

First Help Financial

Type of Engagement: Social Bond Pre-Issuance Review

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Engagement Team:

Daniel Sanchez, daniel.sanchez@sustainalytics.com, (+1) 647 264 6644

Graeme Sutherland, graeme.sutherland@morningstar.com

Introduction

In September 2022, First Help Financial (“FHF” or the “Issuer”) developed the First Help Financial Social Bond Framework (the “Framework”)¹ under which it intends to issue social bonds aimed at increasing access to financial services. In the same month, Sustainalytics provided a Second Party Opinion² on the Framework.

In March 2023, FHF engaged Sustainalytics to review a loan portfolio (the “Nominated Projects”) that will be funded through a social bond (“FHF 2023-1”) and provide an assessment as to whether the Nominated Projects would comply with the Use of Proceeds, Project Selection, and Management of Proceeds sections of the Framework.

Evaluation Criteria

Sustainalytics evaluated the underlying projects that will be funded through FHF 2023-1 for compliance based on whether:

1. The Nominated Projects met the Use of Proceeds Eligibility Criteria outlined in the Framework; and
2. The commitments to select projects and manage proceeds are aligned with the ones described in the Framework (Appendix 1).

The Nominated Projects to be funded through FHF 2023-1 are summarized in Appendix 2.

Issuing Entity’s Responsibility

FHF is responsible for providing accurate information and documentation relating to the details of the projects that will be funded, including a description of the eligible projects within each eligible category. This information was provided to Sustainalytics to support its review. FHF is also responsible for confirming to Sustainalytics that processes for project selection and management of proceeds for the FHF 2023-1 issuance will remain aligned with the commitments described in the Framework.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the FHF 2023-1 issuance. The work undertaken as part of this engagement included verification of the Nominated Projects and confirmation from relevant employees of FHF that the use of proceeds, processes for project selection and management of proceeds for the upcoming social bond issuance will remain aligned with the commitments described in the Framework.

Sustainalytics has relied on the information and the facts presented by FHF with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by FHF.

¹ First Help Financial, “Social Bond Framework,” (2022), at: https://investors.firsthelpfinancial.com/files/FirstHelpFinancialESGSocialBondBrochure2022_REV7.pdf

² Sustainalytics, “First Help Financial Social Bond Framework Second-Party Opinion,” (2022), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/first-help-financial/first-help-financial-social-bond-framework-second-party-opinion-\(2022\)/first-help-financial-social-bond-framework-second-party-opinion-\(2022\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/first-help-financial/first-help-financial-social-bond-framework-second-party-opinion-(2022)/first-help-financial-social-bond-framework-second-party-opinion-(2022))

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the pre-issuance review.

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, First Help Financial's FHF 2023-1 issuance is not aligned with the Framework.

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: First Help Financial’s Use of Proceeds Eligibility Criteria

Project Category	Eligibility Criteria
Access to Financial Services	Eligible receivables are limited to borrowers that fall under the defined target population and meet two of the following four criteria: <ul style="list-style-type: none"><li data-bbox="846 499 1268 527">i. have limited English proficiency;⁴<li data-bbox="846 529 1230 556">ii. have limited documentation;⁵<li data-bbox="846 558 1149 585">iii. have no credit score;⁶<li data-bbox="846 588 1224 615">iv. are a small-business owner.⁷

⁴ Borrowers that meet these criteria will include immigrants who require interaction in a non-English language.

⁵ Borrowers meeting these criteria will include immigrants in the US who have an Individual Taxpayer Identification Number but do not have a social security number due to immigration status. FHF will refer to other forms of documentation, such as employment letters, to verify income.

⁶ Borrowers with no FICO score.

⁷ Borrowers meeting these criteria will consist of immigrants who own a small business or purchase work trucks or vans that are typically used by small businesses.

Appendix 2: Summary of the Nominated Projects

Table 1: Breakdown of Loans by Target Population Applicability

Automobile Loans ⁸	Breakdown of Borrowers by Target Population Applicability			Total
	Meet Two Criteria	Meet Three Criteria	Meet Four Criteria	
Number of Loans	1,838	3,352	1,602	6,792
Percentage	27%	49.4%	23.6%	100%

Table 2: Breakdown of Eligibility by Target Population Criteria

Target Population Criteria	Number of borrowers eligible	Percentage of borrowers eligible
Limited English Proficiency	6,516	96%
Limited Documentation	6,018	89%
No Credit Score	4,006	59%
Small Business Owner	3,600	53%

Appendix 3: Sustainalytics' Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the FHF 2023-1 issuance (Appendix 2) to determine if the projects aligned with the Use of Proceeds Eligibility Criteria outlined in the Framework (Appendix 1).	All projects reviewed (Appendix 2) complied with the Use of Proceeds Eligibility Criteria.	None
Project Selection and Management of Proceeds Criteria	Verification of the projects funded by the FHF 2023-1 issuance to determine if the commitments under processes for project selection and management of proceeds were consistent with the Framework.	First Help Financial has also confirmed to Sustainalytics that the processes for project selection and management of proceeds for the FHF 2023-1 issuance are consistent with the commitments described in the Framework.	None

⁸ FHF has confirmed to Sustainalytics that all vehicles meet applicable regional emission standards.

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

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