

SECOND PARTY
OPINION (SPO)

Sustainability Quality of the Issuer and Green, Social and Sustainability Bond Framework

Credito Emiliano S.p.A.

9 May 2025¹

VERIFICATION PARAMETERS

Types of instruments contemplated	<ul style="list-style-type: none">Green, social and sustainability bonds²
Relevant standards	<ul style="list-style-type: none">Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)Social Bond Principles, ICMA, June 2023 (with June 2023 Appendix 1)Sustainability Bond Guidelines, ICMA, June 2021
Scope of verification	<ul style="list-style-type: none">Credito Emiliano S.p.A.'s Green, Social and Sustainability Bond Framework (as of April 30, 2025)³Credito Emiliano S.p.A.'s eligibility criteria (as of May 10, 2023)
Lifecycle	<ul style="list-style-type: none">Second update of SPO delivered on May 10, 2023
Validity	<ul style="list-style-type: none">Valid as long as the cited Framework remains unchanged

¹ Credem initially published its Green, Social and Sustainability Bond Framework in May 2023. A revised version was published in May 2024, and again in April 2025, superseding the previous iterations. The core elements of the Framework — use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting — remained unchanged from the version analyzed by ISS-Corporate in May 2023. The Issuer supplemented the Framework with additional information regarding its ESG risk management (Part IIB) and sustainability strategy (Part III).

² Green, social or sustainability bonds — including public or private placements, commercial paper, senior preferred, non-preferred bonds and subordinated — as well as secured bonds (such as covered bonds) and other securities (such as ABS and RMBS) in various formats and currencies. ISS-Corporate's analysis is limited to bonds and loans.

³ Ibid.

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SCOPE OF WORK

Credito Emiliano S.p.A. ("the Issuer," "the Bank" or "Credem"⁴) commissioned ISS-Corporate to assist with its green, social and sustainability bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. Credem's Green, Social and Sustainability Bond Framework (as of April 30, 2025), benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG).
2. The eligibility criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate's proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of green, social and sustainability bonds with Credem's sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

⁴ "Credem" refers to Credito Emiliano Banking Group and Credemholding, as issuing entities under the Framework.

CREDEM OVERVIEW

Credito Emiliano SpA provides banking and financial services. It operates through the following business segments: Commercial Banking, Asset Management, Bancassurance, Finance, Treasury, and Corporate Center and Other. The Commercial Banking segment encompasses the corresponding segment of Credito Emiliano, as well as the financial statements of Credemleasing, Credemfactor, Credem Euromobiliare Private Banking, and Avvera. The Asset Management segment incorporates the financial statements of Euromobiliare Asset Management SGR, Credem Private Equity SGR, Credemtel, Euromobiliare Fiduciaria and Euromobiliare Advisory Sim. The Bancassurance segment is represented by Credemvita and Credemassicurazioni. The Finance segment is represented by Credito Emiliano, which includes management of the interest rate and exchange rate risk of the banking book, and investment portfolio e-trading activity. The Treasury segment includes the corresponding segment of Credito Emiliano, which was merged and includes Treasury activity. The Corporate Centre and Other segment includes, in relation to Credito Emiliano, all the centers where it carries out support activity for the Commercial Banking and Finance segments. Credem was founded in 1910 and is headquartered in Reggio Emilia, Italy.

Credem, operating parent company of Credito Emiliano Banking Group ("the Credem Group" or "the Group"), is controlled by Credito Emiliano Holding S.p.A, "Credemholding," a non-operating financial holding company, with a 79.82% stake in Credem. The proceeds of each green, social or sustainability bond issued from Credemholding will be allocated to the eligible assets booked on the balance sheet of any of the entities of the Credem Group, as the case may be. Credemholding currently acts as the Group's Issuer for subordinated issuances only. In case of an issuance, Credemholding will on-lend the proceeds of the notes to Credem under a subordinated bond, which will have the same characteristics of the bond issued by Credemholding and is intended to qualify on a standalone and consolidated basis of Credem.

ESG risks associated with the Issuer's industry

Credem is classified in the commercial banks and capital markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies⁵ in this industry are business ethics, labor standards and working conditions, sustainable investment criteria, customer and product responsibility, and sustainability impacts of lending and other financial services/products.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.



⁵ Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁶
Part I: Alignment with GBP, SBP and SBG	<p>The Issuer has defined a formal concept for its green, social and sustainability bonds regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the GBP, SBP and SBG.</p> <p><i>* The category Non-Profit Organizations — Companies Partly State-Owned is assessed as offering no demonstrable environmental or social benefits according to our methodology (see Part II of this report). However, as there are currently several national and international initiatives, and the definitions of “green” and “social” may vary by sector and geography, we acknowledge these categories may be considered eligible by some investors.</i></p>	Aligned*
Part II: Sustainability quality of the eligibility criteria	<p>The green, social and sustainability bonds will (re)finance the following eligible asset categories:</p> <p>Green categories: Pollution Prevention and Control, Renewable Energy, Clean Transportation, Green Buildings, Sustainable Management of Living Natural Resources and Land Use, Green Assets Backed by a State Mechanism.</p> <p>Social categories: Small Medium Enterprises Financing, Healthcare System, Non-Profit Organizations, Social Housing.</p> <p>Product and/or service-related use of proceeds categories⁷ individually contribute to one or more of the following SDGs:</p>	Positive

⁶ The evaluation is based on Credem’s Green, Social and Sustainability Bond Framework (April 30, 2025, version), and on the analyzed selection criteria as received on May 10, 2023.

⁷ Pollution Prevention and Control, Renewable Energy, Clean Transportation, Green Buildings, Energy Efficiency, Sustainable Management of Living Natural Resources and Land Use, Green Assets Backed by a State Mechanism, Socioeconomic Advancement and Empowerment, Healthcare System, Non-Profit Organizations, and Social Housing.

SPO SECTION	SUMMARY	EVALUATION ⁶
	 <p>Other use of proceeds categories improve the operational impacts of Credem's borrowers and mitigate potential externalities of their sectors on one or more of the following SDGs:</p>  <p>For the partly state-owned companies of non-profit organizations,⁸ there is no evidence of a social contribution.</p> <p>The environmental and social risks associated with the use of proceeds categories and the financial institution are managed.</p>	
Part III: Consistency of green, social and sustainability bonds with Credem's sustainability strategy	<p>The Issuer clearly describes the key sustainability objectives and the rationale for issuing green, social and sustainability bonds. The majority of the project categories considered align with the Issuer's sustainability objectives.</p>	Consistent with Issuer's sustainability strategy

⁸ Non-profit organizations: Loans to finance companies that are partially state-owned and dedicated to funding projects with a positive social impact in the following sectors: healthcare, environmental protection, education, art and recreation.

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GBP, SBP AND SBG⁹

This section evaluates the alignment of the Credem's Green, Social and Sustainability Bonds Framework (as of April 30, 2025) with the GBP, SBP and SBG.

GBP, SBP AND SBG	ALIGNMENT	OPINION
1. Use of proceeds	✓ *	<p>The use of proceeds description provided by Credem's Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The Issuer's green and social categories align with the project categories proposed by the GBP, SBP and SBG. Criteria are defined clearly and transparently. Disclosure of an allocation period and a commitment to report by project category have been provided, and environmental/social benefits are described.</p> <p>The Issuer defines exclusion criteria for harmful project categories, in line with best market practice.</p> <p><i>* The category Non-Profit Organizations — Companies Partly State-Owned¹⁰ is assessed as offering no demonstrable environmental or social benefits according to our methodology (see Part II of this report). However, as there are currently several national and international initiatives, and the definitions of "green" and "social" may vary by sector and geography, we acknowledge these categories may be considered eligible by some investors.</i></p>

⁹ The assessment remains unchanged and is based on the analysis delivered on May 10, 2023.

¹⁰ Non-profit organizations: Loans to finance companies that are partially state-owned and dedicated to funding projects with a positive social impact in the following sectors: healthcare, environmental protection, education, art and recreation.

GBP, SBP AND SBG	ALIGNMENT	OPINION
2. Process for project evaluation and selection	✓	<p>The process for project evaluation and selection described in Credem's Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The project selection process is defined and structured in a congruous manner, and the selected projects align with the Issuer's sustainability strategy.</p> <p>The Issuer transparently defines responsibilities within the process for project evaluation and selection, in line with best market practice. Furthermore, the Issuer identifies alignment between its Framework and green projects with official or market-wide taxonomies and references established green standards or certifications, also in line with best market practice.</p>
3. Management of proceeds	✓	<p>The management of proceeds described in Credem's Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects, without exceptions. These proceeds are tracked appropriately and attested to in a formal internal process. The net proceeds are managed on an aggregated basis for multiple green, social and sustainability bonds (portfolio approach). Furthermore, the Issuer discloses temporary investment instruments used for unallocated proceeds.</p> <p>The Issuer is committed to tracking collected proceeds via an internal information system and discloses ESG criteria, as well as the nature of any temporary investments, in accordance with best market practice.</p>
4. Reporting	✓	<p>The allocation and impact reporting proposed by Credem's Green, Social and Sustainability Bond Framework is aligned with the GBP, SBP and SBG.</p> <p>The Issuer commits to disclosing the allocation of proceeds transparently and reporting with</p>

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GBP, SBP AND SBG	ALIGNMENT	OPINION
		<p>appropriate frequency. This reporting will be publicly available on the Issuer's website. Credem outlines the level of expected reporting and the types of information to be reported. Furthermore, the Issuer commits to annual reporting until bond maturity.</p> <p>The Issuer is transparent regarding the level of impact reporting, the reported information, reporting frequency, scope, and duration, in line with best market practice.</p>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN, SOCIAL AND SUSTAINABILITY BONDS TO THE U.N. SDGs¹¹¹²

Financial institutions can contribute to the achievement of the SDGs by financing specific services/products that help address global sustainability challenges, and by being responsible actors, working to minimize negative externalities in their operations along the value chain. This section assesses the SDG impact of the use of proceeds (UoP) categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements to operational performance



1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG's SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Act, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:

Obstruction	No Net Impact	Contribution
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Each of the green, social and sustainability bonds' use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:








USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Pollution Prevention and Control <i>All separated collection and transport of non-hazardous waste if segregated at source: always eligible if is collected for reuse or recycling.</i>	Contribution	 

¹¹ The impact of the UoP categories on U.N. SDGs is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

¹² The assessment remains unchanged and is based on the analysis delivered on May 10, 2023.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Pollution Prevention and Control <i>Landfill gas capture and energetic utilization: methane leakage is controlled and landfill permanently closed and has not been opened after July 8, 2020.</i>	Contribution	 
Renewable Energy <i>Equipment, development, production, construction, operation, distribution of:</i> <ul style="list-style-type: none"> ▪ Wind, solar photovoltaic ▪ Geothermal energy (source eligible if life-cycle emission threshold below 100 gCO₂e/kWh) ▪ Concentrated solar power (facilities shall have no more than 15% of electricity generated from non-renewable sources) ▪ Hydropower (Exempted from life-cycle emission requirements if power density above 5 W/m² or if run-of-river plant without artificial reservoir (life-cycle emission requirement being an emission threshold below 100 gCO₂e/kWh). Only hydropower plants with a scale of power production below < 1,000 MW are eligible) ▪ Energy storage capacity from wind, solar photovoltaic, concentrated solar power, geothermal and hydropower 	Contribution	 



USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Clean Transportation</p> <ul style="list-style-type: none"> ▪ <i>Passenger interurban rail transport, road passenger transport, and freight rail transport (trains and passenger coaches have zero direct (tailpipe) CO₂ emissions, and trains and wagons are not dedicated to the transport of fossil fuels)</i> ▪ <i>Motorbikes, passenger cars and light commercial vehicles (For vehicles of category M1 and N1, both falling under the scope of Regulation (EC) No 715/2007: specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero. For vehicles of category L, the tailpipe CO₂ emissions equal to 0 gCO₂e/km calculated in accordance with the emission test laid down in Regulation (EU) 168/2013)</i> ▪ <i>Infrastructure required for zero direct emissions transport</i> ▪ <i>Infrastructure dedicated to public passenger transport: train stations, rails and rail-related infrastructures, bus stops, infrastructures related to metro and tramway in urban or suburban areas</i> ▪ <i>Infrastructure and equipment for active mobility (walking and cycling)</i> 	<p>Contribution</p>	 

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Buildings <i>The acquisition of new or existing residential or commercial buildings:</i> <ul style="list-style-type: none"> Built before Dec. 31, 2020, the building has an energy performance certificate Class A or above or <ul style="list-style-type: none"> Built before Dec. 31, 2020, the building is within the top 15% in Italy of the most carbon efficient buildings (kgCO₂e/m²)¹³ Construction and/or acquisition of buildings built after Dec. 31, 2020, the primary energy demand is at least 10% lower than the threshold set for nearly-zero energy building 	Contribution	 
Green Buildings¹⁴ <i>The acquisition of new or existing commercial buildings with the classifications:</i> <ul style="list-style-type: none"> LEED Gold or above BREAM Very Good or above HQE Excellent or above 	Contribution	  
Energy Efficiency <i>Acquisition of fiscal incentives dedicated to the improvement of energy efficiency for buildings introduced by Italian or other EU governments¹⁵</i>	Contribution	 

¹³ Analysis provided by [CRIF](#) to the real estate in Italy of the top 15% buildings in primary energy demand.

¹⁴ The review is limited to certifications spelled out in the Framework.

¹⁵ Example provided by Credem. Tax Credit Superbonus, Ecobonus and Sisma bonus: Superbonus and Ecobonus provide benefits for the implementation of specific actions aimed at energy efficiency (thermal insulation of external walls, replacement of winter air conditioning systems in common areas, replacement of winter air conditioning systems), and static consolidation or reduction of seismic risk of buildings. Eligible interventions also include (i) the installation of photovoltaic systems and (ii) electric vehicle charging infrastructure in buildings.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Sustainable Management of Living Natural Resources and Land Use¹⁶</p> <p><i>Financing of certified organic agriculture including activities related to Grana Padano and Parmigiano Reggiano production sector.</i></p> <p><i>Eligible certifications include any certification provided by a certified body of IFOAM (e.g., EU label, Agriculture Biologique, Demeter).</i></p> <p><i>Agricultural activities as well as practices and use of forests and forest land contributing to enhancing biodiversity, or halting or preventing the degradation of soils and other ecosystems, deforestation and habitat loss (agricultural certificates related to this eligible category: FSC, PEFC, IFOAM or Proterra).</i></p>	Contribution	
<p>Green Assets Backed by State Mechanism¹⁷</p> <p><i>SACE Green Guarantees (loans awarded by Credem with SACE guarantee to companies with the purpose of financing project finalized to support the following environmental objectives, as defined by the European and Italian regulation in terms of Green New Deal: climate change mitigation, adaptation to climate change, water and marine resource protection, circular economy, pollution prevention and reduction, and biodiversity and ecosystem protection and reactivation).</i></p>	Contribution	

¹⁶ The review is limited to certifications spelled out in the Framework.

¹⁷ For this category, the Issuer is relying on a local program — [SACE Green Guarantees](#) — designed to finance Italy's Green New Deal. To qualify for SACE intervention under the Green New Deal, projects must meet the parameters (eligibility criteria) outlined in the European Regulation and taxonomy. We have reviewed SACE's eligibility criteria and assessed them as generally contributing to the highlighted SDGs. However, it is important to note that (i) not all financed projects will contribute to all SDGs (e.g., solar projects will contribute to SDGs 7 and 13, while wastewater management will contribute to SDG 6); (ii) the criteria for some projects require more precise definition to be considered demonstrably beneficial to the environment according to our methodology (e.g., interventions ensuring the conservation, restoration and sustainable use of terrestrial freshwater ecosystems); and (iii) there is insufficient visibility regarding allocation amounts for projects lacking clear environmental benefits.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green Assets Backed by State Mechanism <i>Sabatini's Green Assets (assets financed by the Italian Minister of Economic Development that support the purchase (or acquisition in the case of financial leasing transactions) of machinery, plant and new equipment for productive use, with low impact environment, as part of programs aimed at improving the eco-sustainability of products and production processes). Limited to <u>micro, small and medium enterprises</u>.</i>	Contribution	
Socioeconomic Advancement and Empowerment <i>Loans granted to SMEs with the government guarantee assigned until June 30, 2022, to support client difficulties due to COVID-19.</i>	Contribution	
Socioeconomic Advancement and Empowerment <i>Loans to SMEs located in areas with a GDP per capita below national average or in areas impacted by natural disasters.</i>	Contribution	
Socioeconomic Advancement and Empowerment <i>Loans granted to SMEs run by women.</i>	Contribution	
Healthcare System <i>Financing of public health infrastructure including development, acquisition of buildings, facilities or equipment related to public hospitals.</i>	Contribution	
Healthcare System	Contribution	


USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<i>Financing¹⁸ of healthcare services including more generally to SMEs operating in the healthcare sector.</i>		
Non-Profit Organizations <i>Loans to finance companies partly state-owned dedicated to financing projects aiming at having a positive social impact in the following sectors: healthcare, environmental protection, schools, art and recreational activities.</i>	No Net Impact	
Non-Profit Organizations <i>Loans to finance non-profit organizations dedicated to financing projects aiming at having a positive social impact in the following sectors: healthcare, environmental protection, schools, art and recreational activities.</i>	Contribution	
Social Housing <i>Consap mortgage loans¹⁹</i>	Contribution	
Social Housing <i>Loans that promote accessibility to housing in Italy dedicated to individuals with an income below the national average per-capita annual income:</i> <ul style="list-style-type: none"> ▪ <i>First-time buyers that have a low annual income</i> ▪ <i>Self-employed that have low annual income</i> ▪ <i>Later life loans/lending into retirement that have low annual income</i> ▪ <i>Low-income beneficiaries</i> 	Contribution	

¹⁸ Financing is limited to SMEs.

¹⁹ [Consap](#) mortgages are based on a stated mechanism and include a level of revenue threshold for beneficiaries.

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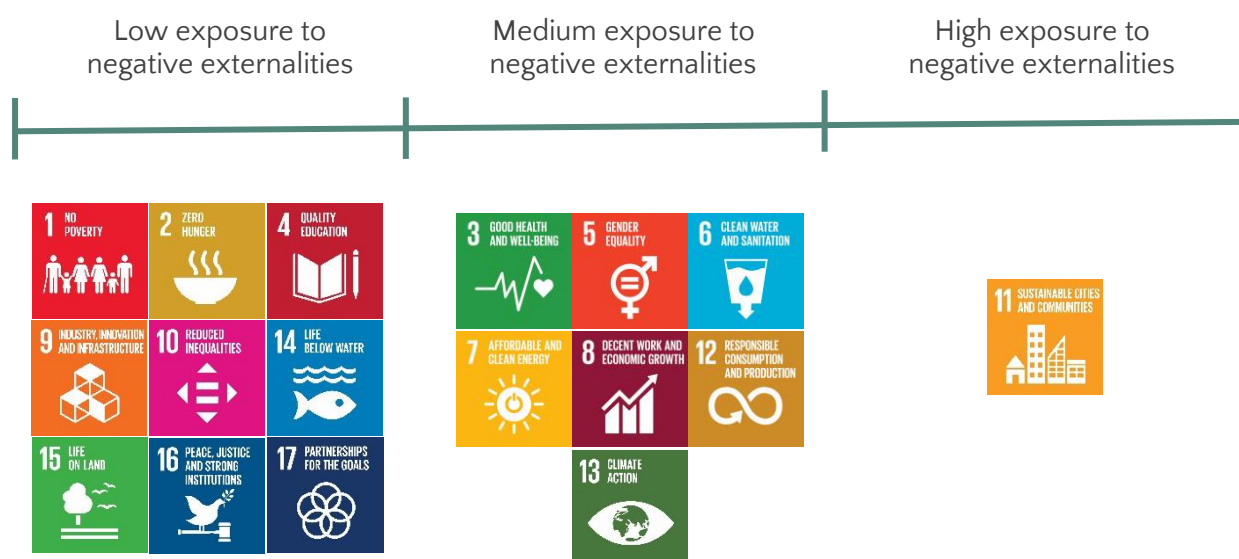
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USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Social Housing <i>Loans that promote accessibility to housing in Italy dedicated to individuals with an income below the national average per-capita annual income: First-time buyers that have a medium annual income.</i>	Contribution	


2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the real estate sector (which Credem finances) are the following:



The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ²⁰	SUSTAINABLE DEVELOPMENT GOALS
Green Building <i>Renovation measures consisting of installation, maintenance, repair of energy efficiency equipment, or of instruments and devices for measuring, regulation and controlling energy performance of buildings with an improvement of energy efficiency by 30% can be expected.</i>	✓	 

²⁰ Only the direction of change is displayed. The scale of improvement is not assessed.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. All the assets are and will be located in Italy.²¹

ASSESSMENT AGAINST KPIs

Integration of ESG guidelines into the financing process

Credem has integrated ESG risk considerations into all its processes, in accordance with its Sustainability Policy. Sectors, products and counterparties deemed highly exposed to ESG risks are excluded. For minor risks, the Issuer verifies appropriate risk management.

Credem collects ESG data, information and scores — including ESG Score, Environmental Score, Physical Risk Score and Transition Risk Score — for its loan portfolio through an external data provider. Climate and environmental risks — Environmental Score, Transition Score, GHG Scope 1 and Scope 2 emissions, and Acute and Chronic Physical Risk Scores — are incorporated into the risk assessment for all corporate clients, during both origination and monitoring. This process is formalized in Credem's [ESG Excerpt: Group Credit Policy](#).

A standardized list of ESG indicators is used to determine the degree of exposure to climate and environmental factors impacting the sustainability of counterparties and the credit portfolio for all corporate clients. Extended due diligence, including the collection of additional data and a mandatory questionnaire, is required for high-risk counterparties (as indicated by the external data provider's score) and for those operating in carbon-intensive industries. Furthermore, energy performance and physical risk exposure are integrated into collateral evaluation for both residential and commercial properties as part of the loan origination process.

Credem confirms that should an ESG-related controversy be identified after loan origination and inclusion within the eligible asset pool, the appropriate course of action, including potential exclusion from the eligible asset pool, will be assessed.

All other ESG risk due diligence activities and their governance are documented in the [Group Environmental, Social and Governance \(ESG\) Risk Management and Governance Guidelines](#). Credem conducts materiality assessments of the credit portfolio annually and integrates physical and transition risks into its Group Risk Appetite Framework and Internal Capital Adequacy Assessment Process.

²¹ We assess the E&S risk management system for projects and loans based on the applicable national regulations of their geographical location. For loans funded by proceeds generated under this Framework, Credem will only consider borrowers located in Italy — specifically, those with legal residence or a head office within the country. However, we acknowledge that borrowers may conduct operations outside of Italy. Given our expectation that a substantial portion of financed projects will be located in Italy, we will also utilize national legislation when assessing KPIs. Eligibility for the Green Buildings category is limited to properties within Italy.

Integration of ESG guidelines into the financing process for most sensitive sectors²² financed under the Framework

Integration of ESG guidelines into the financing process for forestry and agriculture

Only sustainable forestry recognized by FSC and PEFC certifications, in accordance with the Framework, will be eligible for financing or refinancing. Risks associated with forestry projects — such as the responsible use of fertilizers and pesticides, soil erosion, and reforestation with native species — are mitigated by FSC and PEFC standards. The PEFC also addresses risk management related to fire. However, the Issuer currently lacks internal guidelines for environmental and social risk assessment pertaining to lending and investment in forestry and agriculture projects.

Integration of ESG guidelines into the financing process for agriculture/agriculture (with animals)

The Issuer will finance and refinance only assets certified organic (EU Organic, Bio, IFOAM, Proterra). The EU Organic regulation encompasses a broad range of agricultural projects and related risks, including water resources, water contamination, soil erosion and fertility, and the responsible use of pesticides, herbicides, and fertilizers, as well as alternatives to these substances. It also addresses crop rotation and crop residue management. While the Proterra certification covers relevant topics such as water contamination and fertilizer use, Credem currently lacks internal guidelines for environmental and social risk assessment pertaining to lending and investment within the agriculture sector.

Labor, health and safety

All the financed assets will be located in Italy, where high labor, health and safety standards are ensured by both national legislation and mandatory EU social standards.



Additionally, Credem confirms its integration of principles and measures aligned with the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the International Labour Organization Principles and Rights into its [internal Code of Conduct](#) and [Code of Ethics](#). These were designed to protect its workforce, stakeholders and consumers/end users from human rights violations.

Biodiversity

²² The categorization of a sector as “most sensitive” follows an evaluation of the number of controversies prevalent in the context of the financing operations of a financial institution.

- ✓ All the financed assets will be located in Italy. Consequently, the Issuer ensures its environmental and social impacts are mitigated and reduced, as Italy is an Equator Principles Designated Country.

Credem confirms that a specific biodiversity risk assessment is conducted for companies and financial institutions within its loan portfolio. This assessment utilizes third-party data and categorizes exposures at both counterparty and real estate collateral levels. The implementation of a specific biodiversity policy is currently under consideration.

Inclusion

- ✓ The Issuer's Code of Conduct prohibits discrimination based on sex, race, language, personal and social conditions, and religious and political orientation. This Code of Conduct also applies to access to credit, ensuring that no one from the target population is excluded from accessing services.

Data protection and information security

- ✓ The Issuer has adopted an information security management model that defines objectives, organizational structure, and processes for governance, management and reporting on information security and cybersecurity. Regarding personal data protection, Credem has implemented a dedicated governance model and an internal regulatory framework that defines guidelines and assigns tasks and responsibilities for compliance management and the assessment of related risks. The Issuer confirms ongoing investment in the evolution of cybersecurity processes and measures to maintain effective defenses and adequate reaction capabilities in the event of any IT security incident, in compliance with the EU Digital Operational Resilience Act. Furthermore, training and awareness initiatives are in place for employees and customers, contributing to the prevention of service interruption, data loss, illicit or incorrect data usage, and unauthorized access.

While the Issuer is not ISO27001 certified, with the exception of its subsidiary CREDEMTEL SpA., it has integrated ISO27001 and other security certificate requirements, as dictated by applicable sector-specific regulations (e.g., card payments industry standards), into its information security management system. The Issuer is considering pursuing the ISO27001 certification process in the coming years.

An IT Audit unit, established within the Internal Audit function, regularly verifies compliance with internal IT security and data protection protocols.

Credem has adopted an Information Security Group Policy, which also applies to IT outsourcing. All contractual relationships with third-party IT providers are preceded by a due diligence process involving Credem's Security Governance

Function, Cyber Security Operations Function, and the Data Protection Function, each contributing within their respective areas of expertise. Contractual agreements with external providers include a mandatory attachment defining general and operational IT security rules.

Further relevant corporate documents include the Data Protection Group Policy, the related personal data protection operations manual, and the Code of Ethics.

The Issuer has also stated that it has taken steps to adapt its processes to comply with the European GDPR.

Responsible treatment of customers with debt repayment problems

The Issuer maintains specific risk monitoring controls. Activation is based on early warning indicators that identify potential default events and trigger the development of appropriate control actions regarding the customer. The sales network participates in training activities to proactively manage potential customer financial difficulties. The Issuer offers debt renegotiation or restructuring options to clients experiencing repayment issues. These measures are offered without detrimental conditions — including no increased interest rates, no special commissions, and no requirement to sell collateral below market value. Furthermore, Credem ensures all alternative solutions are considered before initiating foreclosure as a last resort.



Network Relationship Managers and central office managers provide advisory support regarding customer needs and debt situations. Clients may also seek assistance from consumer associations, which can liaise directly with the Bank to identify optimal resolutions. Additionally, clients have access to Mediation or Assisted Conciliation Bodies in Italy for out-of-court dispute resolution.

All customer documentation and information is provided with clarity and transparency. While there are no specific internal guidelines regarding the use of small print, loan rejection reasons are consistently communicated. For private loans, a formal rejection letter detailing the rationale is provided. For corporate loans, while a standard rejection letter is not automatically generated, clients can request further explanation from their relationship manager. Credem also provides publicly accessible educational content on its website to support clients' financial understanding.²³

Sales practices



The issuer maintains Transparency Provisions to ensure sales personnel do not prioritize their own interests or those of the intermediary to the detriment of customers regarding potential commissions. These provisions include:

²³ Including [e-learning for people under 30](#) and [webinars](#).

anchoring to quantitative and qualitative criteria; prohibiting incentives to offer specific products, categories or combinations of products unsuitable for the client's financial objectives and needs, or that entail higher costs than equally appropriate, consistent and useful alternatives; appropriately balancing fixed remuneration components; and implementing correction mechanisms that permit reduction or elimination of compensation in cases of conduct causing or contributing to significant customer harm or substantial breaches of the Transparency Provisions. Sales personnel have access to product information sheets detailing cost characteristics, target market, sales and after-sales procedures, including sales restrictions. The Issuer continuously monitors the sales process by gathering feedback and improvement proposals from customers and sales personnel, which are discussed in the Customer Experience Committee and the Commercial Complaints and Inefficiencies Meeting. Outcomes are disseminated internally, including to control functions, and actions are taken to address identified gaps.

Responsible marketing



The Issuer, as stated in its Code of Conduct, is committed to transparency concerning risks associated with its products, the economic conditions of the products/services offered (including a breakdown of expenses and tax charges), and the provision of necessary assistance to improve the use and understanding of its products/services, as well as those marketed by the bank on behalf of third parties. Furthermore, the Issuer maintains internal [guidelines and policies](#) to ensure compliance with the Bank of Italy's "Disposizioni sulla trasparenza delle operazioni e dei servizi bancari e finanziari, correttezza delle relazioni tra intermediari e clienti." Documentation provided under these guidelines includes information on the intermediary, the characteristics and typical risks of the operation or service, a comprehensive list of the economic conditions, and the contractual clauses concerning rights, such as the right of withdrawal for both the customer and the intermediary ("Fogli informativi"). All documentation and information provided to customers is designed to be clear and transparent. The Issuer has also developed internal guidelines, "Linee Guida per realizzare messaggi pubblicitari," which are intended to be followed when developing advertising and promotional content.

The Issuer's internal Transparency Risk Management Policy defines the guidelines to which the Group must adhere in order to monitor banking transparency risk, in accordance with the regulatory provisions of Legislative Decree 385/1993 (TUB) and the Bank of Italy regarding the "Transparency of banking and financial transactions and services."

When a loan application is denied, the relationship manager receives the reasons for the rejection. For private loans, a rejection letter, including the

rationale for denial, is also sent to the client. While a rejection letter is not automatically generated for corporate loans, the client may consult with the relationship manager for further information regarding the reasons for the rejection.

Exclusion criteria

Group-wide policies prohibit involvement in speculative derivatives on food commodities and non-conventional weapons. For the purpose of the Green, Social and Sustainability Bond Framework, further sectors are excluded. Specifically, any investment directly related to fossil fuels, **nuclear energy generation**, and the armament sector is ineligible for green loans. In 2024, Credem extended its exclusion list to include coal, anthracite and lignite mining, for which a dedicated blacklist is active. SMEs associated with the alcohol, animal maltreatment, armament, gambling, fossil fuel and tobacco sectors are excluded from eligible social loans.

Additionally, the Issuer prohibits conducting business with: individuals and entities included on official counter-terrorism lists issued by the U.N., EU or OFAC, or on external lists of undesirable persons maintained by Credem or Group Companies; countries presenting a high risk of money laundering and terrorist financing, and/or posing challenges and high costs for conducting sufficient due diligence to identify counterparties and classify goods under commercial transactions, considering geopolitical context; trust companies, trusts, and anonymous companies or those controlled through bearer shares located in high-risk third countries as identified by the European Commission; “shell banks”; and entities for which customer due diligence obligations cannot be met, except where abstention is legally required, the transaction’s nature necessitates immediate execution, or abstention would impede investigation.

Lastly, the sale of products and services lacking required approval processes, including anti-money laundering risk assessments, and the opening or maintenance of anonymous or numbered accounts and deposits under fictitious names are also prohibited.

PART III: CONSISTENCY OF GREEN, SOCIAL AND SUSTAINABILITY BONDS WITH CREDEM'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
Strategic ESG topics	For its sustainability strategy, the Issuer focuses on social, environmental, governance and net-zero topics. These topics were identified through context and regulatory analysis, as well as stakeholder engagement. Subsequently, a Group analysis and double materiality assessments were conducted.
ESG goals/targets	<p>To achieve its strategic ESG objectives, the Issuer has established a number of short-term,²⁴ medium-term and long-term targets, including the following.</p> <p>Social objectives (by 2030):</p> <ul style="list-style-type: none"> ▪ Maintain additional types of leave for employees, exceeding legal obligations (six types²⁵ in addition to the eight already provided by the national collective labor agreement)²⁶ ▪ Increase the number of students involved in financial education activities in partnership with Fondazione per l'Educazione Finanziaria e al Risparmio²⁷ to 6,000 ▪ Increase incentives for agile work across the entire workforce to 86%²⁸ ▪ Achieve a total of 700 hires, prioritizing younger generations ▪ Implement two diversity and inclusion policies, including through dedicated certifications (both certifications are focused on gender equality) ▪ Increase the number of individuals benefiting from at least one ESG course over the year to 30% of the workforce

²⁴ Short-term targets are financing-related and do not directly address strategic ESG topics. They can be found on Page 9 of the Sustainability Bond Framework.

²⁵ Credem committed to add six additional types of leave for its employees: caregiver, accompanying family members to medical appointments, vaccination of children, paternity, prenatal courses, and death of in-laws

²⁶ The National Collective Labor Agreement lists the following types of leave: blood donation, medical specialist visits, marriage leave, birth of a child, study reasons, serious illness, death of spouse, Law 104/92, and children with special education needs.

²⁷ Fondazione per l'Educazione Finanziaria e al Risparmio is a non-profit organization established by the Italian Banking Association to promote financial education and foster informed economic citizenship. The foundation pursues socially beneficial objectives by developing and disseminating financial and economic knowledge.

²⁸ Approximately 85% of employees have signed the agreement for agile/flexible working arrangements. However, only 76% utilized remote working and part-time options in 2024. Credem's goal is to increase the proportion of personnel who effectively utilize these arrangements.

TOPIC	ISSUER APPROACH
	<ul style="list-style-type: none"> ▪ Ensure at least two health prevention campaigns for the entire workforce ▪ Increase the share of e-learning training relative to total training delivered to 80% ▪ Achieve a customer satisfaction level of 83% with the service provided. <p>Environmental objectives (by 2030):</p> <ul style="list-style-type: none"> ▪ Achieve a reduction of internal energy consumption for buildings of 17.8% ▪ Maintain 100% compensation of Scope 1 and 2 emissions through certified carbon credits (100% in 2025) ▪ Reduce direct GHG emissions (Scope 1) from internal company activities (heating and company vehicles) by 12% ▪ Reduce indirect GHG emissions (Scope 2) resulting from purchased electricity generation, district heating, and district cooling by 22% ▪ Reduce indirect emissions (Scope 3) related to paper consumption by 34% <p>Governance objectives (by 2030):</p> <ul style="list-style-type: none"> ▪ Extend ESG induction to administrative and control bodies, top management, and ESG liaisons of the Group ▪ Extend ESG objectives to all relevant personnel, Group companies, and commercial networks ▪ Increase stakeholder engagement on ESG issues by 25% ▪ Increase supplier evaluation according to ESG criteria by 100% <p>Net-zero objectives:</p> <ul style="list-style-type: none"> ▪ In the power sector, reduce weighted carbon intensity by 76% for Power Generation by 2030, and by 100% by 2040 ▪ In the oil and gas sector, reduce weighted carbon intensity by 25% by 2030, and by 69% by 2040. <p>These ESG goals are verified quarterly and reported to the Sustainability Committee and the board of directors, and they are disclosed in Credem's annual sustainability report.</p>
Action plan	<p>No specific action plan has been disclosed to achieve the ESG targets. Credem explained that this is because the targets have straightforward actions needed for their achievement, as detailed</p>

TOPIC	ISSUER APPROACH
	<p>within the targets themselves. However, target monitoring is supported by specific tools, including spreadsheets, reports and dashboards, to ensure interactive data visualizations and business intelligence functionalities with a graphical interface. Should a reasonable uncertainty arise regarding meeting the targets by the relevant deadline, a follow-up process is activated. This process aims to identify appropriate corrective actions based on the target type and the relevant internal and external context, and includes scheduling dedicated meetings with the responsible stakeholders.</p>
Climate transition strategy	<p>The Issuer maintains a short-, medium- and long-term climate change strategy.</p> <p>The Issuer has committed to reducing its carbon footprint to zero with respect to residual Scope 1 and Scope 2 CO₂ emissions by 2025 and has developed a roadmap to achieve this goal, with intermediate targets for 2023 (which were achieved) and additional goals for 2030. Beginning in 2025, 100% of Scope 1 and 2 residual CO₂ emissions will be offset via carbon credits (afforestation projects).</p> <p>Regarding Scope 3 CO₂ emissions, in 2024, the Issuer calculated its total emissions, refining its data collection and acquisition across all 15 Scope 3 categories.</p> <p>Regarding financed emissions, in line with its Net-Zero Banking Alliance membership, Credem committed to aligning the institution's lending and investment portfolios with net-zero scenarios by 2050, with intermediate targets by 2030.</p>
Sustainability reporting	<p>The Issuer reports on its ESG performance and initiatives annually in its Sustainability Report, which includes updates on its Net-Zero Banking Alliance goals. Furthermore, the Issuer publishes its Non-Financial Disclosure (compiled based on the GRI standard) annually and, starting in 2025, will publish its Consolidated Sustainability Report annually, drafted in line with the CSRD requirements.</p>
Industry associations, collective commitments	<p>The Issuer has been a member of the Net-Zero Banking Alliance since the beginning of 2024. Furthermore, in 2023, Credem partnered with the European Investment Fund (EIF) under InvestEU. In 2024, Credem obtained, for the second consecutive year, PDR UNI 125:2022 certification, issued by Bureau Veritas, for gender equality.</p>
Previous sustainable or sustainability-	<p>In December 2021, Credem published its first Green, Social and Sustainability Bond Framework, which it updated annually (May 2022, 2023, 2024 and 2025)</p>

TOPIC	ISSUER APPROACH
linked issuances or transactions and publication of sustainable financing framework	<p>In January 2022, Credem issued a green bond with a total value of EUR 600 million and published its initial Green, Social and Sustainability Bond Reporting in May 2022.</p> <p>In July 2022, Credem issued a social bond with a total value of EUR 200 million.</p> <p>In May 2023, Credem published its second GSS Bond Reporting.</p> <p>Throughout 2023, following the publication of the second report, Credem issued a green bond with a total value of EUR 400 million and three social bonds with a total value of EUR 745 million.</p> <p>In January 2024, Credem issued a social bond for EUR 500 million and published its third update to the GSS Bond Reporting in May 2024.</p>

Rationale for issuance

Credem's Green, Social and Sustainability Bond Framework enhances transparency regarding Credem's financing activities, fosters relationships with long-term investors, and cultivates internal synergies across departments on sustainability matters.

The 2023 update to the Issuer's Green, Social and Sustainability Bond Framework reflects recent market developments, particularly within the regulatory landscape. In this update, Credem considered the substantial contribution criteria of the EU taxonomy to refine the eligibility criteria for the use of proceeds categories. This revision also includes the addition of new use of proceeds categories, such as social housing, and eligible products, such as tax incentives established by state mechanisms. Conversely, the 2024 and 2025 updates are directly linked to the evolution of the Issuer's sustainability strategy.

Opinion: *The Issuer clearly describes its key sustainability objectives and the rationale for issuing green, social and sustainability bonds. The majority of the financed project categories align with the Issuer's sustainability objectives.*

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Credem commissioned ISS-Corporate to compile a green, social and sustainability bond SPO. The second-party opinion process includes verifying whether the Green, Social and Sustainability Bond Framework aligns with the GBP, SBP and SBG, and assessing the sustainability credentials of its green, social and sustainability bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)
- Social Bond Principles, ICMA, June 2023 (with June 2023 Appendix 1)
- Sustainability Bond Guidelines, ICMA, June 2021

ISSUER'S RESPONSIBILITY

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

- Green, Social, and Sustainability Bond Framework
- Eligibility criteria
- Documentation of ESG risk management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, 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 second-party opinion of the green, social and sustainability bonds to be issued by Credem has been conducted based on proprietary methodology and in line with the GBP, SBP and SBG.

The engagement with Credem took place from March to May 2023.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate 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 SPO

Companies turn to ISS-Corporate 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.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For more information on SPO services, please contact SPOsales@iss-corporate.com.

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