

# Second-Party Opinion

## First Help Financial Social Bond Framework

### Evaluation Summary

Sustainalytics is of the opinion that the First Help Financial Social Bond Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds, Access to Financial Services, is aligned with those recognized by the Social Bond Principles, which seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that investments in the eligible category will lead to positive social impacts in the US and advance the UN Sustainable Development Goals, specifically SDGs 8 and 10.



**PROJECT EVALUATION / SELECTION** First Help Financial's Credit Committee, comprising its CEO, CFO, CCO<sup>1</sup> and Executive Vice President (Originations), is responsible for overseeing the evaluation and selection of eligible receivables per the criteria defined in the Framework. First Help Financial has adopted environmental and social risk mitigation policies and processes that are applicable to the allocation decisions and vehicle dealers. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** First Help Financial's CEO will be responsible for overseeing the allocation of proceeds, which will be tracked using an internal tracking system. First Help Financial intends to allocate 80% or more of the net proceeds from the asset-backed securities to the eligible receivables at the time of issuance and intends to achieve full allocation within three months of the respective issuance. Pending full allocation, unallocated proceeds will be held in an escrow account (in cash) by the indenture trustee and will be invested into money market bonds during the prefunding period. This is in line with market practice.



**REPORTING** First Help Financial intends to report on the allocation of proceeds on a quarterly basis and the impact of proceeds on an annual basis on its website until full allocation. Allocation reporting will include allocation details towards eligible receivables, and the amount of unallocated proceeds. Impact reporting will include metrics such as: (i) the number of borrowers with limited English proficiency, (ii) the number of borrowers with no FICO score at origination, and other metrics. This is in line with market practice.



<b>Evaluation date</b>	September 30, 2022
<b>Issuer Location</b>	Needham, United States

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<sup>1</sup> CCO is the Chief Credit Officer of First Help Financial.

## Introduction

Established in 2006, First Help Financial (“FHF”, or the “Company”, or the “Sponsor”) is an auto-financing company that provides automobile loans to customers with limited access to financial services. FHF’s primary target customer segment are immigrants from Central and South America. The Company is headquartered in Massachusetts and serves customers from across 26 states in the United States. As of September 2022, FHF has a workforce of more than 200 employees and has financed more than USD 1.2 billion in automobile loans.

FHF has developed the First Help Financial Social Bond Framework (the “Framework”) under which the FHF Trust 2022-2 (the “Trust” or the “Issuer”),<sup>2</sup> a special-purpose entity, intends to issue social asset-backed securities (“ABS”) to securitize receivables, that are automobile loans made to borrowers from the target populations.<sup>3</sup>

FHF engaged Sustainalytics to review the First Help Financial Social Bond Framework, dated September 2022, and provide a Second-Party Opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2021 (SBP).<sup>4</sup> The Framework has been published in a separate document.<sup>5</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>6</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of FHF’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. FHF representatives have confirmed (1) they understand it is the sole responsibility of FHF to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and FHF.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated

<sup>2</sup> The Company has communicated that it intends to establish other special purpose entities for subsequent issuances under the Framework.

<sup>3</sup> Sustainalytics notes that the asset-backed security falls under the definition of ICMA’s Secured Social Collateral Bond, as per the June 2022 Appendix 1 of the SBP 2021. The issuer has established a mechanism and is committed to reporting on each eligible receivable to prevent any double counting.

<sup>4</sup> The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

<sup>5</sup> The First Help Financial Social Bond Framework is available on First Help Financial’s website at: <https://investors.firsthelpfinancial.com/>

<sup>6</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

herein, FHF is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that FHF has made available to Sustainalytics for the purpose of this SPO.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the First Help Financial Social Bond Framework

Sustainalytics is of the opinion that the First Help Financial Social Bond Framework is credible and impactful and aligns with the four core components of the SBP. Sustainalytics highlights the following elements of FHF's Social Bond Framework:

- Use of Proceeds:
  - The eligible category, Access to Financial Services, is aligned with those recognized by the SBP
  - FHF intends to invest in the purchase of automobile loans that increase access to financing for vehicles for a specific target population, namely working-class immigrants from Central and South America with limited documentation.<sup>7</sup>
  - The net proceeds from the ABS issued under the Framework will be used to finance or refinance, in whole or in part, existing eligible receivables as defined in the Framework. FHF has communicated to Sustainalytics that it has established a look-back period of 12 months for refinancing eligible receivables using the proceeds from the issuance.<sup>8</sup>
  - Eligible receivables are limited to borrowers that fall under the defined target population and meet two of the following four criteria: (i) have limited English proficiency,<sup>9</sup> (ii) have limited documentation,<sup>10</sup> (iii) have no credit score,<sup>11</sup> and (iv) are a small-business owner.<sup>12</sup>
    - Based on the above, Sustainalytics highlights the well-defined criteria and is of the opinion that the requirement to meet two of the four of these criteria will increase access to financing for the defined target population.
  - FHF has communicated to Sustainalytics that its average lending rate of below 18% applies to the automobile loans in the portfolio and is lower than the average among its competitors, making the loans relatively affordable.
  - FHF has established responsible lending practices to mitigate the risk of predatory lending. Additionally, FHF requires all vehicle dealers to comply with its fair lending policies and has communicated that regular compliance reviews and examinations are conducted by different regulators. Please refer to Section 2 for additional information.

<sup>7</sup> Working-class immigrants are defined as those who reside in the US but were not US citizens at birth.

<sup>8</sup> FHF has communicated to Sustainalytics that more than 95% of the collateral originated in the last six months or has yet to be originated.

<sup>9</sup> Borrowers that meet these criteria will include immigrants who require interaction in a non-English language. According to the Consumer Financial Protection Bureau (CFPB), this group is often excluded from obtaining access to financing.

CFPB, "Identifying and addressing the financial needs of immigrants", (2022), at: <https://www.consumerfinance.gov/about-us/blog/identifying-and-addressing-the-financial-needs-of-immigrants/>

<sup>10</sup> Borrowers meeting these criteria will include immigrants 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. The CFPB states that immigration status often results in many being excluded from adequate access to credit.

CFPB, "Identifying and addressing the financial needs of immigrants", (2022), at: <https://www.consumerfinance.gov/about-us/blog/identifying-and-addressing-the-financial-needs-of-immigrants/>

<sup>11</sup> Borrowers that do not have a FICO score will meet these criteria. This includes recent immigrants or immigrants who have been in the US for many years. The absence of a FICO score can hinder the ability to obtain credit.

<sup>12</sup> 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.

- Sustainalytics notes that a large majority of the portfolio consists of internal combustion engine vehicles. FHF has confirmed to Sustainalytics that vehicles included in the portfolio will meet applicable regional emissions standards.
- Project Evaluation and Selection:
  - FHF's Credit Committee, comprising FHF's CEO, CFO, CCO and Executive Vice President (Originations), is responsible for overseeing the evaluation and selection of eligible receivables per the criteria defined in the Framework. If necessary, the evaluation and selection process will be approved by FHF's Board of Directors.
  - FHF has adopted environmental and social risk mitigation policies and processes that are applicable to the allocation decisions and vehicle dealers. For additional details, refer to Section 2.
  - Based on a well-defined project selection process and FHF's risk management process, Sustainalytics considers this to be in line with market practice.
- Management of Proceeds:
  - FHF's CEO will be responsible for overseeing the allocation of proceeds, which will be tracked using an internal tracking system.
  - FHF intends to allocate 80% or more of the net proceeds from the asset-backed securities exclusively to the eligible receivables immediately at the time of issuance. The eligible receivables are the collateral of the asset-backed securities, in line with the Secured Social Collateral Bond structure. Alternatively, FHF intends to achieve full allocation of the net proceeds within three months of the respective issuance date through a prefunding period.<sup>13</sup>
  - Pending full allocation, unallocated proceeds will be held in an escrow account (in cash) by the indenture trustee and will be invested in money market bonds during the prefunding period.
  - FHF will hire a third party to verify the allocation of proceeds with the procedures and processes outlined in the Framework, which Sustainalytics views is in line with the market practice.
  - Based on these elements, Sustainalytics considers this process to be aligned with market practice.
- Reporting:
  - FHF intends to report on the allocation of proceeds on a quarterly basis and the impact of proceeds on an annual basis on its website until full allocation.
  - Allocation reporting will include allocation details towards eligible receivables and the amount of unallocated proceeds.
  - Starting with the subsequent cutoff date and annually thereafter, FHF will publish certain impact metrics, including: (i) the number of borrowers with limited English proficiency, (ii) the number of borrowers with no FICO score at origination, (iii) the number of borrowers with limited documentation, (iv) the number of self-employed borrowers, and (v) the number of work trucks or vans financed. Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Social Bond Principles 2021**

Sustainalytics has determined that the First Help Financial Social Bond Framework aligns with the four core components of the SBP. For detailed information, please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of FHF**

### **Contribution of Framework to First Help Financial's sustainability initiatives**

Sustainalytics is of the opinion that FHF demonstrates a commitment to sustainability with a focus on promoting financial inclusion in the US. Since its inception, FHF has financed more than USD 1.2 billion of auto loans to more than 65,000 borrowers and has a target to help 150,000 customers cumulatively by 2024. Currently, FHF serves immigrants from Central and South America across 26 states in the US and has a target to expand into the remaining states by 2024. In terms of FHF's customer base, 90% have limited English

<sup>13</sup> The prefunding period is the period between the date of first issuance to the date when all the proceeds are allocated to eligible receivables. During this period, the indenture trustee establishes and maintains the prefunding account in its own name for the benefit of the noteholders.

fluency,<sup>14</sup> 50% have no credit scores (by Fair Isaac Corporation) and 35% are self-employed or work for small businesses.

Sustainalytics is of the opinion that the First Help Financial Social Bond Framework is aligned with the Company's overall sustainability initiatives and will further FHF's action on its key social priorities. However, Sustainalytics encourages FHF to establish a sustainability strategy with time-bound and quantified sustainable finance targets, and publicly disclose and report on its progress to further strengthen its sustainability practices.

#### **Approach to managing social and environmental risks associated with the assets**

While Sustainalytics recognizes that the net proceeds from the ABS issued under the Framework will be directed towards eligible assets that are expected to have positive social impacts, Sustainalytics is aware that such eligible assets could also lead to negative environmental and social outcomes. Some key environmental and social risks commonly associated with the eligible assets could include issues related to predatory lending, corruption and business ethics, stakeholder participation and emissions arising from the underlying vehicles in the portfolio.

Sustainalytics is of the opinion that FHF is able to manage and mitigate potential risks by implementing the following:

- To address the risks associated with predatory lending for individual borrowers, FHF has in place a Fair Lending Program Manual and a Credit Manual that defines its compliance with all applicable state and federal laws, such as the Anti-Money Laundering Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, Truth in Lending Act and Consumer Credit Protection Act. These acts cover the disclosure of information sharing practices, the safeguard of consumer data, and regulations on unfair, deceptive, abusive acts or practices with respect to its business of purchasing and servicing retail installment contracts from motor vehicle dealers.<sup>15,16</sup>
- FHF's approach to managing risks related to corruption and business ethics is outlined by its Code of Business Conduct and Ethics, which provides guidance on business ethics, compliance with laws and regulations, fair business practices and bribery.<sup>17</sup>
- Regarding stakeholder participation, FHF has in place a Complaint Management Program Manual that summarizes its policies and programmes to identify, record, categorize, investigate, monitor, respond to and analyze complaints received from its customers and other third parties.<sup>18</sup>
- To mitigate the risk of emissions from the vehicles, FHF requires all vehicles to meet state emission and inspection norms. Additionally, more than 95% of vehicles are financed through reputed franchise dealers (or franchise-like large independents), which have their own additional standards on vehicle quality.<sup>19</sup>
- The Company operates in the US, which is recognized as a Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance, legislation systems and institutional capacity to mitigate common environmental and social risks associated with the underlying assets.<sup>20</sup>

Based on these policies and standards, Sustainalytics is of the opinion that FHF has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible category.

<sup>14</sup> In a paper released by the Consumer Financial Protection Bureau in November 2017, it noted that LEP customers often face numerous obstacles to accessing financial products and services. Many of these challenges stem from language access issues. More details can be found at: [https://files.consumerfinance.gov/f/documents/cfpb\\_spotlight-serving-lep-consumers\\_112017.pdf](https://files.consumerfinance.gov/f/documents/cfpb_spotlight-serving-lep-consumers_112017.pdf)

<sup>15</sup> FHF's Fair Lending Program Manual was shared confidentially with Sustainalytics.

<sup>16</sup> FHF's Credit Manual was shared confidentially with Sustainalytics.

<sup>17</sup> FHF's Code of Business Conduct and Ethics was shared confidentially with Sustainalytics.

<sup>18</sup> FHF's Complaint Management Program Manual was shared confidentially with Sustainalytics.

<sup>19</sup> FHF has communicated to Sustainalytics that these additional vehicle quality standards take into account different aspects of functionality which may result in lesser emissions down the line.

<sup>20</sup> Equator Principles, "Designated Countries", (2022), at: <https://equator-principles.com/designated-countries/>

### Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the SBP. Sustainalytics focuses below on where the impact is specifically relevant in the local context.

#### Importance of providing access to financial services for the target populations in the US

Access to financial services plays a significant role for economic security of millions of immigrants who come to the US for better opportunities.<sup>21</sup> In 2019, immigrants constituted nearly 44.9 million of the total US' population, out of which 19.8 million had Hispanic origins with immigrants from Central and South American countries accounting nearly 6.2 million.<sup>22,23,24</sup> Despite constituting a major share of the US' population, Hispanics face discrimination when it comes to securing financing to start and scale businesses.<sup>25,26</sup> For example, a vast majority of first-generation Hispanic immigrants have none or very limited banking experience.<sup>27</sup> As per CFPB, Hispanics have some of the highest rates of unscored credit records and are more likely to be "credit invisible" than any other racial group.<sup>28</sup> Therefore, this hinders their ability to obtain a loan, especially when it comes to starting a business.<sup>29</sup> In the US, cars are the largest single asset for many low- to moderate-income households and a key facilitator of their economic activity.<sup>30</sup> Lending services in the US subprime automobile market that are being offered to Hispanics with low credit scores are reportedly accompanied by excessive interest rates, misleading information and abusive collection processes, which burden borrowers with excessive debt and impact their long-term economic security.<sup>31</sup> Since Hispanics also prefer to speak in their native language, there is a need for bilingual services to make them understand the features of financial products and relevant terms and conditions.<sup>32</sup>

The US federal government has taken several measures to increase the financial inclusion of immigrants. For instance, the Federal Deposit Insurance Corporation's New Alliance Task Force connects a range of NGOs, and government and banking entities for improving access to financial services among recent immigrants.<sup>33</sup> In addition, the US Federal Reserve and other government agencies are supporting the financial inclusion of immigrants through fair lending laws such as the Equal Credit Opportunity Act<sup>34</sup> and the Community Reinvestment Act,<sup>35</sup> which bars banks and other financial institutions from withholding credit services on the basis of race, colour, religion, national origin and other characteristics.<sup>36</sup>

Based on the above context, Sustainalytics is of the opinion that the use of proceeds under the Framework targeted towards providing auto loans to immigrants in the US with limited English proficiency and

<sup>21</sup> Federal Reserve Bank of Chicago, "Financial Access for Immigrants", at: <https://www.chicagofed.org/region/community-development/financial-access-for-immigrants>

<sup>22</sup> Migration Policy, "Frequently Requested Statistics on Immigrants and Immigration in the United States", at:

<https://www.migrationpolicy.org/article/frequently-requested-statistics-immigrants-and-immigration-united-states-2020>

<sup>23</sup> Migration Policy, "Central American Immigrants in the United States", at: <https://www.migrationpolicy.org/article/central-american-immigrants-united-states>

<sup>24</sup> Migration Policy, "South American Immigrants in the United States", at: <https://www.migrationpolicy.org/article/south-american-immigrants-united-states/>

<sup>25</sup> The terms "Hispanics" and "Latinos" are used interchangeably by the U.S. Census Bureau. Sustainalytics has used the term "Hispanics" in accordance with the Framework.

<sup>26</sup> McKinsey, "The economic state of Latinos in America: The American dream deferred", (2021), at: <https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/the-economic-state-of-latinos-in-america-the-american-dream-deferred>

<sup>27</sup> Researchgate, "Financial Issues of Hispanic Americans", (2016), at:

[https://www.researchgate.net/publication/303691253\\_Financial\\_Issues\\_of\\_Hispanic\\_Americans](https://www.researchgate.net/publication/303691253_Financial_Issues_of_Hispanic_Americans)

<sup>28</sup> Credit invisibility generally means that they do not have credit information that has been reported to the major credit repositories.

<sup>29</sup> National Council of La Raza, "Small dollars for big change: Immigrant financial inclusion and access to credit", (2017), at: [https://www.unidosus.org/wp-content/uploads/2021/07/Latinos\\_Sunshine\\_State\\_layout\\_32417v4.pdf](https://www.unidosus.org/wp-content/uploads/2021/07/Latinos_Sunshine_State_layout_32417v4.pdf)

<sup>30</sup> Federal Reserve Bank of Chicago, "The Importance of Cars and Car Loans for People with Low and Moderate Incomes", (2022), at: <https://www.chicagofed.org/publications/blogs/cdps/2022/importance-cars-and-car-loans>

<sup>31</sup> UNIDOS US, "Discrimination Against Latinos in Auto Lending", (2019), at: [https://www.unidosus.org/wp-content/uploads/2021/07/unidosus\\_autolendingdiscrimination\\_statementfortherecord.pdf](https://www.unidosus.org/wp-content/uploads/2021/07/unidosus_autolendingdiscrimination_statementfortherecord.pdf)

<sup>32</sup> National Council of La Raza, "Small dollars for big change: Immigrant financial inclusion and access to credit", (2017), at: [https://www.unidosus.org/wp-content/uploads/2021/07/Latinos\\_Sunshine\\_State\\_layout\\_32417v4.pdf](https://www.unidosus.org/wp-content/uploads/2021/07/Latinos_Sunshine_State_layout_32417v4.pdf)

<sup>33</sup> Federal Reserve Bank of Chicago, "Financial Access for Immigrants", at: <https://www.chicagofed.org/region/community-development/financial-access-for-immigrants>

<sup>34</sup> The Equal Credit Opportunity Act is a federal civil rights law that prevents lenders from discriminating against credit applicants based on factors unrelated to their ability to repay such as: on race, colour, religion, national origin, sex, marital status and age.

<sup>35</sup> The Community Reinvestment Act is a federal law enacted in 1977 to encourage depository institutions to meet the credit needs of the communities where they are chartered, including low- and moderate-income neighbourhoods.

<sup>36</sup> Ibid.

documentation, and no credit score is expected to support their financial inclusion while giving them access to relatively affordable financial services.

**Alignment with/contribution to SDGs**

The Sustainable Development Goals were set in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The ABS issued under the Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Access to Financial Services	8. Decent work and economic growth  10. Reduce inequality within and among countries	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all  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

**Conclusion**

First Help Financial has developed the First Help Financial Social Bond Framework, under which it intends to issue social asset-backed securities and use the proceeds to finance the acquisition of existing and future eligible receivables secured by automobile loans made to working-class immigrants from Central and South America with limited documentation. Sustainalytics considers that the projects funded by the proceeds are expected to provide positive social impact.

The First Help Financial Social Bond Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the First Help Financial Social Bond Framework is aligned with the overall sustainability strategy of the company and that the social use of proceeds category will contribute to the advancement of the UN Sustainable Development Goals 8 and 10. Additionally, Sustainalytics is of the opinion that FHF has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that First Help Financial is well positioned to issue social ABS and that the First Help Financial Social Bond Framework is robust, transparent and in alignment with the core components of the Social Bond Principles 2021.

## Appendix

### Appendix 1: Social Bond/ Social Bond Programme -External Review Form

#### Section 1. Basic Information

Issuer name:	FHF Trust 2022-2
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	First Help Financial Social Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 30, 2022
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i> :	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the SBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                                |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds Access to Financial Services, is aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that investments in the eligible category will lead to positive social impacts in the US and advance the UN Sustainable Development Goals, specifically SDG 8 and 10.

#### Use of proceeds categories as per SBP:

- |   |   |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure  | <input checked="" type="checkbox"/> Access to essential services                        |
| <input type="checkbox"/> Affordable housing   | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security  | <input type="checkbox"/> Socioeconomic advancement and empowerment                      |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify):  |

If applicable please specify the social taxonomy, if other than SBP:

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

First Help Financial's Credit Committee comprising of its CEO, CFO, CCO<sup>37</sup> and Executive Vice President (Originations) is responsible for overseeing the evaluation and selection of eligible receivables per the criteria defined in the Framework. First Help Financial has adopted environmental and social risk mitigation policies and processes that are applicable to the allocation decisions and vehicle dealers. Sustainalytics considers the project selection process in line with market practice.

#### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social objectives                                   | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

<sup>37</sup> CCO is the Chief Credit Officer of First Help Financial.

- Summary criteria for project evaluation and selection publicly available       Other (please specify):

#### Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification       In-house assessment
- Other (please specify):

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

First Help Financial's CEO will be responsible for overseeing the allocation of proceeds, which will be tracked using an internal tracking system. First Help Financial intends to allocate 80% or more of the net proceeds from the asset-backed securities to the eligible receivables at the time of issuance and intends to achieve full allocation within three months of the respective issuance. Pending full allocation, unallocated proceeds will be held in an escrow account (in cash) by the indenture trustee and will be invested into money market bonds during the prefunding period. This is in line with market practice.

#### Tracking of proceeds:

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

#### Additional disclosure:

- Allocations to future investments only       Allocations to both existing and future investments
- Allocation to individual disbursements       Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds       Other (please specify):

### 4. REPORTING

Overall comment on section (if applicable):

First Help Financial intends to report on the allocation of proceeds, on a quarterly basis, and the impact of proceeds on an annual basis on its website until full allocation. Allocation reporting will include allocation details towards eligible receivables, and the amount of unallocated proceeds. Impact reporting will include metrics such as: (i) number of borrowers with limited English proficiency, (ii) number of borrowers with no FICO score at origination etc. This is in line with market practice.

**Use of proceeds reporting:**

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (please specify):

**Information reported:**

- Allocated amounts  Social Bond financed share of total investment
- Other (please specify):

**Frequency:**

- Annual  Semi-annual
- Other (please specify): Quarterly

**Impact reporting:**

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (please specify):

**Information reported (expected or ex-post):**

- Number of beneficiaries  Target populations
- Other ESG indicators (*please specify*):

**Frequency:**

- Annual  Semi-annual
- Other (please specify):

**Means of Disclosure**

- Information published in financial report  Information published in sustainability report
- Information published in ad hoc documents  Other (please specify): Investor's page
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                     |  |

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP**

- i. Second-Party Opinion: An institution with social expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Social Bond Scoring/Rating: An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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