impact data is presented at the Use of Proceed category level for the indicator(s).

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 Reporting, the impact indicators adopted by Credem for its Green Bond can be mapped to the following SDGs, according to ICMA's "A High - Level Mapping to the Sustainable Development Goals"¹³.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
Annual GHG emissions avoided in tons of CO ₂ equivalent	 
Carbon impact (t CO ₂ eq. per € m. / year)	

¹³ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf>

DISCLAIMER

1. Validity of the External Review: As long as no material changes are undertaken by the issuer to its Green, Social & Sustainability Bond Reporting as of 02.05.2022.
2. ISS ESG uses a proprietary methodology to assess the post-issuance reports. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we conduct External Reviews solely based on data provided by the issuer.
3. We would, however, point out that we do not warrant that the information presented in this External Review is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of this External Review, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgments given by us do not in any way constitute purchase or investment recommendations. In particular, the External Review is no assessment of the economic profitability and creditworthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX: Methodology

ISS ESG Review of the post-issuance Reports

The external 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, ISS ESG assesses the alignment of the report with recognized market guidelines, the metrics chosen by the issuer and the soundness of process and methodology of reporting. The analysis of the metrics adopted is based on specific sets of indicators developed by ISS ESG 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, ISS ESG identifies the extent to which the issuers reporting and project categories contribute to related SDGs.

About ISS ESG External Review

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

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

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 External 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 External Review services, contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green, Social & Sustainability Bond Reporting External Review, please contact: SPOOperations@iss-esg.com

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