

Second Party Opinion Report¹ On Pensium Direct, S.L.'s Social Financing Framework

February 2022



Evaluation Summary

European Quality Assurance Spain S.L. carried out the evaluation on the Social Financing Framework of Pensium Direct, S.L., February 2022, to verify its alignment with the Social Bond Principles of the International Capital Market Association, June 2021 version and the Social Loan Principles of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association, April 2021 version.

European Quality Assurance Spain S.L., believes that the Social Financing Framework of Pensium Direct, S.L., February 2022, is aligned with the four main components of the International Capital Market Association's Social Bond Principles, 2021 version; and the Social Loan Principles of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association, April 2021 version:

USE OF PROCEEDS

Pensium Direct, S.L. has defined the eligible category, access to essential services, which is aligned with those recognized by the Social Bond Principles and the Social Loan Principles. Likewise, it has defined the type of eligible project, the nature of the expenses, the eligibility criteria, and the social objectives, which are consistent with its sustainability strategy. In the same way, it has established the expected social benefits, which are relevant, clear, and measurable. Finally, Pensium Direct, S.L. has established that the proceeds will be used for financing and/or refinancing, defining for the latter a maximum retroactive period of 36 months.

PROJECT EVALUATION AND SELECTION

The Project Evaluation and Selection process established by Pensium Direct, S.L. is clearly defined and structured. The eligibility criteria have been clearly defined. Likewise, the governance structure that will manage the process has been defined, in this case, the financial and real estate management associated with the type of eligible project, is subcontracted through the company Pensium, S.L. and Insto Servicios Inmobiliarios, S.L.U.² The social and environmental risk management process and tools associated with the eligible project category are defined in the Social Financing Framework.

MANAGEMENT OF PROCEEDS

The process for managing and allocating proceeds is clearly defined and structured. Likewise, the process will oversee the risk, treasury, administration, and finance areas of Pensium S.L. and, consequently, Pensium Direct, S.L. Pensium Direct, S.L., performs the functions of financial vehicle that channels funds from multiple investors to the beneficiaries of the operations of the Pensium Program. Proceeds will be allocated according to eligible project requirements. Pensium Direct, S.L. has established that it will adequately monitor the allocation of proceeds to eligible credit operations, on an annual basis.

REPORTING

Pensium Direct, S.L. has committed to report, one year after the issuance and annually until the total allocation of proceeds, investors on the allocation of proceeds to eligible credit operations and the social impact of these. The reports will be made annually if the debt remains alive with investors and will be published and shared with investors.

The allocation report will be verified annually by an independent external reviewer.

About the Issuer

- Issuer: Pensium Direct, S.L.
- Issuer Location: Spain

About the verifier

- Verifier: European Quality Assurance Spain S.L.
- Contact: calidad@eqa.es

About Pensium Direct, S.L.'s Social Financing Framework

- **Social Project Category:**
Access to essential services
- **Eligible Projects:**
Financing of care needs of dependent persons
- **Sustainable Development Goals:**



Evaluation Date

February 25, 2022

Table of Contents

1. Introduction
2. Scope
3. Methodology
4. Responsibilities
5. Independence & Quality Assurance
6. EQA's Conclusion
7. About the Issuer
8. Detailed results on the Framework and its alignment with the ICMA Social Bond Principles and the Social Loan Principles of the LMA, APLMA and LSTA.
 - 8.1. Use of Proceeds
 - 8.2. Process for Project Evaluation and Selection
 - 8.3. Management of Proceeds
 - 8.4. Reporting
9. Disclaimer

¹ This opinion should be considered as described "Second Party Opinion" in:

- Guidelines for External Reviews, February 2021:
<https://www.icmagroup.org/assets/documents/Sustainable-finance/Guidelines-for-GreenSocialSustainability-and-Sustainability-Linked-Bonds-External-Reviews-February-2021-170221.pdf>
- Voluntary Process Guidelines for Issuing Social Bonds, June 2021, edited by International Capital Market Association (www.icmagroup.org)

² Grupo Pensium is made up of four companies: the parent company Pensium, S.L. and the subsidiaries Pensium Direct, S.L. (the Issuer), Insto Servicios Inmobiliarios, S.L.U. and Pensium teGuia, S.L.U.

Pensium, S.L., is a Real Estate Credit Intermediary, registered in the Registry of the Bank of Spain with the code D037. Provides Pensium Direct, S.L. the services of: 1) analysis and administration of the credits formalized by Pensium Direct, S.L.; 2) financial management of the vehicle company Pensium Direct, S.L.; 3) marketing; (4) beneficiary analysis; 5) reporting to the Bank of Spain and 6) real estate management of operations. In turn, Pensium, S.L., directly and indirectly, operates through its other subsidiary Insto Servicios Inmobiliarios, S.L.

1. Introduction

Pensium Direct, S.L. (hereinafter, the Issuer)³, is a company whose activity is to provide a comprehensive solution to elderly people, dependents, who have a home in property and need to supplement their income to meet the care expenses, whether they require to pay the cost of a place in a private residence or care at home. The beneficiary will grant a lease of the house to the Issuer for its exploitation on a rental basis for a variable time, without losing the right of ownership over the real estate, and without putting a mortgage on the property.

It is a formula that the Issuer has developed as a financial-real estate figure recognized as a real right that can be registered in the City and Land Registry. This model allows the beneficiary to have access to the necessary income to cover their welfare expenses, maintaining the ownership of their property, through a legal mechanism of explicit waiver by the Issuer of the right of realization of the value (real estate) that could entail the real right. Likewise, the Issuer provides the beneficiary of the credit with the complementary services to manage the exploitation of the property by rental, for example, counsel, adaptation of the housing, management of the lease, among others.

The Issuer, is a financial vehicle that obtains financing, through long-term contributions from investors or other sources such as the issuance of debt or financial indebtedness and channels these funds to the beneficiaries through the granting of credits, instrumented before a notary, with the guarantee of the assignment of possession, never the ownership of their properties so that they can be exploited on a rental basis, during the contractually agreed term.

The Issuer has prepared a Social Financing Framework, dated february 2022 (hereinafter, the Framework) to issue social bonds and loans that allow it to finance and/or refinance, all, or part, of the proceeds that the Issuer allocates to the eligible category, which coincides with the development of its activity. The social objective pursued by the Framework is: to provide an integral solution to a specific target audience, such as elderly people (generally) and dependents, facilitating the periodic economic income that allows them to meet the payment of their assistance expenses during an agreed time.

2. Scope

European Quality Assurance Spain S.L. (hereinafter, EQA) was commissioned to provide a second-party opinion (hereinafter, SPO), with a limited level of assurance⁴, on the Social Financing Framework (hereinafter, the Framework),⁵ prepared by Pensium Direct, S.L., dated february 2022; and its alignment with the Principles of Social Bonds⁵ (hereinafter, SBP) of the International Capital Market Association (hereinafter, ICMA), version June 2021; and with the Principles of Social Loans⁶ (hereinafter, SLP) of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association (hereinafter, LMA, APLMA and LSTA), April 2021 version.

EQA has carried out the evaluation of the Framework to analyze its alignment with the four main components of the ICMA SBPs and the LMA, APLMA and LSTA SLPs; as well as the commitments associated with the aforementioned components:

- Use of Proceeds
- Process of Evaluation and Selection of Projects
- Management of Proceeds
- Reporting

³ The Issuer is a company regulated by the Bank of Spain as a Real Estate Lender, with the code D036.

⁴ Working procedures under a limited assurance level aim to provide a certain level of confidence on whether or not the information evaluated contains significant errors. Working procedures with a limited level of assurance are less rigorous compared to reasonable assurance.

⁵ ICMA Group: Social Bond Principles: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf>

⁶ LMA, APLMA and LSTA: Social Loan Principles https://www.lma.eu.com/application/files/1816/1829/9975/Social_Loan_Principles.pdf

EQA has also evaluated the alignment and/or social contribution of eligible credit operations to the United Nations Sustainable Development Goals⁷ (hereinafter, SDGs).

Our assessment has been carried out from 4 October 2021 to 15 February 2022.

3. Methodology

EQA has carried out the revision of the Framework in accordance with its own evaluation methodology, based in turn on the best practices contained in the International Standard for Assurance Assignments other than the Audit or the Review of Historical Financial Information ISAE 3000; the requirements contained in the International Standard UNE-EN ISO/IEC 17029 "Conformity assessment: General principles and requirements for validation and verification bodies"; and voluntary alignments of ICMA's SBP, June 2021 version, as well as of the LMA's SLP, APLMA and LSTA, version April 2021.

EQA's opinion is based on the assessment of the following documentation:

- The Social Financing Framework, prepared by Pensium Direct, S.L., in february 2022.
- Internal documentation of Pensium Direct, S.L.
- Internal documentation related to eligible credit operations.

The procedures carried out are based on the professional judgment of the experts who have participated in the evaluation process and include consultations, evaluation of documentation, analytical procedures, and sample review tests that, in general, are described below:

- Evaluation of the Framework prepared by the Issuer.
- Evaluation of documentation and processes of the Issuer.
- Interviews and consultations, via teleconference (videoconference), with the Issuer's personnel responsible for preparing the Framework, managing eligible credit operations, and involved in the issuance of social bonds and loans.
- Application of questionnaires to the Issuer's staff responsible for preparing the Framework.
- Interviews with the Issuer's management personnel, via teleconference (videoconference), to understand the impact of sustainability on the business, use, management and monitoring of proceeds; and the reporting commitments established in the Framework.
- Collection and evaluation of appropriate and sufficient evidence.
- Search and compilation of public information of the Issuer, through public sources.

4. Responsibilities

Responsibility of the Issuer

The Issuer is responsible for the preparation, content, and presentation of the Framework. This responsibility includes the design, implementation, adaptation, processes and monitoring of internal control as deemed necessary to enable the Framework to be aligned with ICMA's SBP and with the LMA, APLMA and LSTA's SLP. Likewise, the Issuer is responsible for delivering all the necessary documentation to carry out our assignment, and that the information is free of material errors.

Consequently, the accuracy, completeness and reliability of the information provided and collected is the responsibility of the Issuer.

⁷ UN: Sustainable Development Goals: <https://www.un.org/sustainabledevelopment/>

The Issuer is also responsible for the information and statements contained in the Social Financing Framework, for the definition of objectives regarding the use and allocation of proceeds from social bonds and loans, and for the proper establishment and maintenance of the control and management systems from which the information contained in the Framework is obtained.

EQA's Responsibility

EQA's responsibility is limited to expressing its opinion on the Framework, a document prepared by the Issuer, and its alignment with ICMA's SBP, June 2021 version, as well as LMA, APLMA and LSTA's SLP, April 2021 version. This, depending on the procedures performed and the evidence obtained.

EQA is not responsible, and will not be liable, if any of the opinions, findings or conclusions set forth in this report are incorrect due to incorrect or incomplete data provided by the Issuer.

5. Independence and Quality Control

As a verification and certification entity, EQA maintains a management system in place to ensure impartiality, objectivity, and technical competence both in the management of the entity and in its verification activities. EQA is accredited for certification, inspection, and verification, in accordance with ISO 17021, ISO 17065, ISO 17020 and ISO 14065 standards. In this verification process EQA has applied the requirements described in ISO 17029.

The EQA evaluation team has complied with the requirements of independence, impartiality, and other ethical requirements, basing its actions on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality, and professional behavior.

The EQA evaluation team has exercised professional judgment and maintained professional skepticism throughout the verification, in accordance with the provisions set forth by the ISAE 3000 Standard.

6. EQA's Conclusion

In compliance with the commitment assumed, EQA believes that the Social Financing Framework, prepared by Pensium Direct, S.L., of february 2022, is aligned with the four main components of the Social Bond Principles of the International Capital Market Association, June 2021 version; and the Social Loan Principles of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association, April 2021 version.

EQA considers that the Social Financing Framework of february 2022 of Pensium Direct, S.L. is robust, transparent, and consistent with the business model of Pensium Direct, S.L. In addition, the Framework is likely to contribute to the advancement of United Nations' Sustainable Development Goals 1 and 17.



Ignacio Martínez
Managing Director EQA

7. About the Issuer

The corporate structure of the Pensium Group is made up of the following companies: the parent company Pensium, S.L. and the subsidiaries Pensium Direct, S.L. (the Issuer), Insto Real Estate Services, S.L.U. and Pensium teGuia, S.L.U.

Pensium Direct, S.L. sustainability

The Issuer has a business model focused on providing a solution to a social problem, since its activity is to provide a comprehensive solution to elderly people, dependents, who own a property and need to supplement their income to meet expenses assistance.

Likewise, the Issuer has developed a Sustainability Policy, which is applicable to all the companies of the Pensium Group. This policy reflects the Group's commitment to integrating social, environmental, and corporate governance issues into its business model.

Additionally, EQA highlights some aspects of the Issuer's business model for being particularly aligned with the social objective of the Framework. In this sense, the Issuer has made modifications to its founding deeds to incorporate environmental and social aspects, because of which Pensium S.L. is a company certified as Benefit Corporation B Corp™, since 2018, and its last certification was obtained in september 2021. Due to this certification, both Pensium S.L. and the Issuer made the following modifications to their founding deeds:

- 1) Modification of article 2º of the Social Bylaws in relation to the corporate purpose. In the sense of adding the following paragraph: "In the performance of the corporate purpose, the Company will ensure the generation of a positive social impact for society, the people linked to it and the environment".
- 2) Modification of article 15º of the Social Bylaws in relation to administrators. In the sense of adding the following paragraph: "in the performance of their duties, administrators must consider in their decisions and actions the effects of said decisions or actions with respect to the interests of: (i) the partners; (ii) the employees of the Company and its subsidiaries; (iii) customers, suppliers and other parties directly or indirectly linked to the Company, such as the community where the Company operates directly or indirectly. Likewise, they must ensure the protection of the local and global environment and the interests of the Company in the short and long term".

8. Detailed results about the Framework and its alignment with ICMA's Social Bond Principles and with the LMA, APLMA and LSTA's Social Loan Principles

The Issuer has described in the Framework the main components of ICMA's SBP and of the LMA, APLMA and LSTA's SLP. The Issuer has agreed to make the Framework and this SPO public on its website, in accordance with good market practices.

The Framework's Social Objective

The Issuer establishes its Social Objective in the Framework, which is consistent with its business model.

- Provide a comprehensive solution for elderly people (as a general rule), dependents (with degree of dependency II or III accredited administratively; Barthel test; or through medical report) who need to supplement their income to meet the care expenses that require, through the periodic income of the finalist economic contributions that allow them to meet the payment of care expenses (payment of residence or career staff) during an agreed time.

8.1. Use of Proceeds



- The Issuer has adequately described the use of proceeds in the Framework. The net proceeds obtained from the issuance of bonds and social loans under the Framework will be used solely and exclusively to finance and/or refinance, in whole or in part, credit operations for elderly people (generally), in a situation of dependency, grade II and grade III, which require economic proceeds to pay for the assistance services that their situation entails.
- The Issuer has communicated in a transparent manner that the maximum retroactive refinancing period will never exceed 36 months, from the date of issuance of the social bonds and loans issued under the Evaluation Framework.
- The types of financial instruments covered by this Framework are long-term participating loans and collateralized bonds.
- The credit operations that the Issuer grants to the beneficiaries and which must meet the eligibility criteria established in the Framework, will be financed and/or refinanced through new and/or existing participating loans, or through collateralized bonds, which, according to information provided by the Issuer, will be issued by a securitization fund which is in the process of being set up.
- The Issuer has clearly established in the Framework the eligibility criteria and the nature of the expenses.
- The Issuer has established in the Framework the eligible social category, the type of eligible project, the social objective of the Framework, the social benefits, and the target population. This as detailed in Table 1 of this document.
- The social objective pursued by the Framework has been clearly defined and is relevant and consistent with the business model and with the Issuer's Sustainability Policy.
- Social benefits are clear, relevant, and measurable.
- The Issuer has detailed in the Framework the alignment and/or contribution of the type of eligible project to the SDGs. This as detailed in Table 2 of this document.

Table 1. EQA Analysis about the use of proceeds:

Eligible Social Category	Eligible Project	Project Description and Target Population	Social Objectives	Social Benefits	EQA Opinion
<p>Access to essential services</p>	<p>Financing of care needs for dependent persons</p>	<ul style="list-style-type: none"> ▪ The resources obtained under the Framework will be used exclusively to finance and/or refinance credit operations granted to the beneficiaries, these operations will provide a monthly amount, up to twice the monthly rent that can contribute the property of which the beneficiary has transferred the right of exploitation, amount that, together with the pension and some public aid to the dependency that the beneficiary can receive, it will be able to meet the costs arising from the situation of dependence of the beneficiary. ▪ The target population, in general, are people over 70 years of age, dependents with recognized degree of dependence II and III (or determined by Barthel Test or medical reports that prove equivalent situation) who require permanent regular assistance. Additionally, there are special situations, duly typified, that do not meet the criterion of age or the justification of the degree of dependence, but also require care. ▪ Finally, the beneficiaries must have a home in property and need to supplement their income to meet the assistance expenses they require. 	<ul style="list-style-type: none"> ▪ Provide a comprehensive solution to elderly people (as a general rule), dependents (with degree of dependence II or III administratively accredited; Barthel test; or through a medical report) who need to supplement their income to meet the care expenses they require, through the periodic income of the finalist economic contributions that allow them to meet the payment of care expenses (payment of the residence or care staff) during an agreed time. 	<ul style="list-style-type: none"> ▪ Provide a solution to dependents who cannot afford the cost of a residence. ▪ Provide access capacity to a private residence while waiting to access a public square. ▪ Facilitate access to complementary or higher quality care services. ▪ Improvement of the quality of life of the beneficiary and his family environment once the beneficiary has the necessary assistance. 	<ul style="list-style-type: none"> ▪ Clearly defined and detailed type of eligible project. ▪ Nature of expenses and eligibility criteria defined and communicated. ▪ Relevant social objective and consistent with the Issuer's business model and its Sustainability Policy. ▪ Clearly identified, relevant and measurable social benefits.

Table 2. Alignment with the SDG

The Issuer has estimated that the eligible social category and the type of eligible project, are aligned with two of the United Nations Sustainable Development Goals. Consequently, it is likely to contribute to SDG 1 and SDG 17:

Eligible Social Category	Eligible Project	SDG	SGD Goals
Access to essential services	Financing of care needs of dependent persons		Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
			Target 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

EQA's Conclusion

- The Issuer has defined the use of proceeds, establishing the eligible social category, access to essential services (financing, in this case), which is aligned with the categories recognized by ICMA's SBP and by the LMA, APLMA and LSTA's SLP.
- The Issuer has defined the type of eligible project, specifying its alignment with the Sustainable Development Goals and their corresponding goals.
- The Issuer has transparently communicated that the maximum retroactive refinancing period will never exceed 36 months, from the date of issuance of the social bonds and loans issued under the Evaluation Framework. This is in accordance with the best market practices.
- The expected social benefits are clear, relevant, and measurable.
- The target population is defined and detailed for the type of eligible project.



8.2. Project Evaluation and Selection Process

8.2.1. Project Evaluation and Selection Process.

The Issuer has established the Project Evaluation and Selection Process in the Framework.

The Issuer, through Financial Servicing and Real Estate Servicing contracts, subcontracts Pensium S.L., which is responsible, among other things, for the analysis and administration of the loans formalized by the Issuer. Pensium S.L., through its Risk Committee, is responsible for evaluating credit operations and ensuring their alignment with the criteria for the use of funds.

The Issuer has provided a document called "Risk framework for the approval of ResiRent and Pensium Operations financed by Social Bonds" where the evaluation and analysis carried out by the Risk Committee is explained. For each operation, the conditions of the estimated amortization period, rental amount, legal/patrimonial situation of the property, rentability of the property and evaluation of the beneficiary's dependency situation are studied. Each operation resolved by the Risk Committee is recorded in a written record.

The geographical scope of the type of eligible project is currently Spain, with the possibility of expanding this scope in future phases of growth/internationalization.

8.2.2. Governance for the Project Evaluation and Selection Process

The Issuer has established the governance, and the areas that comprise it, responsible for evaluating, selecting, and monitoring the credit operations to be granted to the beneficiaries. The process is detailed below:

Phase I: The Issuer delegates the approval of eligible credit operations to Pensium, S.L.

Phase II: Pensium, S.L., has established a risk mechanism, in which the operation and compliance with the eligibility criteria are evaluated, as well as the approval of the operation.

- Pensium, S.L., has established a Risk Committee responsible for the approval of the loan.
- All credit operations financed and/or refinanced with the proceeds obtained by the Issuer through Loans and Social Bonds will be submitted to the study and approval of the Risk Committee that will verify that they meet the eligibility criteria.
- For the marketing, management, administration, monitoring and control of the credit operations granted by the Issuer and the fulfillment of all the obligations it assumes before its stakeholders, it has the support of Pensium, S.L. and Insto Servicios Inmobiliarios, SLU.

The verification and traceability of the Project Evaluation and Selection Process is ensured, since the Issuer states that all decisions taken in relation to credit operations will be duly documented in the minutes of the Risk Committee.

8.2.3. Eligibility Criteria

The Issuer has defined in the Framework the eligibility criteria that must be met by credit operations eligible to be financed and/or refinanced with proceeds obtained from the issuance of bonds and social loans. The eligibility criteria are relevant to the social objective pursued by the Framework, which is why the Issuer has determined in the Framework the essential axis to be observed in the process of selection and evaluation of projects:

- **Social category:** Access to essential services.
- **Type of eligible project:** It must be aligned with the business model to help alleviate a problem that affects a vulnerable part of the population.
- **Beneficiary Profile:**
 - Elderly people, in general terms, men and women over 70 years of age.
 - With a degree of dependence justified by any of the following documents:
 - Documentation of assessment of degree of dependence II or III of the beneficiaries.
 - Document accrediting a professional of the social and/or health system that informs of the application for admission to a residential center or the situation of dependence of the beneficiary.
 - In the absence of documentation of the beneficiary, only the information provided at the time of the interview by the reference relative, will apply the Barthel index, being accepted a person older than or equal to 75 years and Barthel index 0-35.
 - The following situations are also admitted, which prove care in residence or home (without grade II or III recognized), without minimum age: Whose duration of the operation is limited to a maximum of 5 years; whose provisions do not require planned indebtedness > 30% of the expected net rent; or that have medical reports that support a situation of effective dependence equivalent to grade II or III.
 - That they have a house in property free of occupation.
- **Legal status of the property.**
 - That the dwelling on which the real right granted to the Issuer for the exploitation in rental regime is going to be constituted until the total recovery of the credit, is unoccupied and free of registration charges.
- **Rentableness of the property**
 - The house must be in a town and area that offers an expectation of recurrent long-term profitability, through residential rental contracts subject to the Urban Leases Law. The Issuer does not make in any case temporary, tourist/holiday rentals, or companies.

Likewise, the Issuer has established that it will not finance and/or refinance with proceeds obtained from bonds and social loans issued under the Framework, projects that do not have the sole and exclusive purpose of financing or refinancing credit operations to people in situations of dependency, grade II and grade III, who require economic resources for the payment of assistance services.

Identification and management of ESG risks

The Issuer has an analysis exercise of Strategic Risks of the Group, which contemplates environmental and social risks, this in line with its business model. The actions respond to the principle of sustainability, economic efficiency and governance management, and their social and environmental issues.



Environmental Management

- Given the Issuer's business model and the objectives set out in the Framework, the environmental dimension is of low impact for eligible credit operations.
- The Issuer contributes with its activity to the national objective of renovating more than 23 million properties by 2050 improving their qualities⁸.
- On the other hand, the Issuer maintains commitments to develop all its activity in an environmentally friendly way, prioritizing the use of computer means and recycling its waste materials.

EQA believes that the Issuer could contribute to the improvement of the energy rating of buildings through:

- Collection and analysis of energy performance certificate ratings of the properties you rent: THE EU Minimum Energy Performance Standards (MEPS) are a system for requiring the renovation of buildings with the worst energy performance. These standards state that residential buildings must be renovated and have at least an F rating by 2030, and at least an E rating by 2033⁹. This fact, in some cases, could influence the reforms proposed by the Issuer in the properties of the beneficiaries for rent, making them more energy efficient. With this opportunity for improvement, the Issuer is expected to improve its monitoring and data collection to manage environmental risks appropriately.
- Likewise, the study of Component 2: Housing Rehabilitation and Urban Regeneration Plan, of the Transformation and Resilience Recovery Plan, of June 16, 2021, is recommended¹⁰. This component has as one of its main objectives, the promotion of the rehabilitation of the built park in Spain. As a specific objective, it seeks to achieve energy rehabilitation rates significantly higher than the current ones that allow to advance the fulfillment of the rehabilitation objectives contemplated in the Integrated National Energy and Climate Plan (PNIEC, by its Spanish initials) and in the Long-term Strategy for Energetic Rehabilitation in the Sector of Edification in Spain (ERESEE, by its Spanish initials). The proper management and implementation of this information would have an enormous weight in the way environmental risks are managed and the contribution to their mitigation by the Issuer.

Social Management

- The type of eligible project has Social Management Plans in which programs and measures of a social nature are formulated and executed to prevent, mitigate, correct, or compensate for the possible risks or impacts associated with credit operations. Such as informing all stakeholders of the criteria of responsible and sustainable management applicable to the Issuer or seeking accreditation as Benefit Corporation B CorpTM.
- The Issuer has a call center service, which is channeled through insurers, advising the dependency, called Pensium teGuia; this is a subsidiary company of the Pensium Group, in which social workers in each autonomous community fully advise the person who requires it to know types of aid, organizations to go to, etc.

⁸ Plan España 2050, regarding the housing sector we find it within the 6th challenge: "Promote a balanced, fair and sustainable territorial development": https://www.lamoncloa.gob.es/presidente/actividades/Documents/2021/200521-Estrategia_Espana_2050.pdf

⁹ Questions and Answers on the revision of the Energy Performance of Buildings Directive: https://ec.europa.eu/commission/presscorner/detail/en/QANDA_21_6686

¹⁰ Plan de Recuperación, Transformación y Resiliencia, Componente 2: Plan de rehabilitación de vivienda y regeneración urbana: <https://www.lamoncloa.gob.es/temas/fondos-recuperacion/Documents/16062021-Componente2.pdf>



- The Issuer undertakes to respect Human Rights through its practices with stakeholders. The credit operations of the Issuer in favor of the beneficiaries are destined to the contracting of professional care, which promotes the sector of service of caregivers for dependent persons. On the other hand, the incorporation of housing into the rental market helps to maintain an equilibrium in this market. Additionally, for eligible credit operations to which a housing reform must be made, local companies where the house is located are contracted for it.
 - Reduction of Inequalities: The Pensium program makes it easier for elderly people with dependency and limited resources to access private assistance, in a residential center or in another property.
- Regarding health and safety at work, the Issuer has systems in Management of Safety and Health at Work, complying with Spanish legislation (Ley 31/1995 and other applicable regulations).
- The Issuer encourages public-private collaboration in the promotion and implementation of the type of eligible project, this through the local community where it operates. Currently, the Issuer, through Pensium S.L., maintains a public-private partnership with the following municipalities:
 - Barcelona City Council: through the "Friendly Financing of Residences" program¹¹
 - Madrid City Council: through the "Pensium" project¹²
- One of the most noteworthy characteristics of the credit granted by the Issuer is the guarantee on the property assigned to exploit it on a rental basis and thereby satisfy the repayment of accrued interest and the borrowed capital. The beneficiary constitutes a real right of antichresis in favor of the Issuer. In the public deed granting the credit, the Issuer expressly waives any other means of collecting the debt and expressly urges the execution of the property for the recovery of the debt generated and its interest.

EQA proposes to the Issuer as an opportunity for legal improvement, to include in the deeds of the antichretic credits, about the figure of the antichresis, which is commented below: It is not found in the Deed, a waiver that expressly mentions the second paragraph of the Art. 1884 of the Civil Code in relation to the execution and sale of the property in case of non-payment, but rather generic waivers of execution, without going into detail about the essential consequence of said waiver and its interpretation.

We recommend, for a greater guarantee, to explain what is supposedly meant in the Deed, by means of a formula that indicates the non-application of the provisions of the second paragraph of Art. 1884 of the Spanish Civil Code in relation to the impossibility of execution and subsequent sale –judicial or extrajudicial– of the property affected by the antichretic credit.

¹¹ Financiación amigable de residencias para las personas mayores: <https://ajuntament.barcelona.cat/personesgrans/es/canal/financament-amigable-de-residencies-les-persones-grans-pensium>

¹² Collaboration agreement with the Madrid City Council:

<https://www.madrid.es/UnidadesDescentralizadas/Mayores/Descriptivos/ficheros/Convenio%20de%20colaboraci%C3%B3n%20entre%20el%20Ayuntamiento%20de%20Madrid%20y%20PENSIMUM%20SL.pdf>

Annexes:

<https://www.madrid.es/UnidadesDescentralizadas/Mayores/Descriptivos/ficheros/Anexos%20del%20Convenio%20de%20colaboraci%C3%B3n%20entre%20el%20Ayuntamiento%20de%20Madrid%20y%20PENSIMUM%20SL.pdf>

Corporate Governance Management

- The Issuer and the eligible credit operations have certain material internal policies and codes, to highlight the Code of Ethics¹³ of the Pensium Group; which contain the guidelines for responsible, honest and transparent behavior that complies with the law and institutional policies, covering the mitigation of risks related to fraud and corruption, among others.
- The issuer has a Criminal Compliance program¹⁴ and a Risk Map by department/area and activity, which highlights the four main policies to be followed:
 - I. Policy of use of ICT resources and prevention of the crime of discovery and disclosure of secrets.
 - II. Policy Prevention of Money Laundering and Financing of Terrorism.
 - III. Anti-Corruption Policy.
 - IV. Crime prevention policy against the Public Treasury and Social Security.

The policies listed have been approved by the Issuer's management bodies and the Group companies.

- All group policies must be approved by its Board of Directors, a body that will also be responsible for the periodic supervision of compliance, establishing a minimum periodicity of once a year.

EQA's Conclusion

- The Project Evaluation and Selection Process has been clearly defined by the Issuer in the Framework, establishing different criteria. The process is considered well structured. Likewise, the responsibilities are clear, and in line with the experience of the areas that are involved in the process.
- The Issuer has clearly defined in the Framework the eligibility criteria for selecting projects, indicating that it will not include projects that do not fit those criteria.
- With regards to the management of environmental and social risks potentially associated with eligible credit operations, the Issuer has detailed in the Framework the mechanisms and plans applied to identify and mitigate risks. For which some opportunities for improvement have been detected, mentioned in each corresponding section.

¹³ Ethical code: <https://pensium.es/wp-content/uploads/2019/08/C%C3%B3digo-%C3%89tico-PENSIUM-6-agosto-2019.pdf>

¹⁴ Criminal Compliance: <https://pensium.es/compliance-penal/>



8.3. Management of Proceeds

Process of management, allocation and monitoring of proceeds

- Considering the Issuer's business model, and the nature of the participating loans and collateralized bonds (loans and bonds, social), the proceeds obtained through the financial instruments issued under the Framework will be used, solely and exclusively, to finance and/or refinance eligible credit operations, said which, the proceeds will be allocated proportionally to the requirements of each operation and will always be automatically allocated to the financing of said eligible credit operations.
- The areas responsible for ensuring the proper management, allocation and monitoring of the proceeds obtained through instruments issued under the Framework will be the Risk, Treasury, Administration and Finance areas.
- For the marketing, management, administration, monitoring and control of the credit operations granted by the Issuer, and the fulfillment of all the obligations assumed before its stakeholders, the Issuer has the support of Pensium, S.L. and Insto Servicios Inmobiliarios, S.L.U.
- The Issuer is the company that grants the credits to the beneficiaries and seeks the necessary financing in the market to be able to grant the aforementioned credits. Until now, it has been financed with private placements of debt with financial entities, family offices and insurers. From now on, it will add the possibility of issuing bonds in the MARF and the asset securitization channel as a systematized form of financing.
- As of the issuance of this report, the Social Loans will be available through capital calls of the Issuer, once the credit operations have been formalized with the beneficiaries. The Issuer pre-finances the operations between the time they are granted and the first disbursement, until the Social Loan is granted by the investor. Periodically, a capital call is made to investors in loans to cover credit operations already formalized by the Issuer and financed with proceeds from the Group itself.
- As far as loans are concerned, in no case does the Issuer formalize new eligible credit operations with beneficiaries if it does not have signed commitments with investors in Loans that cover the economic obligations assumed with the signing of the operation.
- In the same way, we will proceed with the Social Bonds. First, the credit operations will be formalized with the beneficiaries. The Issuer pre-finances the operations, and subsequently finances it with a warehousing line of credit. The bonds will be issued by the Securitization Fund (in the process of being established), to which the credit rights of the formalized credit operations will be assigned.
- In what refers to the bonds, in no case will the Issuer formalize new eligible credit operations with beneficiaries if it does not have available capacity in the warehousing line to finance the operation and the Securitization Fund does not have a sufficient limit to issue new Bonds.
- The formula used, through which the credit operations with the beneficiaries are formalized first and, later, the formalization of the Social Loans and/or Social Bonds, allows traceability of the application of the proceeds obtained.
- The Board of Directors of the Issuing entity, and of its parent company, Pensium, S.L., are the bodies responsible for strict compliance with the obligations assumed by the Issuer, before investors in Social Loans and Social Bonds, as well as the adjustment of all actions of the organization to the good governance policies applicable to the companies of the group.



EQA's Conclusion

- The Issuer has established in the Framework the process for the management and allocation of the proceeds obtained from the issuance of social bonds and loans, which is clearly defined in all its phases. Likewise, the areas involved, the roles and their responsibilities in the process have been clearly defined.
- The Issuer will only issue bonds through the securitization fund.
- The Issuer has established that its Risk, Treasury, Administration and Finance areas will be responsible for managing and monitoring the proceeds obtained from the issuance of social bonds.
- The issuer applies the transparency approach (look through LTA) to eligible credit operations, in a grouped manner, on a semi-annual basis.
- The Issuer has informed that all the proceeds obtained from the issuance of social bonds and loans will be used to finance and/or refinance, in part or in full, credit operations that meet the eligibility criteria established in the Framework.
- The Issuer has informed that the allocation of the proceeds from the social bonds and loans to the eligible credit operations will be carried out proportionally to the requirements of each operation. There are no proceeds obtained through financial instruments pending allocation.

8.4. Reporting

The Issuer has undertaken to issue an annual report that includes information related to the allocation of proceeds to the type of eligible project and the social impact it generates.

Resource Allocation Report

The Issuer undertakes to provide investors with information on the allocation of income from Social Loans and Bonds one year after the issuance of each instrument issued under the Framework, and annually thereafter until the full allocation of resources. The assignment report shall include:

- Total amount of assigned income indicating the number of eligible credit operations formalized financed and/or refinanced with resources obtained from Social Loans and Bonds issued under the Framework.
- Total amount of income pending allocation.

Social Impact Report

The Issuer, if there is still outstanding debt to be returned from the Social Bond and Loan, undertakes to prepare an annual report that will provide information on the social impact of the financing, which will detail:

- Number of operations formalized with beneficiaries of the Pensium program financed with the Social Loan/Bond.
- Number of beneficiaries who would not have been able to access the care services to the dependency (payment of assisted residence or care care) without access to the Pensium Program (operations financed with resources from Social Loans and Bonds).
Total amount committed to the beneficiaries, to be financed with the multiannual commitments of contribution of funds assumed by the holders of the Social Loan/Bond.
- Average amount committed to the beneficiary per formalized operation, financed by the Social Loan/Bond.
- Number of beneficiaries with pension income below 20% of the national average pension.
- Number of beneficiaries with pension income below the Average Interprofessional Salary (SMI, in Spanish).
- Estimation of the number of families that have improved their situation by being able to access the Pensium Program for the dependent family member.
- Distribution of formalized operations with beneficiaries by autonomous community and locality.



EQA's Conclusion

- The Issuer has undertaken to report, one year after issuance and annually until the full allocation of resources to investors, on the allocation of resources to eligible credit operations and their social impact.
- The report will include relevant information related to the allocation of resources to the type of eligible project, as well as information on the impact and social benefits generated. The periodicity of the report is annual, as long as the debt remains alive with investors.
- In relation to external review commitments, the Issuer has committed that the Framework and the allocation report will be reviewed by an independent third party, which is in line with market best practices.
- In relation to the advertising and transparency component, the allocation and impact reports will be shared with investors on their individual servers, on the other hand, both the Framework and this SPO will be public and will be available on the website of Pensium Direct, S.L. and in the Section of Corporate Information of investors in Pensium Direct, S.L.

ESG Dispute Management

EQA has conducted an inquiry into the Issuer and various ESG issues,¹⁵ which it considers controversial¹⁶, based on public sources¹⁷. In this process, the Issuer does not present disputes.

In this regard, EQA, has identified that the Issuer complies with the European Data Protection Regulation has a complaints channel, both for data protection and for Money Laundering and Terrorist Financing. In relation to Criminal Compliance, the Issuer has risk maps and measures to mitigate the identified risks. Finally, the Issuer has complaint forms for use by employees, collaborators, or third-party suppliers.

Disclaimer

Transparency in the relationship between EQA and the Issuer: EQA has not executed orders for Pensium Direct, S.L. so far, and there is no established relationship (financial or otherwise) between EQA and Pensium Direct, S.L., nor with the rest of the companies of the Group (Pensium, S.L., Insto Servicios inmobiliarios, S.L.U. and Pensium teGuia, S.L.U.).

This second party opinion issued by EQA is limited to providing an independent opinion, with a limited level of assurance, on the Issuer's Social Financing Framework and its alignment with the Social Bond Principles of the International Capital Market Association; and with the Social Lending Principles of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association. Work procedures under a limited assurance level aim to provide a certain level of trust, therefore work procedures under a limited assurance level are less rigorous compared to a reasonable assurance level. In this case, the contracted service is framed exclusively in a limited level of trust.

¹⁵ The opinion issued on ESG disputes is not a conclusion on the solvency of the Issuer or on its financial obligations.

¹⁶ List of controversial topics on which the investigation has been related: Bituminous Sands, Nuclear energy, Fossil fuel / coal industry, Gambling, Pornography, Alcohol, Tobacco, Illicit drugs, among others, Cannabis and Cocaine, Controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) and Civil Firearms, Animal Welfare, Genetic Engineering and Predatory Lending.

¹⁷ The sources consulted are public sources (press releases).



The accuracy, completeness and reliability of the information provided and collected is the responsibility of Pensium Direct, S.L., therefore, EQA in this report does not guarantee that the information presented is complete, accurate or up to date, not accepting any type of responsibility for errors or omissions.

Providing this opinion does not mean that EQA certifies the tangibility, excellence, or irreversibility of projects (eligible credit operations) financed and/or refinanced with resources from loans and social bonds. In addition, EQA has not conducted any physical inspection of the social benefits obtained through eligible credit operations.

EQA does not provide guarantees regarding the financial performance of the Issuer or the bonds, nor the loans, nor the environmental footprint of the bonds or the fulfillment of the commitments assumed by the Issuer, the latter being fully responsible for certifying and guaranteeing the fulfillment, implementation and supervision of the commitments assumed in the Social Financing Framework of Pensium Direct, S. L., february 2022.

This second opinion report shall not be construed or construed as a statement, warranty, or recommendation by EQA, express or implied, about the appropriateness of making an investment decision or any type of business transaction. Therefore, this report does not constitute investment advice, financial advice, or prospectus; and does not represent an evaluation of the economic and/or financial performance of Pensium Direct, S.L. Accordingly, EQA is not responsible for the consequences incurred when third parties use this opinion for investment decision-making or any type of business transaction.

EQA is not responsible for any use of this report other than that provided for in the scope of our assignment. Likewise, this report does not address the decisions of Pensium Direct, S.L. or of a third party to participate in a related project, consequently, this report does not express and should not be considered as an expression of opinion about Pensium Direct, S.L. or any aspect of a related project.

EQA is not responsible for any loss caused because of the information or data provided by Pensium Direct, S.L.

In the event of any discrepancy between the English and Spanish versions of this report, the Spanish version prevails.

Restriction of distribution and use of this statement: at the discretion of Pensium Direct, S.L., provided that this document is circulated in its entirety.



European Quality Assurance Spain S.L. - EQA, is an international **certification and verification entity of environmental, social, and corporate governance (ESG)** standards, whose purpose is to generate confidence in the market in relation to the integration of sustainability factors in the strategy and operation of the organizations.

EQA is the first Spanish verifier approved by **Climate Bond Initiative - CBI**.

EQA operates globally and provides **Verification of Sustainable Financial Instruments, Impact Verification and Verification of Socially Responsible Investments services**. Likewise, it provides verification services in Climate Change, Corporate Social Responsibility, Compliance, R&D+i, among others.

EQA is an entity that adheres to **excellence, quality and independence** within its policies and procedures. It is committed to providing its clients with products and services with a high added value for their stakeholders, because of its technical competence and scientific research, in collaboration with a large network of scientific experts, universities and research centers around the world.

For more information, visit: <https://eqa.es/>

