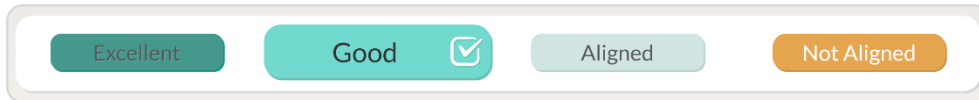




Propensio Finance

Second-Party Opinion – Sustainable Finance Framework



Pillar	Alignment	Key Drivers
Use of Proceeds	Good	<ul style="list-style-type: none"> The uses of proceeds include both green and social categories. Sustainable Fitch positively assesses the green uses of proceeds dedicated to financing small-scale renewable energy installations and energy-efficiency retrofits. In the preliminary allocation, Propensio expects 95% of the pool to finance green products. In the social categories, we positively evaluate financing of medical equipment for vulnerable target populations including elderly and disabled people.
Use of Proceeds – Other Information	Good	<ul style="list-style-type: none"> The issuer clearly defines a lookback period of 18 months and defines its approach to controversial projects in internal policies such as the underwriting policy and the product governance policy.
Evaluation and Selection	Good	<ul style="list-style-type: none"> The evaluation and selection process is clearly outlined, and the issuer has set up a dedicated ESG committee, which is responsible for the compliance with the defined eligibility criteria.
Management of Proceeds	Good	<ul style="list-style-type: none"> The issuer will track its proceeds through an internal system, which is in line with the requirements set out by the ICMA, and the LMA, LSTA and APLMA. The ESG committee quarterly reviews the allocation, and the loans that cease to meet the eligibility criteria are removed from the portfolio.
Reporting and Transparency	Good	<ul style="list-style-type: none"> We consider the reporting commitments to be good, with annual allocation and impact reporting. The issuer will report on its entire portfolio of outstanding securities and will detail allocation and impact based on eligible categories. The issuer intends to receive verification of allocation but not of impact reporting.

Relevant UN Sustainable Development Goals



Framework Type	Sustainability
Alignment	<ul style="list-style-type: none"> ✓ Green Bond Principles 2021 (ICMA) ✓ Social Bond Principles 2023 (ICMA) ✓ Sustainability Bond Guidelines 2021 (ICMA) ✓ Green Loan Principles 2023 (LMA/LSTA/APLMA) ✓ Social Loan Principles 2023 (LMA/LSTA/APLMA)
Date assigned	21 December 2023
See Appendix B for definitions.	

Analysts

Lea Gamsjäger
+34 93 492 9521
lea.gamsjager@sustainablefitch.com

Saskia Ruys
+44 203 530 1494
Saskia.ruys@sustainablefitch.com

Media Contact

Isobel Burke
+44 20 3530 1499
isobel.burke@thefitchgroup.com

Use of Proceeds Summary

Green	Renewable energy Energy efficiency
Social	Affordable basic infrastructure

Source: Propensio Finance sustainable finance framework

Framework Highlights

Sustainable Fitch considers transactions under Propensio Finance’s (Propensio) sustainable finance framework to be aligned with the ICMA Green Bond Principles 2021, Social Bond Principles 2023, and Sustainability Bond Guidelines 2021, as well as the LMA, LSTA and APLMA Green Loan Principles 2023 and Social Loan Principles 2023. The sustainable finance framework clearly details the processes for evaluation and selection, and management of proceeds, and provides satisfactory reporting commitments. We consider the products financed under the framework aligned with the ICMA recommendations.

The analysed framework is Propensio’s first sustainable finance framework and was developed to attract various types of funding for loans. The framework combines green and social criteria, on base of which Propensio can issue green and social debt instruments, as well as sustainability debt instruments.

Propensio offers financing at source, which is directly connected to individual suppliers. This allows for bond proceeds to be tracked to specific products financed. Securities issued under the framework can finance 10 different products with an environmental or social remit. The products include equipment aimed at increasing energy efficiency of homes, such as heat pumps and renewable energy installations, as well as accessibility equipment, such as stairlifts and hearing aids.

The ICMA recommends that eligible projects are clearly described in the legal documentation for a transaction. We have only reviewed the sustainable finance framework for this Second-Party Opinion and have not reviewed any transaction-related legal documents or marketing materials; however, the framework provides the description of the projects.

Source: Sustainable Fitch, company information

Entity Highlights

Propensio is a specialised lender providing consumer point-of-sale financing in the areas of leisure and home improvements. The company was founded in 2010 and currently has 21 employees. Propensio lends to prime and non-prime borrowers in the UK, with loans ranging from GBP1,000 to GBP150,000. Propensio is majority owned by Quilam Capital.

Propensio works directly with the providers of goods and provides consumer financing in the areas of home improvements, energy and renewables, accessibility, and leisure. Around a third of the business is dedicated to the financing of the leisure portfolio, which includes among others UK holiday homes, static caravans, and lodges.

Due to its size, the company does not currently have a sustainability function. However, a variety of products in the financed portfolio have positive environmental or social impacts. On a corporate level, Propensio places high importance on cyber resilience, and has provided transparent information on the use of decision engines for credit decisions. Propensio also supports local organisations, including the Bluebell Wood Children’s Hospice and the Sheffield Football Club.

From a governance perspective, Propensio has a robust policy framework in place, which supports fair dealings with customers and effective risk management and complaints handling. The policies cover material areas in the supply chain including suppliers, loan underwriters and lenders. The internal policies also ensure that customers are fairly treated in a complaints process and with regard to debt collection.

Financing-at-source and buy-now-pay-later loans can be associated with high interest rates, targeting customers who might already be under financial strain, especially those with a low

credit profile. In order to limit the debt burden for customers, Propensio has put effective processes in place to ensure affordability to customers.

Source: Sustainable Fitch, company information



Use of Proceeds – Eligible Projects

Alignment: Good

Company Material

Sustainable Fitch’s View

Renewable energy

- Financing and/or expenditures relating to solar PV installations.
- Financing and/or expenditures relating to establishment of renewable energy storage capacity.
- Examples of projects include renewable energy generation from solar power, renewable energy generation from air source heat pumps, and battery storage.

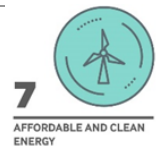
- We expect this category to be aligned with the renewable energy category of the ICMA Green Bond Principles and the LMA, LSTA and APLMA Green Loan Principles.
- Propensio has confirmed that financing is limited to the listed green products in the introduction to the framework, which includes small-scale solar installations, as well as energy-efficient heat pumps and battery storage.
- Major taxonomies, such as the EU taxonomy, do not set thresholds for alignment with the technical screening criteria (TSC) for projects pertaining to solar energy generation. We consider solar PV projects as best market practice and aligned with the EU taxonomy’s TSC for substantial contribution to climate change mitigation.
- We positively assess the contribution of this category to UN Sustainable Development Goal (SDG) 7 (affordable and clean energy) by increasing the share of renewable energy in the energy mix as well as providing access to financing of these installations for individuals.



Energy efficiency

- Retrofits for residential buildings: including foam insulation of roofs and heat loss reduction, replacement of boilers, and energy-efficient windows and doors.
- Retrofit of existing buildings to improve overall building stock.

- We expect this category to be aligned with the energy efficiency category of the ICMA Green Bond Principles and the LMA, LSTA and APLMA Green Loan Principles.
- According to the 2021 UK Green Building Council carbon roadmap, 25% of the country’s GHG emissions can be attributed to the built environment. We view retrofits and building upgrades as very positive, as they help prevent embodied carbon emissions when compared to the new construction of buildings.
- The projects financed under this category improve building efficiency and thereby reduce overall resource consumption, contributing to climate change mitigation. We find that the financing of this category positively contributes to SDG 7.
- The framework includes the category of green buildings, although the issuer has confirmed that no buildings are financed under the framework. We do not consider any of the described uses of proceeds related to green buildings to be in line with the ICMA Green Bond Principles, as this category generally applies to the financing of whole buildings or major renovations (resulting in a 30% energy performance improvement compared to pre-renovation state) and the framework does not set out eligibility criteria or thresholds relating to whole buildings.
- We do not have transparency over which activities are financed within the eligibility criteria of “retrofit of existing buildings to improve overall building stock”.




Affordable basic infrastructure

- This category includes financing of riser and/or recliner chairs, adjustable and/or orthopaedic beds, stair and access lifts, accessible bathrooms and hearing aids.
- The target populations include:
 - aging populations and vulnerable youth;
 - populations underserved, owing to a lack of quality access to essential goods and services; and

- We expect this category to be aligned with the ICMA Social Bond Principles’ and the LMA, LSTA and APLMA Social Loan Principles.
- Propensio has confirmed that financing under the framework is limited to the “social products” listed in the introduction to the framework.
- The healthcare equipment that can be financed, by nature, is developed for vulnerable target groups such as elderly and disabled individuals. We find these loans to contribute to





<p>– individuals with disabilities.</p>	<p>SDGs 3 (good health and well-being) and 10 (reduced inequalities); however, we see these types of financing as more suited to fall within the “access to essential services” ICMA category.</p> <ul style="list-style-type: none"> • The issuer intends to only finance the social products listed in the introduction; however, the use of proceeds (UoP) section does not clearly outline the eligibility criteria for this category. It mentions some target populations; however, they are not defined in detail. The issuer confirmed that it does not define or target specific groups, as customers are identified by the suppliers depending on the type of good provided. 	
<p>Source: Propensio Finance sustainable finance framework</p>	<p>Source: Sustainable Fitch</p>	

Use of Proceeds – Other Information

Company Material

- Propensio pays the whole of the net proceeds from each green, social and sustainability debt issuance under the framework directly to the supplier of products and/or services being funded by the loans, in accordance with the UoP criteria and the process for project evaluation and selection.
- All relevant eligible green assets and/or eligible social assets are subject to Propensio's environmental and social risk policies. In addition, all eligible green assets and/or eligible social assets must not finance any business activity in the following excluded sectors, otherwise they shall be excluded from the eligible portfolio: leisure (i.e. static caravans).
- A lookback period of up to 18 months prior to the respective issuance will be applied.

Source: Propensio Finance sustainable finance framework

Alignment: Good

Sustainable Fitch's View

- No information is currently available on the expected share of new versus existing projects; however, Propensio has committed to providing this information in its reporting. We consider disclosures of this information, as well as the lookback period for loans of 18 months, as positive and meeting the recommendations set out by the ICMA, and the LMA, LSTA and APLMA.
- The framework defines some exclusion criteria and a ban on controversial projects. The issuer excludes any financing falling under its "leisure" segment, such as static caravans, and confirms that no fossil-fuel-related activities, products, or technologies will be financed. Furthermore, all financing must be in line with the underwriting policy. The policy is not available publicly, but was reviewed by us.
- The ICMA principles also recommend providing complementary information on how the issuer identifies and manages environmental and social risks. Propensio highlights that all eligible assets are subject to its environmental and social risk policies. Some social aspects are reflected in the issuer's overarching policies such as the underwriting policy; however, we could not identify any dedicated environmental or social risk policies.
- We view positively that the underwriting policy outlines that suppliers of renewable energy products must be Energy Performance Validation Scheme certified.
- Due to the nature of the business, we positively highlight that the proceeds are allocated directly to suppliers and the respective eligible sustainable assets. As such, the entity can assess the environmental and social quality of the financed assets on a case-by-case basis.

Source: Sustainable Fitch

Evaluation and Selection

Company Material

- The evaluation and selection process will be conducted by Propensio's ESG committee, to ensure that the net proceeds of the green, social and sustainability debt instrument issued under the framework will be used to originate loans that meet the eligible financing criteria, and hence contribute to the advancement of the SDGs identified.
- The ESG committee is made up of key stakeholders to ensure that business decisions at the board level integrate environmental and social considerations.
- The ESG committee meets quarterly and is responsible for:
 - review and approval of the framework and any future amendments;
 - selection and approval of proposed assets for inclusion in the eligible portfolio;
 - management of the eligible portfolio over the lifetime of the assets to ensure the proceeds align to the eligible financing criteria;
 - preparation, verification and publication of the annual allocation and impact reporting; and
 - addressing any ESG controversies related to a specific asset and determining if they need to be removed from the eligible portfolio.
- The ESG committee will assess, on a case-by-case basis, each potential eligible green or social asset and confirm whether any refinancing loans are appropriate before including them in the eligible asset portfolio.

Source: Propensio Finance sustainable finance framework

Alignment: Good

Sustainable Fitch's View

- As required by the ICMA Green Bond Principles and Social Bond Principles, Propensio clearly outlines the process for evaluation and selection of eligible projects.
- We positively evaluate that the issuer has set up a dedicated ESG committee, consisting of various relevant stakeholders, over which the CEO holds the highest responsibility. The committee is responsible for selecting and approving the assets, and as such the process is single layered.
- There is limited transparency over which positions and individuals are represented in the ESG committee. This additional information would help understand whether the selection process has the relevant checks and balances in place.
- The committee does not include representatives from a sustainability function, as no such position currently exists in the organisation. This is not a requirement of the ICMA and the LMA, LSTA and APLMA; however, might entail that the relevant skills to assess environmental and social impact of products are not represented.
- The issuer has robust governance in place and some material social elements are incorporated into the company's policy framework. The company outlines clear affordability criteria and details a robust approach to customers in arrears, and a forbearance policy.
- The issuer has a vulnerable customers policy in place, which however was not available to us.

Source: Sustainable Fitch



Management of Proceeds

Alignment: Good

Company Material

Sustainable Fitch's View

- Propensio pays the whole of the net proceeds from each green, social and sustainability debt issuance under the framework directly to the supplier of products and/or services being funded by the loans, in accordance with the UoP criteria and the process for project evaluation and selection.
- Propensio's internal accounting and financial management and information systems will contain relevant information defined in the sustainable finance framework.
- After issuance of the sustainable debt instrument, net proceeds will be managed on a portfolio basis. As long as there are sustainable debt instruments outstanding, Propensio will intend to exclusively allocate an amount equivalent to, or in excess of, the net proceeds of the instrument to an eligible portfolio.
- In line with internal monitoring of the eligible portfolio, the ESG committee will review and approve allocation of proceeds from the issue of the green, social or sustainability debt instrument under the framework to eligible loans on a quarterly basis, as required.
- If a loan no longer meets the eligible financing criteria, Propensio will remove the loan from the eligible portfolio and aim to replace it with another eligible loan as soon as reasonably practicable.
- Unallocated proceeds will be held at Propensio's discretion in cash or short-term liquid investments until additional eligible loans are available.

- The issuer tracks the proceeds by flagging eligible projects in its internal IT systems. We consider this in line with the ICMA and the LMA, LSTA and APLMA requirements. The issuer ensures that internal systems include a range of information such as transaction details, as well as a description of the estimated environmental and social product.
- The issuer confirms that it will intend to hold a portfolio of eligible loans which meets or exceeds the amount of issued sustainable securities.
- The allocation of proceeds is monitored by the responsible Propensio team on a portfolio basis. We positively value that the ESG committee will review the included projects on a quarterly basis. Any loans, which no longer meet the eligibility criteria, will be removed from the eligible loan portfolio and replaced by eligible loans. This provides assurance to investors that all loans will remain in line with the framework.
- Unallocated proceeds are held in line with the issuer's regular liquidity management. Providing this information is aligned with the requirements set out by the ICMA and the LMA, LSTA and APLMA.
- The issuer may engage an independent third party to provide a limited assurance on the management of proceeds. This would provide transparency to investors and would be aligned to the recommendations of the ICMA and the LMA, LSTA and APLMA.

Source: Propensio Finance sustainable finance framework

Source: Sustainable Fitch

Reporting and Transparency

Alignment: Good

Company Material

Sustainable Fitch's View

- Propensio will make and keep readily available reporting covering the allocation of net proceeds to the eligible portfolio and, wherever feasible, reporting on the impact of the eligible portfolio, at least at a category level. Reporting will take place within a year following the issuance and will be renewed annually until full allocation of sustainable finance net proceeds.
- Propensio intends to provide aggregated reporting for all its sustainable financing and other potential sustainable finance outstanding.
- On a best-effort basis, Propensio will aim to align its reporting with the approach described in the "(Green Bond Principles) Harmonised Framework for Impact Reporting (June 2022)" and "(Social Bond Principles) Harmonised Framework for Impact Reporting for Social Bonds (June 2022)".
- Propensio may request an independent third party to produce, on an annual basis, starting one year after the issuance and until maturity of the green, social and sustainability financing instruments issued under the framework, a limited assurance report on the allocation of the proceeds.

- The issuer has fully committed to report on the allocation of proceeds at least annually, until full allocation.
- The issuer will provide allocation reporting on an aggregated basis for all sustainable finance issuances with a breakdown by financed category. This limits the ability for investors to track the allocation of individual debt instruments. The ICMA and the LMA, LSTA and APLMA principles require allocation reporting on a project-by-project basis; however, recognise barriers such as confidentiality agreements or a large number of underlying projects, and in these instances consider aggregated reporting aligned.
- The issuer has committed to providing impact reporting on a portfolio basis at least annually. The reported impact is calculated in-house. The issuer does not clearly disclose the methodology for the calculation of some impact metrics such as avoided emissions.
- The issuer intends to align with the latest versions of the Harmonised Framework for Impact Reporting frameworks as developed by the ICMA. We view that this can increase transparency and comparability for investors; however, the social impact indicators are not fully aligned with the suggestions. The social impact metrics are output-based and include the number and volume of loans, whereas recommendations are based on broader and longer-term outcomes such as individuals benefitted, or measurable impact generated.
- The issuer intends to annually request external verification of allocation reporting by a technical consultant. There is no obligation to obtain verification under the ICMA principles; however, it recognises the benefit from external assurance and, therefore, obtaining verification of the allocation and impact reporting would align Propensio to the ICMA's recommendations.

Source: Propensio Finance sustainable finance framework

Source: Sustainable Fitch



UoP – Examples of Projects

Renewable energy	Renewable energy generation from solar power Renewable energy generation from air source heat pumps Battery storage
Energy efficiency	Sprayed foam insulation Energy-efficient boiler upgrade Energy-efficient windows and doors (A+)
Affordable basic infrastructure	Riser and/or recliner chairs Adjustable and/or orthopaedic beds Stair and access lifts Accessible bathrooms (i.e. walk-in baths) Hearing aids

Source: Propensio sustainable finance framework



Relevant UN Sustainable Development Goals

- **3.8:** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.



- **10.2:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Sustainability	
Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes
Independent External Review Provider	
Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n/a
1) Use of Proceeds	
Use of Proceeds as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	No
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	No
Sustainable water and wastewater management	No
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	No
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n/a
Use of Proceeds as per Social Bond Principles (SBP)	
Affordable basic infrastructure	Yes
Access to essential services	No
Affordable housing	No
Employment generation (through SME financing and microfinancing)	No
Food security	No
Socioeconomic advancement and empowerment	No
Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP	No
Other	n/a
Target Populations	
Living below the poverty line	No
Excluded and/or marginalised populations and /or communities	No
People with disabilities	Yes
Migrants and/or displaced persons	No
Undereducated	No
Underserved, owing to a lack of quality access to essential goods and services	Yes
Unemployed and/or workers affected by climate transition	No
Women and/or sexual and gender minorities	No
Aging populations and vulnerable youth	Yes

Type of Instrument: Sustainability

Other vulnerable groups, including as a result of natural disasters, climate change, and/or climate transition projects that cause or exacerbate socioeconomic inequity	No
Other	n/a

2) Project Evaluation & Selection

Evaluation & Selection

Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	No
Summary criteria for project evaluation and selection publicly available	Yes
Other	n/a

Evaluation & Selection/Responsibility & Accountability

Evaluation/selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n/a

3) Management of Proceeds

Tracking of Proceeds

Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n/a

Additional Disclosure

Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n/a

4) Reporting

UoP Reporting

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	No
Other	n/a

UoP Reporting/Information Reported

Allocated amounts	Yes
Sustainability bond-financed share of total investment	No
Other	n/a

UoP Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n/a

Type of Instrument: Sustainability

Impact Reporting

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	No
Other	n/a

Impact Reporting/Information Reported (exp. ex-post)

GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	No
Number of beneficiaries	No
Target populations	Yes
Other ESG indicators	Number of loans provided

Impact Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n/a

Means of Disclosure

Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	n/a

Source: Sustainable Fitch, ICMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.

Standards



Term	Definition
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer’s green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, “alignment” should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

ESG Framework	
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

SOLICITATION STATUS

The Second Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

A Sustainable Fitch ESG Analytical Product (ESG Product) provides an assessment of the Environmental, Social and/or Governance ("E", "S" and "G") qualities of an issuer and/or its securities. ESG Products provided by Sustainable Fitch include an ESG Entity Rating, ESG Framework Rating, ESG Instrument Rating, ESG Scores and ESG Second-Party Opinion, among other ESG analytical products. An ESG Product is not a credit rating. ESG Products are provided by Sustainable Fitch, a Fitch Solutions company, and an affiliate of Fitch Ratings. Sustainable Fitch has established certain policies and procedures intended to avoid creating conflicts of interest and compromising the independence or integrity of Fitch Ratings' credit rating activities and Sustainable Fitch's ESG Product generation activities. For a description of the methodology, limitations and disclaimers relating to Sustainable Fitch's ESG Products, please use this link: www.sustainablefitch.com.

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