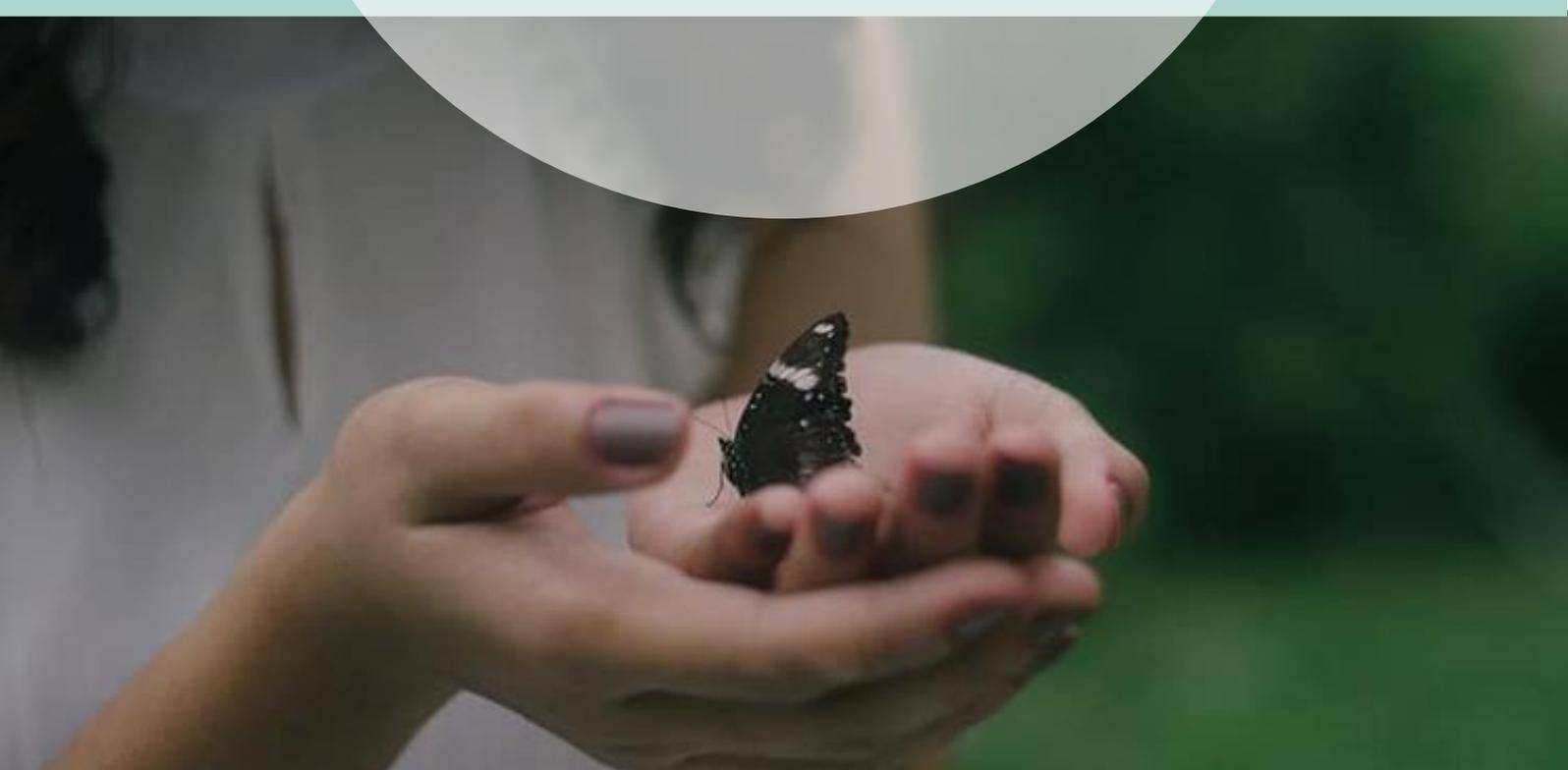




Y-FOUNDATION

**SUSTAINABILITY  
BOND FRAMEWORK**

**September 2021**



## **DISCLAIMER**

*This document (the “Sustainability Bond Framework” or “Framework”) contains information on Y-Foundation and its potential use of financing with added environmental and/or social criteria (the “Sustainability Terms”). Any financing that includes the Sustainability Terms in its associated financing documentation, by reference or inclusion, as detailed in this document or in future versions of this document, will be designated as Sustainability Financing (“Sustainability Financing”).*

*Other labels may apply to the specific type of financing, for instance Green Bond (“Green Bond”), Social Bond (“Social Bond”) or Sustainability Bond (“Sustainability Bond”). Depending on the language of the financing documentation, the Sustainability Terms in this Framework may be translated into other languages, as required or preferred in the local jurisdiction. Furthermore, all parties are advised to review the applicable risk factors and terms specific for the type of Sustainability Financing used.*

*New Sustainability Financing will include a reference to, or inclusion of, the most recently published Sustainability Terms, which shall be publicly available in the Framework on Y-Foundation’s website. Any Sustainability Financing will be subject to the version of the Sustainability Terms specified in the associated financing documentation.*

# CONTENTS

BACKGROUND AND INTRODUCTION.....	4
METHODOLOGY.....	10
SUSTAINABILITY TERMS.....	12
REPORTING AND TRANSPARENCY.....	16

# BACKGROUND AND INTRODUCTION

## About Y-Foundation

We have over 18000 apartments and operate in over 50 cities and municipalities in Finland. We are the fourth largest landlord in Finland. Our apartments are divided into M2-Kodit and Y-Foundation rental apartments (Y-Kodit). These are home to 24,000 tenants in whose economic and social well-being we share responsibility.

The Y-Foundation offers rental homes for people experiencing homelessness and those who are under a threat of becoming homeless. Cities, municipalities and their property companies sublet majority of our apartments to their residents in need of an own home.

Our basic mission is to ensure that everyone in Finland has a home and to enhance social justice.

We do this by developing social housing to the largest Finnish cities lacking affordable housing. Our building projects are based on local needs.

We build housing units where support services are easy to arrange. We also develop and build state-subsidised rental homes under M2-Kodit. The Y-Foundation also acquires rental dwellings by purchasing individual apartments from housing companies on the free market.

The work we do relies heavily on our solid expertise on issues relating to homelessness and the Housing First principle. Our wide knowledge is based on a strong co-operation with municipalities and NGO's. We also do research on homelessness.

## Y-Foundation's sustainability work is guided by our strategy

During our 35 years in operation, Y-Foundation has laid the groundwork for its leadership role in solving homelessness in Finland. Human rights make up the core of our activities and our values, which call for everyone's right to a home and a dignified life.

In addition to the binding legislation of our industry we comply with the provisions of the Foundation Act, our own by-laws and other public regulations. We also comply with the Good Governance of Foundations principles as set forth by the Association of Finnish Foundations. We endeavour to communicate openly on all aspects of our operations while preserving the bounds of personal privacy and industrial secrecy.

In the interests of promoting good governance, over the last few years we have been discussing ethical principles internally with our teams. Inspired by the views of our people, we drew up our own set of sustainability principles for approval by the board. We benchmark the sustainability of our operations against the ISO 26000 standards. All our personnel receive instruction in anti-corruption and anti-bribery principles, as well as in the secure handling of personal data, procurement procedures and equal treatment practices.

Our fast-changing operating environment means always keeping our operations to the highest standards of responsibility and compliance. For example, increasingly stringent energy efficiency laws require us to continuously develop our expertise. We also aspire to lead the industry, which means maximising our resources for the development of services and products. In line with our renewed ten-year strategy, from 2021, we have selected three main goals to guide our corporate responsibility work. We are reducing the environmental impact of our operations as we move towards carbon-neutrality. We are providing our tenants with the optimum conditions to succeed in housing. We are working to advance the government's goal of eradicating homelessness in Finland by 2027, as well as reducing homelessness abroad.

## The Y-Foundation's values

### Courage

We have the courage to be on your side even when others are not.

We lead the way, make decisions and put our plans into action with an open mind.

### Trust

We do what we promise.

Our tenants can trust in the affordability, continuity and safety of their housing.

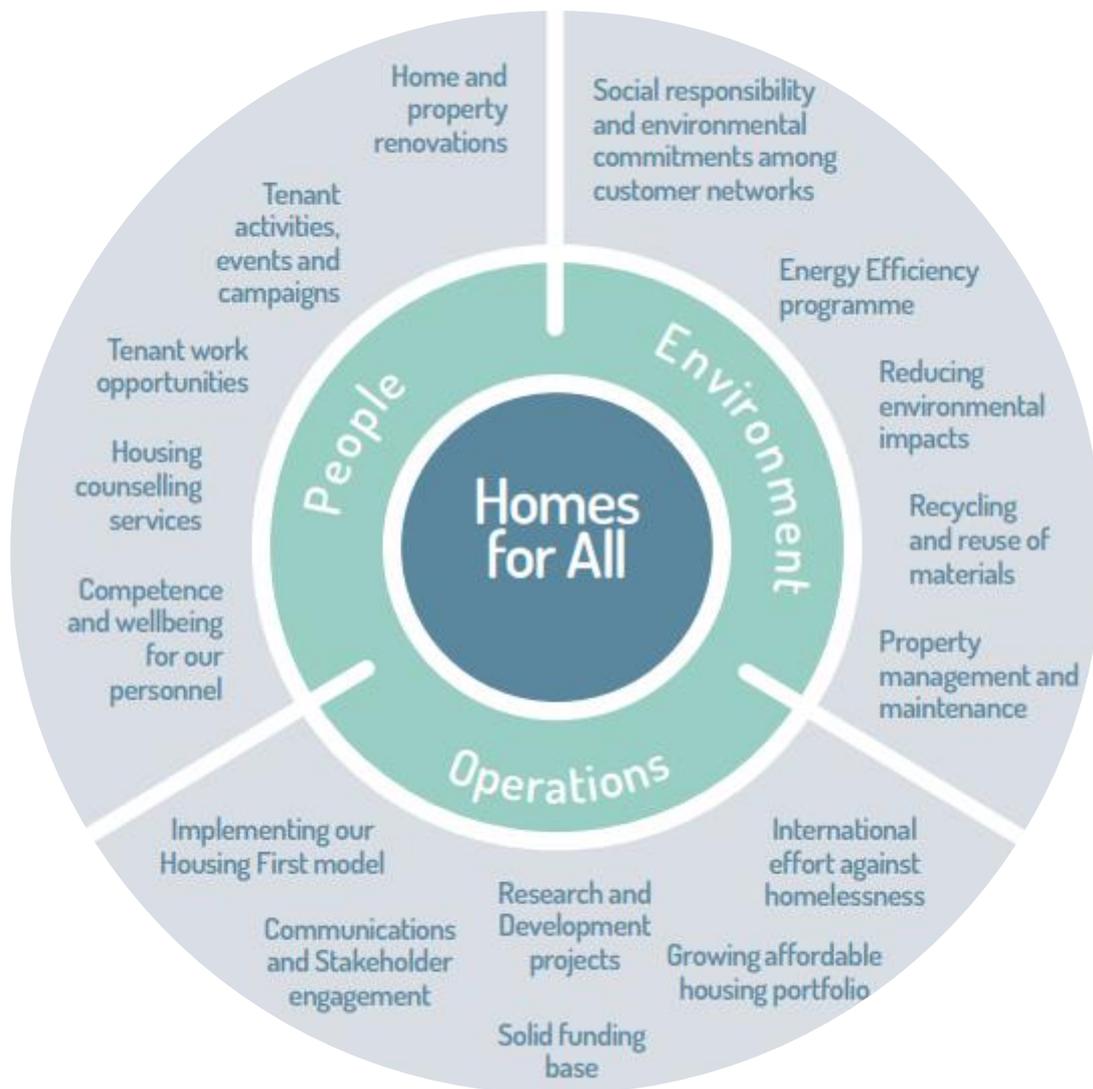
### Housing with dignity

Dignity is the foundation of our work. We treat our tenants equally.

We provide affordable rental apartments. Everything we do starts from the Housing First principle.

## Material issues

Our circle of materiality includes those actions and themes that we deem most essential for Y- Foundation Group to promote our sustainability goals related to the environment, people and our non-profit operations. Y-Foundation is committed to the UN Sustainability Goals across our organisation as well as actively engaging our stakeholders on these goals.



## Our strategy for 2020-2030

Our basic mission is to ensure that everyone in Finland has a home. Our strategy respects this mission. In this strategy period, we will contribute to the creation of a fair society where no-one is left behind.

Our strategy is connected to the UN Sustainable Development Goals, which guide the world's development efforts until 2030. This is why the strategy period is exceptionally long. Through the UN SDGs, our objectives are part of a greater whole.

Our day-to-day actions underscore our role as a leader in the eradication of homelessness. We develop anti-homelessness efforts together with our partners in Finland and internationally.

Everything we do is geared towards promoting the well-being of our tenants and sustainable lifestyles.



## Three spearhead objectives in our strategy

During this strategy period, we will focus particularly on three spearhead objectives.

- Our objective is the economic and social well-being of our tenants.
- We also aim for a fair transition towards carbon neutral living.
- We work to eradicate homelessness in Finland and reduce it internationally.

The success of these objectives will be ensured by our highly competent and motivated employees, solid financing base and effective digital tools.

The Y-Foundation's employees are highly committed to the organisation's values. They also played a strong role in putting together this strategy.



## Carbon neutral Y-Foundation by 2035

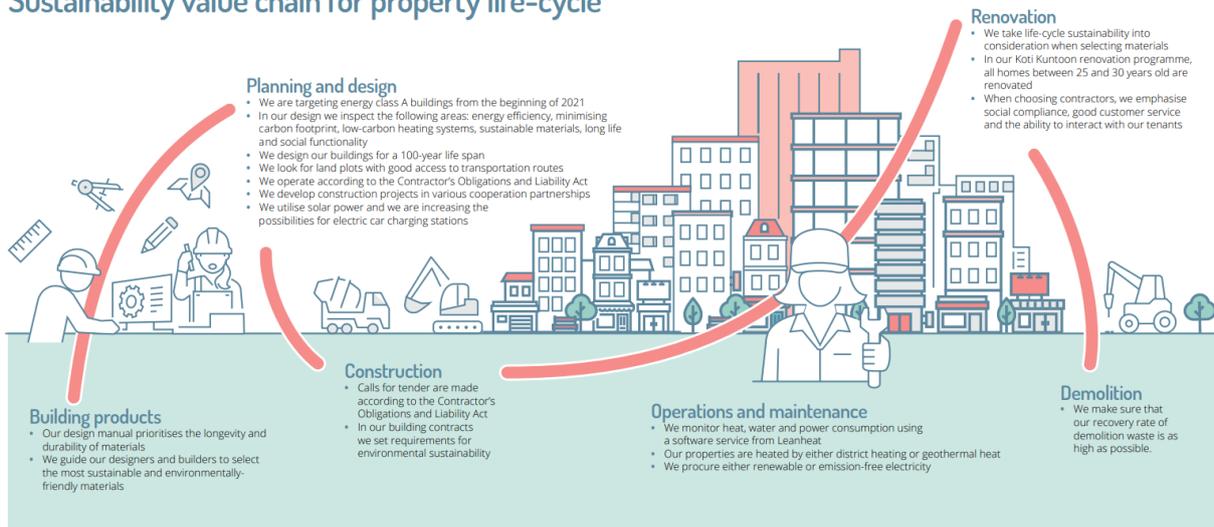
Finland has set one of the world’s most ambitious climate targets: carbon neutrality by 2035. We want to contribute to the achievement of this target. Our goal is to minimise our carbon footprint during the strategy period and achieve carbon neutrality by 2035.

Carbon neutrality calls for significant changes in the way we operate. These changes will enable us to not only reduce emissions but also to increase living comfort and reduce the environmental footprint of everyone who lives in our apartments. During the strategy period, we will pursue our low-carbon objective through emissions reduction rather than compensation. We view our emissions through three different categories.

The three categories of emissions:

- **Construction, renovation and demolition.** In new construction, we build Energy Class A residential properties that are implemented with a high level of material efficiency. This target is also in line with the proposal on the EU Taxonomy’s Climate Delegated Act from April 2021. In our existing properties, we improve energy efficiency through renovations and upgrades focused on energy consumption. For properties that are demolished, we are committed to the sustainable demolition green deal agreement between the Ministry of the Environment and the Finnish Association of Building Owners and Construction Clients. This means that the recovery rate of non-hazardous construction and demolition waste will be at least 70 per cent from the end of 2020.
- **Energy consumption in properties.** We will change our heating agreements to renewable district heating or geothermal heating, depending on availability, by 2030. We will make use of solar power whenever possible. We will make use of smart solutions in improving energy efficiency.
- **The Y-Foundation’s own operations.** We are committed to reducing the environmental impact of our operations. We prioritise ecology, ethics and sustainable development in all of our procurement activities. We increase awareness among our personnel through communications and training.

### Sustainability value chain for property life-cycle



On average, the environmental impacts of our tenants are lower than the average person’s in Finland. The reasonable size of the apartments, the use of public transport and reasonable consumption habits result in a lower environmental footprint. Nevertheless, the Y-Foundation’s property portfolio and tenants are subject to the same pressure to reduce emissions as the rest of the society.

We want to make environmental action easy for our tenants and transition towards carbon neutrality without creating significant financial pressure on our tenants.

## A fair transition towards carbon neutral living

We will minimise the carbon footprint of housing. We will also support our tenants in minimising their carbon footprint. In accordance with the principle of a fair transition, reducing environmental impacts must not create an unreasonable financial or other burden on the tenants. We are on this journey together with our tenants.

Y-Foundation Group's principles for a fair transition:

- **We provide** affordable low-carbon housing.
- **We support** our tenants' efforts to reduce energy consumption, transport emissions and consumption emissions, which means that climate action does not present an additional burden to the tenants.
- **We engage** our tenants in planning climate action through our tenant activities.

We provide our tenants with a wide range of solutions for reducing their carbon footprint. We want living in a Y-Foundation Group apartment to be characterised by the following:

- **A home** with good transport links.
- **Zero-emission** electricity and heating agreements.
- **Extensive** recycling opportunities for all tenants.
- **Counselling** and encouragement to promote sustainable lifestyle choices.
- **Monitoring** one's own housing-related carbon footprint.

## The Y-Foundation's significance in society

Our basic mission is to eradicate homelessness. According to a homelessness survey by the Housing Finance and Development Centre of Finland ARA, homelessness in Finland decreased by 259 persons in 2020. The number of homeless people living alone was 4,341 in November 2020. The number of long-term homeless people increased by 93 and came to 1,054. In light of these figures, the reduction in homelessness appears to be connected to the rental housing situation improving at least temporarily. This does not, however, help those who need support related to their housing. They will remain homeless.

We contribute to the eradication of homelessness in Finland and internationally. We see our role as that of an expert and a creator of networks as well as a developer and experimenter. We work to increase awareness of the homelessness problem in society. We aim to influence people's attitudes and we produce research to support anti-homelessness efforts.

The Y-Foundation was established in 1985 to solve the difficult problem of homelessness. The starting point for the Y-Foundation's operations is national cooperation, in which our partners include major cities, NGOs and the state administration. Homelessness has been significantly reduced in Finland, but there is still a lot more work to be done in the Y-Foundation's field of activity. During this strategy period, we will strengthen our cooperation with municipalities and NGOs with regard to the provision of housing solutions for people who need special support and affordable housing. We will also create new cooperation models.

Our efforts to eradicate homelessness are aimed at achieving equality in society. We increase equality by providing high-quality rental housing, offering employment opportunities and influencing people's attitudes to eliminate the stigma of homelessness. We produce and disseminate information on homelessness and the importance of pursuing equality in society. We conduct experiments and projects aimed at increasing equality together with our partner network. We will develop solutions for community-oriented and decentralised housing that can be used by various parties around the world. We will integrate the Y-Foundation's approach to sustainability and the principles of a fair transition into these models. We will engage in bold initiatives to promote public discussion on inequality and the solutions needed for eliminating inequality

### Homelessness in Finland 2021

In the European scale homelessness is not a major issue in Finland, but this does not reduce the seriousness of the situation. Homelessness numbers go up every time a social or financial crisis occurs.

Around 4 341 people are homeless in Finland at the moment ([ARA 2021](#)). The numbers have gone down from around 20 000 homeless in the 1980's. Huge progress has been made by using the Housing First model.

in Finland and internationally. In Finland, we coordinate the Housing First Development Network, which is a national co-creation platform used in the programmes to halve and eradicate homelessness. We develop practices for preventing homelessness and reducing inequality through extensive network cooperation.

## Housing First principle

Finland is the only country in Europe where the number of homeless people is on the decline. This is not a coincidence. Since the 1980's the state, the municipalities and the NGOs have been working with determination to reduce homelessness.

Our day-to-day actions underscore our role as a leader in the eradication of homelessness. We develop anti-homelessness efforts together with our partners in Finland and internationally.

We are actively involved as a national developer of the Housing First principle, which is gaining ground all over the world. Everything we do is geared towards promoting the well-being of our tenants and sustainable lifestyles.

We will export the Housing First concept developed in Finland by sharing our knowledge and providing training on the concept's operating principles. We will serve as an example to other countries on how to solve the problem of homelessness. We will create hope that eradicating homelessness is also a realistic goal for other countries.

We coordinate the European Housing First Europe Hub co-creation platform. It supports the dissemination of anti-homelessness efforts based on the Housing First principle and the continued development of methods and practices. We will spread the idea of systemic change that leads to the permanent eradication of homelessness.

We will strengthen cooperation with international operators in the field. Our goal is to build permanent and effective expert networks. We will disseminate information and develop evaluation methods as well as build an internationally effective model for eradicating homelessness. At the same time, we will bring new knowledge back to Finland.

## Sustainable Financing

We are committed to conducting responsible and sustainable business at all levels. This commitment includes also our financing operations. As a part of this commitment, we are planning to issue our first sustainable financing instrument in the bond markets and continue to explore opportunities to further expand the share of sustainable financing.

We will continue to monitor the development of the Green, Social and Sustainability Bond market and strive to continually advance the Framework and the Sustainability Terms herein. As such the Sustainability Bond Framework may be updated from time to time to reflect current market practices. In establishing the terms in this Framework we have aimed at complying with the existing market practices on Green Bond Principles (2021), Social Bond Principles (2021) and Sustainability Bond Guideline (2021). We also considered the EU Taxonomy, and especially the latest version of the Climate Delegated Act (June 2021), and we aim to continue assessing the Taxonomy criteria against our own operations going forward.

Y-Foundation has worked together with Handelsbanken to develop this Sustainability Bond Framework. ISS ESG has provided a second party opinion on the Framework, and the second party opinion is available together with this Framework on our website.

Helsinki, 15 of September 2021



Juha Kaakinen  
CEO



Kari Komu  
CFO

# METHODOLOGY

## Environmental Objectives

The Green Bond Principles together with the EU Taxonomy refer to a set of high level Environmental Objectives which outline the main environmental benefits of the anticipated use of proceeds from any potential environmentally focused Sustainability Financing by Y-Foundation. Of the high level objective, two key Environmental Objectives for Y-Foundation are outlined below, of which Climate change mitigation will be the primary target within environmentally focused Sustainability Financing by Y-Foundation.

1. Climate change mitigation

Activities that contribute to the stabilization of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system by avoiding or reducing greenhouse gas emissions or by greenhouse gas removals.

2. Climate change adaptation

Activities that contribute to reducing or preventing the negative effects of the current and expected future climate on the location and context specific economic activities or natural and built environments.

## Social Objectives and Alignment with the UN SDGs

Agenda 2030 and the Sustainability Development Goals (SDG) were adopted by the United Nations General Assembly on 25 September 2015. The 17 global goals with 169 defined underlying targets aim to achieve long term Sustainability economic, social and environmental development in order to eradicate extreme poverty, reduce inequality and injustice around the world, and fight climate change.

The UN Sustainable Development Goals are the starting point for the Y-Foundation’s 10-year strategy.

Our strategy is linked to 11 of the UN SDGs. Our objective is to reduce inequality between people, eradicate homelessness, increase the well-being of our tenants and lead the way as part of the international community of homelessness organisations.



## Exclusions

The net proceeds of any Sustainability Financing by Y-Foundation will not be allocated or linked to fossil based energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling, adult entertainment or tobacco.

## Allocation of Net Proceeds

An amount equal to the net proceeds of any Green, Social or Sustainability Bonds will be used to (re-)finance Green or Social Assets and Projects in accordance with this Sustainability Bond Framework. The proportion of the amount equal to the net proceeds allocated to new projects and assets will be disclosed in the annual reporting.



# SUSTAINABILITY TERMS

## Sustainability Bond Framework

This Sustainability Bond Framework is based on the 2021 version of the Green Bond Principles, the 2021 version of the Social Bond Principles, the 2021 version of the Sustainability Bond Guideline, all as published by the International Capital Market Association (ICMA).

This Framework provides the background for positioning the rationale for Green, Social or Sustainability instruments within Y-Foundation's overarching sustainability strategy, and the Framework covers all Y-Foundation entities, such as M2-Kodit and Y-Kodit.

The following five components form the basis of Y-Foundation's Sustainability Bond Framework and are based on the key components of Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. Verification

## Use of Proceeds

An amount corresponding to the net proceeds of any Green, Social or Sustainability Bonds issued by Y-Foundation will be used exclusively to finance or re-finance assets and projects that are eligible pursuant to the criteria contained in the Sustainability Terms, including Exclusions and Allocation of Net Proceeds, and which have been evaluated and selected by Y-Foundation in accordance with this Sustainability Bond Framework.

An amount equal to the net proceeds is expected to be allocated to new and existing eligible projects and assets ("Eligible Projects and Assets") as outlined in the tables below. The proportion of the net proceeds that has been allocated to new projects (defined as projects and assets less than 12 months old at the time of allocation) and assets is disclosed annually.

Both financing and refinancing of tangible assets (without age restriction) and operational expenditure (with up to 3 years lookback period before the issuance of any Green, Social or Sustainability Bond) such as maintenance costs related to Green Assets that increase the expected lifetime or the energy efficiency can qualify. The combined allocated amount to a specific Asset or Project, by one or several sources of financing with specified use of proceeds, may not exceed its value. Y-Foundation only operates in the Finnish market and the net proceeds will therefore be used exclusively to finance or refinance assets, investments and expenditure in Finland.

GREEN PROJECTS AND ASSETS

	Description	SDGs	Environmental Objectives
Green Buildings	<p><b>Construction of new buildings</b>                      Construction or development of residential properties that have met or will meet, during the first five years after bond issuance, one of the following criteria:</p> <ul style="list-style-type: none"> <li>• Energy Performance Certificate label A</li> <li>• E-Value of 81 kWh/sqm or below</li> <li>• Wood is the main source of raw material for the frame and envelope of the building</li> </ul> <p>New buildings mean buildings that have been, or will be taken into use from 1.1.2021 onwards.                      For properties larger than 5000sqm, the life-cycle Global Warming Potential of the property for each stage of the life-cycle is calculated and air-tightness and thermal integrity testing is performed.</p>		
	<p><b>Acquisition and ownership</b>                      Acquisition or ownership activities of residential properties built before 31.12.2020 that either have met or will meet, during the first five years after bond issuance, one of the following criteria:</p> <ul style="list-style-type: none"> <li>• Energy Performance Certificate label A</li> <li>• Belong to the top 15% of the most energy efficient buildings nationally when compared against stock of similar property type</li> <li>• Wood is the main source of raw material for the frame and envelope of the building</li> </ul>	   	<p>Primary Objective: Climate Change Mitigation</p>
	<p>Acquisition or ownership activities of residential properties built after 1.1.2021 that either have met or will meet, during the first five years after bond issuance, one of the following criteria:</p> <ul style="list-style-type: none"> <li>• Energy Performance Certificate label A</li> <li>• E-Value of 81 kWh/sqm or below</li> <li>• Wood is the main source of raw material for the frame and envelope of the building</li> </ul>		
<p><b>Renovation of buildings</b>                      Renovations of existing residential properties where the overall renovation measures lead into at least 30% improvement in the Primary Energy Demand during a maximum of 3-year period, as demonstrated through the renewed Energy Performance Certificate.</p>			
Energy Efficiency & Renewable Energy	<p><b>Energy efficiency investments</b> into existing building portfolio that can consist of individual measures leading into an improvement in energy efficiency. These individual measures can include, but are not limited to, replacing existing windows with more energy efficient windows, installation of energy efficient lighting sources, installation of low water and energy using kitchen or sanitary appliances.</p> <p><b>Renewable energy investments</b> in new and existing buildings, consisting of eg. geothermal energy, solar panels and electric vehicle charging stations.</p>	   	<p>Primary Objective: Climate Change Mitigation</p>



Circular Economy & Waste Management & Biodiversity

Waste reduction, recycling and management solutions and initiatives that do not present an additional burden for tenants and that aim at achieving at least 80% recycling rate for household waste by 2030, in accordance with our strategy. Waste reduction, recycling and management solutions can take place at all stages of our construction operations and building lifecycle, and for industrial waste the eligible projects must contribute to our commitment on maintaining above 70% recycling/recovery rate for non-hazardous waste.

Circular economy and sharing economy solutions and initiatives for tenants, such as car sharing services and circular economy solutions that contribute to providing our tenants with a wide range of solutions for reducing their carbon footprint.

Biodiversity through investments into projects with positive impacts on biodiversity and ecosystems in new and existing buildings, consisting of eg. diversifying the range of habitats or vegetation structures available at site.



Primary Objective:  
Climate Change Mitigation

SOCIAL PROJECTS AND ASSETS

Description

SDGs

Social Objectives & Target Population

Affordable Housing

Affordable Housing

Construction, development, acquisition, ownership or renovation of properties designated to provide affordable housing for the most vulnerable population, such as homeless or unemployed persons. Housing First principle guides the overall work that we do. Buildings must provide low cost housing targeted for people that meet ARA's criteria in Finland<sup>1</sup>.



Social Objective:  
Reducing homelessness and improving the quality of life through access on housing

Target Population:  
homeless people and people who are threatened to remain homeless

Socioeconomic Advancement and Empowerment

Supporting Social Integration

Projects aiming to support socioeconomic advancement for vulnerable and/or underserved population. Eligible Projects may also receive support from the state of Finland, through eg. STEA. Y-Foundation will only allocate proceeds from Social Finance to these projects for the share of expenses that are not covered through other forms of funding.

Socioeconomic advancement and empowerment can take place through:

- Y-Foundation's own projects or municipal and NGO cooperation on supporting employment possibilities, counselling services, apprenticeship opportunities or various training courses
- Dedicated projects for special purposes, such as Yksi meistä (One of Us) or Uuras employment programmes, that aim at providing employment to our tenants while also increasing their employment opportunities, and that help providing successful housing while guiding tenants through different life situations by Y-Foundation's house counselling work.



Social Objective:  
Ensuring equal access to the job market, access on social services and benefits

Target Population:  
Vulnerable and underserved population, homeless and jobless people

<sup>1</sup> To be eligible for ARA (The Housing Finance and Development Center) housing, tenant must meet certain eligibility criteria. Criteria assesses applicant's i) housing need, ii) wealth and iii) income. More information available at <https://www.ara.fi/en-US>

## Process for Project Evaluation and Selection

Projects and assets eligible for Sustainability Finance will be identified as part of the ongoing operations.

Projects and assets identified will be evaluated by the Sustainability Finance Committee (SFC). The SFC has the following members:

- CEO
- CFO
- Real Estate Unit representatives
- Legal & Sustainability Unit representative
- Communications Unit representative

The committee will evaluate the nominated projects and assets to ensure compliance with the Sustainability Terms. It will review information about the Projects and Assets, and evaluates the overall environmental and social impact that can include life cycle considerations, potential rebound effects, suitability for social objectives and target population. The Projects and Assets must also be compliant with applicable national laws and regulations, as well as policies and guidelines at Y-Foundation. A decision to allocate net proceeds will require a consensus decision by the SFC. Decisions made by the committee will be documented. To ensure legitimacy in the process, an updated list of all Projects and Assets that meet the Sustainability Terms will be kept by Y-Foundation's finance department. If a Project or an Asset ceases to meet the Sustainability Terms, it will be removed from the list. The list will form the basis for

annual impact and allocation reporting for any outstanding Sustainability Finance instrument.

## Management of Proceeds

An amount equal to the net proceeds of any issuance under the Sustainability Bond Framework will be tracked and monitored by Y-Foundation (the "Sustainability Portfolio"). Y-Foundation will include information about each Sustainability Financing in the Sustainability Portfolio together with information on relevant Green or Social Projects or Assets.

If an Eligible Green or Social Project or Asset no longer qualifies according to the Sustainability Terms or if the underlying Eligible Green or Social Project and Asset is divested, it will be removed from the Sustainability Portfolio. Funds may be reallocated to other Eligible Green or Social Projects and Assets at any time during the term of any Sustainability Financing, unless otherwise agreed in legal documentation.

The finance department will keep a record of any change in the Sustainability Portfolio. Pending allocation of the net proceeds, including the unlikely event of there being no Eligible Green or Social Projects and/or Assets, the proceeds may be temporarily invested or utilized by finance department in accordance with Y-Foundation's financial policy. However, in such case the Exclusions will apply and unallocated proceeds may not be invested or utilized towards purposes outlined in the Exclusions section of this Framework.

# REPORTING AND TRANSPARENCY

Y-Foundation will publish an annual report on its website that will detail the allocation of Sustainability Financing net proceeds and adherence to the Sustainability Terms (the "Reporting"). The first such Reporting is expected to take place one year after the inaugural Sustainability Financing signing date. Thereafter, the timing of the Reporting may be aligned with the Annual Reporting cycle of Y-Foundation and Reporting will be published annually until no Sustainability Financing by Y-Foundation is outstanding.

The Reporting will contain information on the Green and Social Assets and Projects that have been financed with Sustainability Financing, a summary of Y-Foundation's activities in the past year as it pertains to Sustainability Financing as well as information, including examples, of the financed Green and Social Assets' and Projects' adherence to the relevant criteria. Where relevant, Y-Foundation will seek to align the reporting with the latest standards and practices as identified by ICMA and the guidelines in the Nordic Public Sector Issuer's Position Paper on Green Bond Impact Reporting. Similarly, Y-Foundation aims to follow reporting guidelines published in connection to the EU Taxonomy and will seek to align these reporting requirements to the extent feasible.

## ALLOCATION REPORTING

- Y-Foundation will provide allocation reporting for each of the Use of Proceeds categories in the Framework. Emphasis will be placed on providing examples and allocation reporting in connection to single projects based on size.
- The sum of outstanding Sustainability Finance instruments and the sum of the Sustainability Portfolio balance, including any short term investments or funds managed within Y-Foundation's liquidity portfolio.
- The proportion of net proceeds allocated to new investments, i.e projects and assets financed within 12 months from completion.
- All data shall be from the end of the previous financial year.

## PERFORMANCE REPORTING

The Reporting will also contain a set of asset and project level performance indicators. The reporting will strive to disclose the impact based on the Sustainability Financing's share of the total investment. For projects and assets that are not yet operational, Y-Foundation will strive to provide estimates of future performance levels. Given the number of project types in the use of proceeds categories, the reported Key Performance Indicators (KPI) for Green and Social Assets and Projects could differ from the indicators listed below. Y-Foundation will emphasize number of people being serviced through social projects as well as energy savings and greenhouse gas avoidance as the most relevant performance metrics for most asset and project types.

## INDICATIVE KEY PERFORMANCE INDICATORS

Affordable Housing	<ul style="list-style-type: none"> <li>• Number of affordable homes provided during the reporting period</li> <li>• Number of people or families housed through affordable housing</li> <li>• Area (sqm) of affordable housing constructed, developed, acquired or refinanced</li> <li>• Number of social projects started and operated per each category</li> <li>• Number of people helped through social projects (other than affordable housing)</li> <li>• Regional distribution of social projects and affordable housing units</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>• Annual energy savings</li> <li>• Avoided CO2 emissions</li> <li>• Number of new constructions started that will meet the criteria for Green Buildings</li> <li>• Number of acquired or refinanced properties</li> <li>• Area (sqm) of Green Buildings</li> <li>• Summary of possible energy efficiency measures taken</li> </ul>

## EXTERNAL EVALUATION & VERIFICATION

Y-Foundation has engaged ISS ESG to issue an independent opinion on the Sustainability Bond Framework, which is available on our website together with additional information about our work with sustainability.

An external auditor of Y-Foundation, or a similar party appointed by Y-Foundation with the relevant expertise and experience, will examine and report whether an amount equal to any Green, Social or Sustainability Bond net proceeds have been allocated to the Eligible Projects and Assets that Y-Foundation has communicated in the Reporting. The conclusions will be provided in a signed statement, which will be published on Y-Foundation’s website.





**Home for All.**

**Y-Foundation**

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