

# REPORT REVIEW

## Istituto per il Credito Sportivo Social Bond Impact Report

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Social Bond Impact Report of Istituto per il Credito Sportivo

6 November 2023

### VERIFICATION PARAMETERS

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<b>Type(s) of reporting</b>	<ul style="list-style-type: none"><li>▪ Social Bond Impact Report</li></ul>
<b>Relevant standard(s)</b>	<ul style="list-style-type: none"><li>▪ Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2023, administered by the International Capital Market Association (ICMA)</li><li>▪ Istituto per il Credito Sportivo's Social Bond Impact Report (as of October 30, 2023)</li></ul>
<b>Scope of verification</b>	<ul style="list-style-type: none"><li>▪ Istituto per il Credito Sportivo's Social Bond Framework (as of July 1, 2022)</li><li>▪ Bond identification: XS2541422395/ A 3-year bond, which matures on October 31, 2025 (EUR 300 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 Social Bond Impact Report as of October 30, 2023</li></ul>

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## SCOPE OF WORK

Istituto per il Credito Sportivo (“the Issuer”) commissioned ISS Corporate Solutions (ICS) to provide a Report Review<sup>1</sup> on its Social Bond Impact Report by assessing:

1. The alignment of the Istituto per il Credito Sportivo’s Social Bond Impact Report with the commitments set forth in Istituto per il Credito Sportivo Social Bond Framework (as of July 1, 2022)<sup>2</sup>.
2. Istituto per il Credito Sportivo’s Social Bond Impact Report - benchmarked against Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2023 administered by the International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators – whether the impact metrics align with best market practices and are relevant to the Social Bond issued.

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<sup>1</sup> A limited or reasonable assurance is not provided on the information presented in Istituto per il Credito Sportivo’s Social Bond Impact Report. A review of the use of proceeds’ allocation and impact reporting is solely conducted against ICMA’s Standards (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 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 Social Bond Principles as of July 1, 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>The Istituto per il Credito Sportivo meets the Issuer's commitments set forth in the Social Bond Framework. The proceeds have been used to (re)finance Infrastructure for Social Development Loans (Socioeconomic Advancement and Empowerment) and Liquidity Social Loans (Socioeconomic Advancement and Empowerment) in accordance with the eligibility criteria defined in the Framework.</p>	<p><b>Aligned</b></p>
<p><b>Part 2</b></p> <p><b>Alignment with the Harmonised Framework for Impact Reporting for Social Bonds</b></p>	<p>The Social Bond Impact Report is in line with ICMA's Harmonised Framework for Impact Reporting for Social Bonds. The Issuer follows core principles and where applicable key recommendations.</p> <p>Istituto per il Credito Sportivo adheres to the core principles by reporting the allocation from Social Bonds annually until full allocation, applying a formal internal process to track proceeds, outlining the allocation of the social bond to the respective social project categories, identifying the target population, when relevant, outlining the outcome of the social categories through defined key performance indicators, and illustrating the social output/impacts generated by the social bond.</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>3</sup>.</p> <p>The Istituto per il Credito Sportivo 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.</p>	<p><b>Positive</b></p>

<sup>3</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.

## REPORT REVIEW ASSESSMENT

### PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL BOND IMPACT REPORT <sup>4</sup>

The following table evaluates the Social Bond Impact Report against the commitments set forth in Istituto per il Credito Sportivo’s Framework, which are based on the core requirements of the Social Bond Principles as well as best market practices.

ICMA SBP	OPINION	ALIGNMENT WITH COMMITMENT
1. Use of Proceeds	<p>Istituto per il Credito Sportivo confirms to follow the Use of Proceeds’ description provided by Istituto per il Credito Sportivo’s Social Bond Framework. The report is in line with the initial commitments set in the Istituto per il Credito Sportivo’s Social Bond Framework: Infrastructure for Social Development Loans (Socioeconomic Advancement and Empowerment) and Liquidity Social Loans (Socioeconomic Advancement and Empowerment).</p> <p>The Issuer’s social categories align with the project categories and are in accordance with the eligibility criteria set in the Istituto per il Credito Sportivo’s Social Bond Framework. Social benefits at a category level are described and quantified.</p> <p>The Issuer is transparent that EUR 300 million of proceeds are fully allocated to the projects. About 88% of the proceeds are allocated to Infrastructure Development Loans and the resulting 12% of the proceeds are allocated to Liquidity Social Loans.</p>	✓
2. Process for Project Evaluation and Selection	<p>Istituto per il Credito Sportivo confirms to follow the Process for Project Evaluation and Selection description provided by Istituto per il Credito Sportivo’s Social Bond Framework. The report is in line with the initial commitments set in the Istituto per il Credito Sportivo’s Social Bond Framework: Involving different departments such as the finance and planning departments and having the shortlisted and approved by the Social Bond internal Working Group.</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</p>	✓

<sup>4</sup> Istituto per il Credito Sportivo’s Social Bond Framework was assessed as aligned with the SBP as of July 1, 2022.

	categories are identified and managed through an appropriate process.	
<b>3. Management of Proceeds</b>	<p>Istituto per il Credito Sportivo confirms to follow the Process for Management of Proceeds description provided by Istituto per il Credito Sportivo’s Social Bond Framework.</p> <p>The proceeds collected are equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p>	✓
<b>4. Reporting</b>	<p>Istituto per il Credito Sportivo’s Impact Report is coherent with the Reporting description provided by Istituto per il Credito Sportivo’s Social Bond Framework.</p> <p>The sections “Allocation reporting” and “Impact Reporting” of the Social Bond Impact Report comply with the pre-issuance commitment expressed in the Framework. The report is intended to be publicly available to the borrowers.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	✓
<b>5. Verification</b>	ISS ESG has provided a Second Party Opinion (SPO) on Istituto per il Credito Sportivo’s Social Bond Framework in July 2022.	

## PART II: ASSESSMENT AGAINST THE ICMA'S HARMONISED FRAMEWORK FOR IMPACT REPORTING FOR SOCIAL BONDS

Reporting is a core component of the Social Bond Principles (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. Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.


The table below evaluates Istituto per il Credito Sportivo's Social Bond Framework against ICMA HFIRSB.

CORE PRINCIPLES		
ICMA HFIRSB	Social Bond Impact Report	ASSESSMENT
Reporting on an annual basis	Istituto per il Credito Sportivo has reported within one year from issuance and all the proceeds (EUR 300 million) have been fully allocated. The report will be available on Istituto per il Credito Sportivo's website.	✓
Formal internal process to track proceeds	Istituto per il Credito Sportivo confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying Framework. As part of the process, the Finance and Planning Department starts with proposing a list of loans and projects which could be considered as eligible to the Issuers' Social Bond Framework, after consultation with the Credit and Business Departments. Afterward, the Social Bond internal Working Group reviews, shortlists and approves proposed loans and projects based on the defined Eligible Categories listed in the Use of Proceeds section. As the last step, the final approval of loans and projects allocation is taken by the Chief Financial Officer of the Issuer.	✓
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 ICMA, Istituto per il Credito Sportivo has allocated the net proceeds (EUR 300 million) of the bond issued under this Framework to new and/or existing eligible assets within the following categories, at the asset level: <ul style="list-style-type: none"> <li>▪ Infrastructure Social Development Loans (Socioeconomic advancement and</li> </ul>	✓

	<p>empowerment), receiving 88% of the total funds raised (EUR 265 million)</p> <ul style="list-style-type: none"> <li>▪ Liquidity Social Loans (Socioeconomic Advancement and Empowerment), receiving 12% of the total funds raised (EUR 35 million).</li> </ul>	
Target Population(s) identified	<p>The Issuer defined targeted populations and set detection metrics for the respective project categories:</p> <ul style="list-style-type: none"> <li>▪ Infrastructure Social Development Loans: Loans to communities and population that are (i) at risk of social exclusion, (ii) with poor health and well-being conditions, and (iii) exposed to cultural heritage exploitation. The identified core detection metrics are the loans in areas where the Social Vulnerability Index is higher than the Italian national average (98.76) and loans having a Social Return on the Investment (SROI) that is bigger than 1.</li> <li>▪ Liquidity Social Loans: Loans to Not-for-profit entities and Small-medium size enterprises affected by the COVID-19 pandemic. The identified core detection metrics are the liquidity loans compliant with Government Decree No. 23 of April 8, 2020, Art. 14, c.1/c.2<sup>5</sup> and following laws.</li> </ul>	✓
Output, outcome and/or impact of projects at project or portfolio level	<p>The Issuer referred to existing indicator lists and catalogs from Annex III of the HFIRSB (i.e., SROI, Social Vulnerability Index, Average sales, Value Production, added value, workforce).</p> <p>A detailed analysis of impact indicators is available in Part III of this report.</p>	✓
Illustrating of the social impacts	<p>The assessment and measurement of the impacts generated by Istituto per il Credito Sportivo's Social Bonds covered the following areas:</p> <ul style="list-style-type: none"> <li>a) Infrastructure Development Social Loans (Socioeconomic Advancement and Empowerment)</li> </ul>	✓

<sup>5</sup> Governo Italiano Ministero degli Affari Esteri e della Cooperazione Internazionale, 2020, Available at [https://www.esteri.it/mae/resource/doc/2020/06/decree\\_of\\_the\\_italian\\_prime\\_minister\\_of\\_june\\_11\\_2020.pdf](https://www.esteri.it/mae/resource/doc/2020/06/decree_of_the_italian_prime_minister_of_june_11_2020.pdf)



	<ul style="list-style-type: none"> <li>▪ <b>Social Vulnerability Index</b>                      The Index includes seven sub indicators in describing the main “Material” and “Social” Dimensions of vulnerability:                     <ul style="list-style-type: none"> <li>• Percentage of the population aged six and over without educational qualifications</li> <li>• Incidence of families with potential economic hardship</li> <li>• Incidence of families with potential welfare difficulties</li> <li>• Index of homes in severe overcrowding; Incidence of families with six and more members</li> <li>• Incidence of single-parent young and adult families</li> </ul>                     Percentage of young people aged 15-29 who are not active and non-students                 </li>   <li>▪ <b>Social Return of the Investment Index (SROI)</b>                      The Index includes sub indicators:                     <ul style="list-style-type: none"> <li>• Health expenses saving</li> <li>• Not in education, employment or training (NEET) Value</li> <li>• Crime rate reduction</li> <li>• Volunteer’s time</li> <li>• Leisure for spectators</li> <li>• Social costs for injuries,</li> <li>• Capex and Opex</li> <li>• Corrective factors of drop-off, deadweight, and social discount rate</li> </ul> </li>   <li>b) <b>Liquidity Social Loans (Socioeconomic Advancement and Empowerment)</b> <ul style="list-style-type: none"> <li>▪ Average sales</li> <li>▪ Value production</li> <li>▪ Added value</li> <li>▪ Workforce</li> </ul> </li> </ul>	
<p>Pro-rated share of the overall impact results of the projects or portfolio of projects</p>	<p>The Issuer reports the pro-rated share of the overall impact results of the portfolio of projects.</p>	

RECOMMENDATIONS		
ICMA HFIRSB	Social Bond Impact Report	ASSESSMENT
Disclose the methodology and the assumptions used for the calculation of impact indicators	The Issuer reports on actual absolute output indicators and qualitative impact indicators. The Issuer confirms regularly tracking these indicators against targets using a tool known DELTA Platform in collaboration with Open Economics.	✓
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of Istituto per il Credito Sportivo's projects is reported separately per project category and sub-category 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 data on the share of eligible project financing being applied to output/impact calculation, meaning the share of the total project cost that is financed by the Issuer resulting in a pro-rated share of overall results of the project categories.	✓
Collaborating with experts if reporting on the estimated lifetime impacts and/or project economic life in years	The calculation methodology considers the entire lifespan of the financed projects. The Issuer collaborated with OpenEconomics in conducting Impact evaluations, reporting the lifetime in years for each project.	✓
Assumptions and ex-post verification	<p>The Issuer has an ex-post verification process and reports on projection estimates, differing for private and public entities.</p> <p>For private counterparties, the Issuer requires borrowers to provide a timetable regarding the activities to be performed, and releases finance resources only when invoices related to the approved project were undergone technical monitoring and regular verification of the adherence between ex-ante project and realized infrastructure. Monitoring is conducted both remote and on-site (when needed) throughout the project duration by the technical departments in terms of compliance with terms. The Issuer authorizes ex post modification on the original project to allow some flexibility to accommodate unforeseen challenges or changes in project circumstances.</p>	✓

For public entities project management and construction phases are strictly regulated by law 50/2016 “Purchasing program and public works planning”. The Issuer’s State Fund Manager regularly monitors state of projects, enacting prompt measure in order to assure adherence between ex ante project and realized infrastructure. Ex-post modification on the original project could be authorized allowing some flexibility to accommodate unforeseen challenges or changes in project circumstances.

Istituto per il Credito Sportivo holds the right to suspend or revoke the grants upon confirmed violations.

Report Period	The entirety of proceeds have been allocated to Social Assets. Between 2022 and 2023, certain projects were removed from the eligible portfolio due to the Issuer obtaining separate financing <sup>6</sup> from the European Investment Bank (EIB) and moving the projects under that financing.	✓
Disbursement reporting	The proceeds from the social bond issuance were used to finance new loans or refinance existing loans. New loans are those where disbursements have been made any time from the date of the issuance. Existing are those which have reached financial close before the issuance.	✓
Projects with partial eligibility	All projects are 100% eligible for financing. The Issuer confirms full eligibility of all projects financed through the bond proceeds. Therefore, this section with partial eligibility is not applicable.	-

## OPINION

*Istituto per il Credito Sportivo follows ICMA’s Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB) core principles and 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. Istituto per il Credito Sportivo reports the allocation of social bonds annually until full allocation applying a formal internal process to track proceeds, outlining the allocation of the Social Bond Pool to the respective social project categories, identifying the target population when relevant, describing the outcome of the social categories through defined key performance indicators, and illustrating the social impacts generated.*

<sup>6</sup> “Italy: EIB provides €100 million to support investments of Istituto di Credito Sportivo”, EIB, March 2023, Available at: <https://www.eib.org/en/press/all/2023-163-la-bei-sostiene-gli-investimenti-dell-istituto-di-credito-sportivo-con-100-milioni-di-euro>

## 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 within one year from the issuance, after full allocation of the proceeds. The total eligible expenditures pool was EUR 589 million. EUR 300 million were raised through the Issuer's Social Bond and 100% of the proceeds were allocated to eligible social categories in 2022 and 2023.

### Proceeds allocated to eligible projects/assets

The proceeds' allocation is broken down at the project category level and by type of project. The Issuer has provided details about the type of projects included in the portfolio. The expenditure categories eligible are Infrastructure Development<sup>7</sup> and Liquidity Social Loans<sup>8</sup>. The funds raised have been entirely allocated to 3,441 loans. On a category level, Infrastructure Development Social Loans received 88% of the allocation for EUR 265 million, while Liquidity Social Loans reached EUR 35 million (12%). On asset level, proceeds are allocated to Sport Infrastructures for EUR 229.3 million (75.4%), Cycle Paths for EUR 0.4 million (0.1%), Museums and Cultural Heritage for EUR 35.3 million (11.8%), and Emergency Aid for EUR 35.3 million (11.8%).

The allocation report section of the Social Bond Impact Report of Istituto per il Credito Sportivo aligns with best-market practices by providing information on:

- The number of projects (re-)financed
- The detailed description of the eligible social projects
- The total amount of proceeds in million euros (divided per eligible social category, project type, customer segments)
- A breakdown of the allocated proceeds per eligible project category and SDG mapping in share of total volume
- Geographic distribution of the proceeds allocated
- Case studies of eligible projects (Bonea Municipality)
- The share of new financing and refinancing per eligible project category and customer segments
- Disbursements of the eligible project categories (divided per customer segment and years between 2015 and 2023)

<sup>7</sup> Socioeconomic Advancement and Empowerment for sport and culture expenditures.

<sup>8</sup> Socioeconomic Advancement and Empowerment for the health emergencies (COVID-19 pandemic) and the related social and economic downturn.

## 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 indicator chosen by the Issuer for this bond is the following:</p> <ul style="list-style-type: none"> <li>a) Infrastructure Development Social Loans (Socioeconomic Advancement and Empowerment)                             <ul style="list-style-type: none"> <li>▪ Social Vulnerability Index                                     <p>The Index includes seven sub indicators in describing the main “Material” and “Social” Dimensions of vulnerability:</p> <ul style="list-style-type: none"> <li>• Percentage of the population aged six and over without educational qualifications</li> <li>• Incidence of families with potential economic hardship</li> <li>• Incidence of families with potential welfare difficulties</li> <li>• Index of homes in severe overcrowding; Incidence of families with six and more members</li> <li>• Incidence of single-parent young and adult families</li> <li>• Percentage of young people aged 15-29 who are not active and non-students</li> </ul> </li> <li>▪ Social Return of the Investment Index (SROI)                                     <p>The Index includes sub indicators:</p> <ul style="list-style-type: none"> <li>• Health expenses saving</li> <li>• Not in education, employment or training (NEET) Value</li> <li>• Crime rate reduction</li> <li>• Volunteer’s time</li> <li>• Leisure for spectators</li> <li>• Social costs for injuries,</li> <li>• Capex and Opex</li> <li>• Corrective factors of drop-off, deadweight, and social discount rate</li> </ul> </li> </ul> </li> <li>b) Liquidity Social Loans (Socioeconomic Advancement and Empowerment)                             <ul style="list-style-type: none"> <li>▪ Average sales</li> <li>▪ Value production</li> <li>▪ Added value</li> <li>▪ Workforce</li> </ul> </li> </ul> <p>These indicators are quantitative and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics for Infrastructure Development Social Loans</p>

	<p>and Liquidity Social Loans Projects by the ICMA Harmonized Framework for Impact Report for Social Bonds. This aligns with best market practices.</p>
<p><b>Data sourcing and methodologies of quantitative assessment</b></p>	<p>For its impact indicators, the methodologies used by the Issuer are as follows:</p> <p>a) Infrastructure Development Social Loans (Socioeconomic Advancement and Empowerment)</p> <p>Under the Infrastructure Development Social Loans project category, Istituto per il Credito Sportivo uses the data provided by DELTA Platform which is the Issuer’s cloud-based IT solution developed in collaboration with Open Economic. SROI, ESG Scoring and ESG Rating are measured through the Platform’s three-layer structure that covers (i) general data, (ii) ESG questionnaire, and (iii) SROI Questionnaire structure. Firstly, based on the General Data questionnaire, DELTA creates ESG and SROI questionnaires and differentiates on the basis of sector (Sport, Culture, Audiovisual) and client typology and continue with the ESG Performance and the risks of the projects by calculating ESG Score and Rating. Under this step, DELTA leverages from the information from the National Institute of Statistics (ISTAT) for Social Vulnerability Index and the Institute for Environmental Protection and Research (ISPRA) as external providers. During the last step of SROI questionnaire, DELTA measures SROI indicator to calculate the social value generated by the project and indicates the monetary value of social impact per each investment.</p> <p>SROI is calculated based on the below formula covering cost-benefit analysis and estimation and valorization of non-monetary benefits and costs during specific conversion processes:</p> $ROI = \frac{\sum_{i=1}^t \frac{(Health\ Sav._i + NEET_i + Red.\ Crime\ Rate_i - Inj.\ Costs_i + Vol.\ Time_i + Leis_i)}{(1 + SDR)^i} * (1 - (DO + DW))}{\sum_{i=1}^t \frac{Capex}{(1 + SDR)^i} + \sum_{i=1}^t \frac{Opex}{(1 + SDR)^i}}$ <p>The formula includes numerators that represents the financial value of all the social benefits (indicators as health expense saving, NEET, crime rate reduction, volunteers’ time, and leisure for spectators) and potential costs attributed to the investment, net of the drop-off effects (i.e., the decline of the benefit over time), and deadweight (i.e., the portion of the social benefit that would occur even without the investment). SROI denominator measures the Capex and Opex costs of the financed project. The calculation methodology considers the entire lifespan of the financed infrastructure.</p> <p>The calculation methodology considers projects having SROI higher than 1 are considered “incremental” for the communities, and as an added “social value”. The projects with SROI lower than 1 are considered as</p>



	<p>falling under the bisector line and “non incremental” for communities without any added social value. To generate the social impact in territories that are more exposed to vulnerability, Istituto per il Credito Sportivo have utilized Social Vulnerability Index average values and mapped the eligible projects.</p> <p>b) Liquidity Social Loans (Socioeconomic Advancement and Empowerment)</p> <p>Under the Liquidity Social Loans project category, Istituto per il Credito Sportivo uses linear regression parameters to calculate the impact generated. Average sales, value production, added value and workforce were estimated for small sport companies with less than 10 employees, as the regular counterparties financed by the Issuer. The data used is coming from ISTAT<sup>9</sup> and through the inputs for economic result of company, ATECO R93 Sports, entertainment, and fun activities.</p> <p>Istituto per il Credito Sportivo applies a linear regression model with the data range from 2012 to 2019 to calculate the probability default associated with the counterparties. It uses the parameters for X variables as the Real Gross Domestic Product (GDP) annual variation and Y variables as observed default rates lagged by one year respect to Real GDP annual variation; and estimates a theoretical default rate of 16% if the loans would have not been disbursed. Following those premises, the social impact for Liquidity Social Loans has been estimated considering the avoided Amateur Sports Associations defaults associated with the Issuer’s intervention and the consequences over sales, value production, added value and occupation.</p> <p>For each category and their calculation methodology, the Issuer established a rounding criterion for the quantitative calculation methodology. In that regard, the values under 0.49 are rounded down whereas the values of 0.5 or above are rounded up.</p>
<p><b>Baseline selection</b></p>	<p>Baselines were used for the following indicators:</p> <ul style="list-style-type: none"> <li>▪ For Infrastructure Developments Social Loans, the impact data is compared with relevant baseline standards as SROI and Social Vulnerability Index. Furthermore, the Issuer also used deadweight factor within the SROI formular, which refers to the condition of the area in the absence of funding programs.</li> <li>▪ For Liquidity Social Loans, the impact data is compared to 2020 baseline which refers to the condition of the area in the absence of funding programs.</li> </ul>

<sup>9</sup> Data from ISTAT though Economic result of company, ATECO R93 Sports, entertainment, and fun activities.

<b>Scale and granularity</b>	The impact data is presented at the Use of Proceed project category level for the indicator(s). Within the project categories, the Issuer provided more detailed impact breakdown at customer segment level.
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### 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 Social Bond Impact Report, the impact indicator(s) adopted by Istituto per il Credito Sportivo for its Social Bond can be mapped to the following SDGs, according to the ICMA “A High -Level Mapping to the Sustainable Development Goals”<sup>10</sup>.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Infrastructure Development Social Loans (Socioeconomic Advancement and Empowerment)</b></p> <ul style="list-style-type: none"> <li>▪ Social Vulnerability Index                             <ul style="list-style-type: none"> <li>• Incidence of families with potential economic hardship</li> <li>• Incidence of families with potential welfare difficulties</li> <li>• Index of homes in severe overcrowding</li> <li>• Incidence of families with six and more members</li> <li>• Incidence of single-parent young and adult families</li> </ul> </li> </ul>	
<p><b>Infrastructure Development Social Loans (Socioeconomic Advancement and Empowerment)</b></p> <ul style="list-style-type: none"> <li>▪ Social Return of the Investment Index (SROI)                             <ul style="list-style-type: none"> <li>• Crime rate reduction</li> <li>• Volunteer’s time</li> <li>• Leisure for sectators</li> <li>• Capex and Opex</li> <li>• Corrective factors of drop-off, deadweight, and social discount rate</li> </ul> </li> </ul>	

<sup>10</sup> [ICMA’s Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds](#)



<p><b>Infrastructure Development Social Loans (Socioeconomic Advancement and Empowerment)</b></p> <ul style="list-style-type: none"> <li>▪ Social Vulnerability Index                     <ul style="list-style-type: none"> <li>• Percentage of the population aged six and over without educational qualifications</li> <li>• Percentage of young people aged 15-29 who are not active and non-students</li> </ul> </li> <li>▪ Social Return of the Investment Index (SROI)                     <ul style="list-style-type: none"> <li>• Not in education, employment or training (NEET) Value</li> </ul> </li> </ul>	
<p><b>Infrastructure Development Social Loans (Socioeconomic Advancement and Empowerment)</b></p> <ul style="list-style-type: none"> <li>▪ Social Return of the Investment Index (SROI)                     <ul style="list-style-type: none"> <li>• Health expenses saving</li> <li>• Social costs for injuries</li> </ul> </li> </ul>	
<p><b>Liquidity Social Loans (Socioeconomic Advancement and Empowerment)</b></p> <ul style="list-style-type: none"> <li>• Average sales</li> <li>• Value production</li> <li>• Added value</li> <li>• Workforce</li> </ul>	

**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 the Istituto per il Credito Sportivo’s Social 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 in the HFIRSB.*

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## REPORT REVIEW

Social Bond Impact Report  
Istituto per il Credito Sportivo



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## ANNEX 1: Methodology

### Review of the post-issuance Reports

The ICS Report Review provides an assessment of labelled transactions reporting against international standards using ICS proprietary methodology. For more information, please visit:

<https://www.issgovernance.com/file/publications/SPO-Report-Reviews.pdf>

### 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 which the Issuers reporting and project categories contribute to related SDGs is identified.

## ANNEX 2: Quality management processes

### ISSUER'S RESPONSIBILITY

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

- Istituto per il Credito Sportivo's Social Bond Impact Report
- Istituto per il Credito Sportivo's Social Bond Framework (as of July 1, 2022)
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

### ICS' VERIFICATION PROCESS

Since 2014, ISS Group, of which ICS is part, 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 Istituto per il Credito Sportivo took place from October to November 2023.

### ICS' BUSINESS PRACTICES

ICS has conducted this verification in strict compliance with the ISS Group 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

Companies turn to ISS Corporate Solutions (ICS) for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

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)

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