



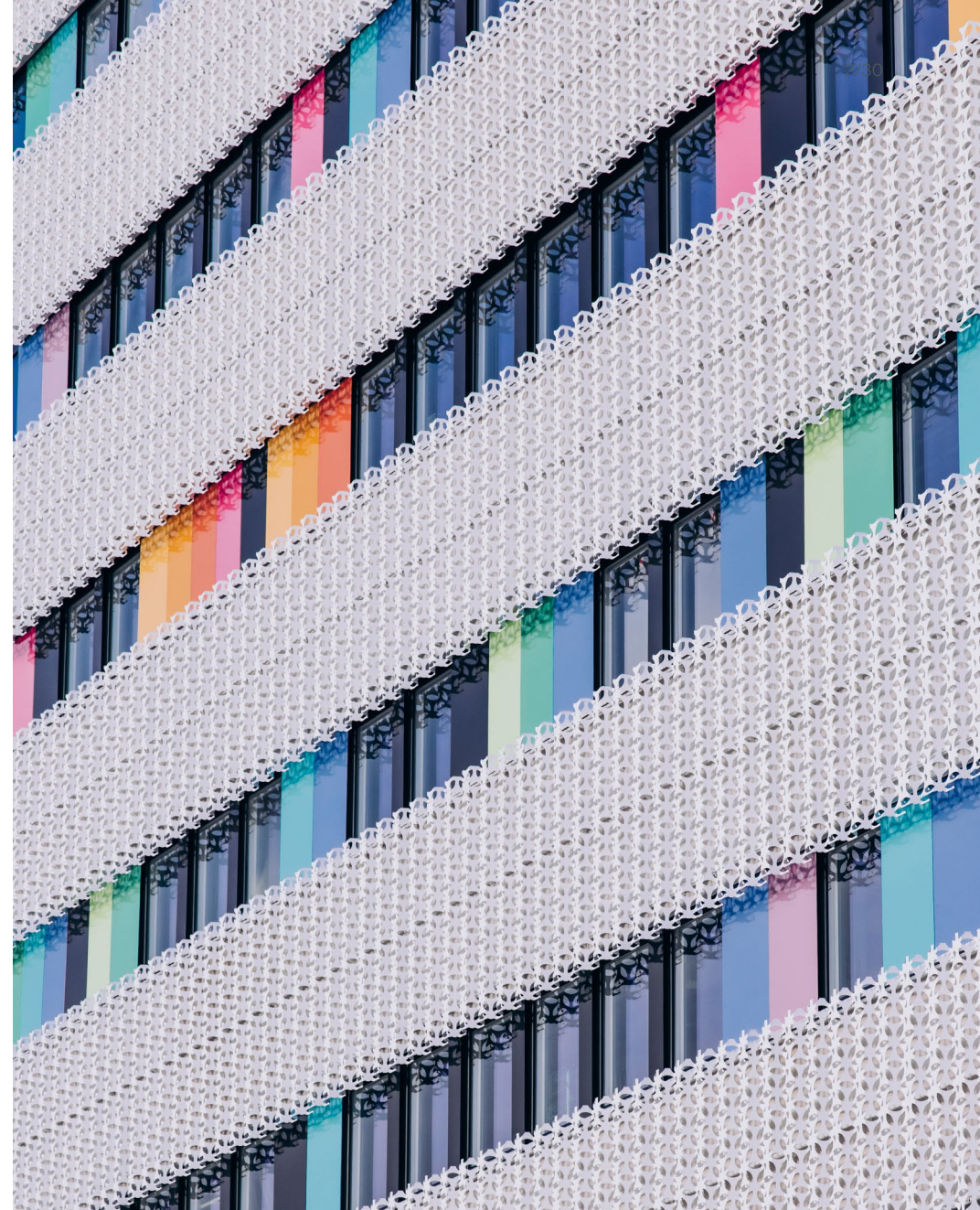
**Social Impact
Report
2021**

MuniFin



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Green and social finance enable sustainable investments in municipalities and the state-subsidised housing sector housing sector

Green and social finance enable sustainable investments in municipalities and the state-subsidised housing sector

We are committed to building a better and more sustainable future with our customers. Sustainability is a key part of our strategy and work, best made concrete through our business operations. We have offered our customers green finance for sustainable investments since 2016. In 2020, we complemented it by launching social finance, which is offered for projects that produce widespread social benefits. We source the funding for our green and social finance from the international capital markets by issuing green and social bonds. For investors, these products offer a way to finance positive impacts. Green and social finance are a vital part of our funding strategy, and they both have their own framework, project portfolio and impact report.

Promoting the United Nations Sustainable Development Goals (SDGs) has played an important role in the planning of our green and social finance offering. As a public sector entity, we wish to address the national challenges of sustainable development highlighted in Finland's Voluntary National Review on the Implementation of the 2030 Agenda¹, such as reducing greenhouse gas emissions, inequality and social exclusion.

The projects funded with our green and social finance also promote the strategic themes of the Finnish Government Programme² that builds on sustainable development. One of these themes strives for a carbon neutral Finland that protects biodiversity. This includes the objective of Finland achieving carbon neutrality by 2035. Another important

strategic theme is to reach a fair, equal and inclusive Finland. The investments of the Finnish municipal and housing sector – our customers – play a key role in advancing solutions designed to promote the achievement of the SDGs and the strategic themes of the Finnish Government Programme. Municipalities are highly committed to the SDGs: 45% of Finns live in municipalities that aim to achieve carbon neutrality by 2030, which is an even more ambitious climate goal than that of the Finnish Government¹.

The aim of our sustainable finance is to create positive effects for the environment and society. In this report, we summarise the impact of our social finance projects. The impact of our green finance is described in a separate report.

¹<https://julkaisut.valtioneuvosto.fi/handle/10024/162268>

² <https://valtioneuvosto.fi/en/marin/government-programme>

Changing society one project at a time

The second year of our social finance turned out very much as we had planned. This is a strong indication that our customers have a demand for social finance and wish to make their socially sustainable activities more visible – which is where an external framework plays a key role. For us as a financier, social finance is an important means of broadening our international investor base to include those that wish to invest in projects that promote socially sustainable development. But first and foremost, our social finance seeks to promote the achievement of the UN SDGs.

Our social finance projects promote equality and the welfare of individuals and communities. The European Union has also begun to support this development through its proposed social taxonomy, which seeks to achieve similar criteria for harmonisation and sustainable activities as the already published EU green taxonomy, which focuses on environmentally sustainable economic activities. We actively monitor this positive development and engage in dialogue with different parties to formulate common market practices.

Our customers have welcomed our message about the importance of social projects with open arms. Housing production companies in particular have made impressive efforts in creating solutions that promote communality

in housing aimed at the most vulnerable population. Our social finance and its criteria are considered a natural extension of the strategic and operative objectives that in and of themselves form the cornerstones of our customers' existence and work.

At the end of 2021, our social finance portfolio consisted of 59 projects. Most of these were state-subsidised housing solutions, but we also financed projects in the other two categories, welfare and education, during the year. The financed projects include massive investments in hospitals, which affect the lives of hundreds of thousands of Finns on a daily basis. Our portfolio also includes projects that involve a smaller investment but produce a major impact: they have great significance on the lives of individuals, employees, family members or the surrounding community.

The projects that we finance place great importance on clear goal setting at the design stage and on open collaboration with various stakeholders. Communality and the flexibility and functionality of facilities are important starting points in all projects. In Social housing projects, it is also vital to offer residents shared activities and support for independent living. From the very start, school projects place an emphasis on flexible multipurpose facilities that can be used for other



Rami Erkkilä

Senior specialist, sustainable finance
Rami Erkkilä is responsible for green and social finance products at MuniFin

purposes after school hours. Hospital design is patient-driven, with a priority on patient safety, recovery and family attendance. Social finance projects also take environmental and energy efficiency matters into account in many ways. It is safe to say that in these projects, sustainability is considered from every angle throughout the investment lifecycle.

The adoption and integration of socially sustainable practices can only take place through concrete projects. I encourage our customers not to hide their light under a bushel – as is typical of us Finns – but to bring their plans and projects forward even more boldly and to try out new things. Their example will inspire others to follow in their footsteps or set the bar even higher. This will bring us closer and closer to the sustainable future that we aspire to – a future in which social finance is no longer necessary.

Social finance for welfare, housing and education

MuniFin social finance is available to our customers: municipal sector entities and state-subsidised housing production companies.

From 2023 onwards, Finland's health and social services reform will transfer the responsibility for organising healthcare, social welfare and rescue services from municipalities to the newly established wellbeing services counties. The new legislation adopted by the Finnish Parliament enables MuniFin to continue to act as the financier of the loans and other liabilities transferred from the municipalities to the wellbeing services counties. Moreover, the Parliament is currently working on amending the Act on the Municipal Guarantee Board. If implemented, this amendment would also allow MuniFin to finance new investments by the wellbeing services counties.

Our social finance promotes investments that produce widespread social benefits. We grant social finance to pioneering projects that have a wide-ranging positive impact for individuals and the society in the long term. Our social finance projects promote equality, communality, safety, welfare or regional vitality.

We source our funding from international capital markets by issuing social bonds. We are the first Finnish social bond issuer and also the first Nordic issuer in the SSA (Sovereigns, Supranationals, Agencies) category to offer social bonds.

Our Social Bonds Framework details the project assessment and selection process, the use and management of proceeds as well as the reporting commitments. The framework was created in accordance with the Social Bond Principles of the International Capital Markets Association (ICMA). ISS ESG, the responsible investment arm of Institutional Shareholder Services Inc, has provided a second opinion on our framework and confirmed that it complies with the Social Bond Principles and that the financed projects promote the selected UN SDGs.

In the selection process, potential projects are assessed against our Social Bonds Framework. The final decision about whether a project is eligible is made by an evaluation team of social experts that includes two independent members and one MuniFin member.

We offer a margin discount of two basis points for all our social finance projects to spur the growth of social investments and to make the evaluation of the widespread impacts of projects more common.

We are also committed to reporting on the widespread benefits produced by the social finance projects, which our customers can then use when communicating to their residents, customers, decision-makers and other important stakeholders.

MuniFin's Social Bonds Framework includes three categories: Welfare, Social Housing and Education.



WELFARE

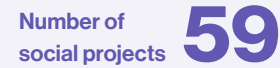
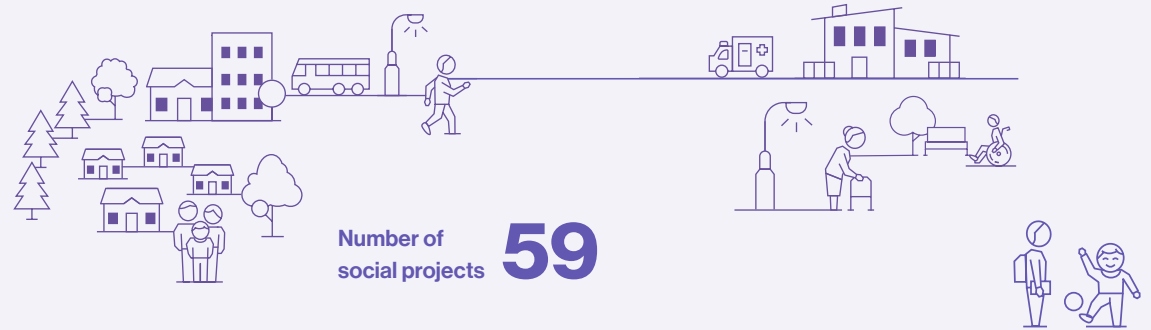


SOCIAL HOUSING



EDUCATION

Social finance in figures



Welfare



Social housing



Education

Total committed social finance



Number of user and patient visits



Number of apartments



Of which housing for the most vulnerable population: **1,906**

Number of students, pupils and children reached



Average remaining maturity of social projects: **18** years

Number of welfare service users reached



Number of residents



Average class size





New projects

100%



**Outstanding amount of social bonds
EUR million**

1,100



**Outstanding amount of social
finance, EUR million**

1,161

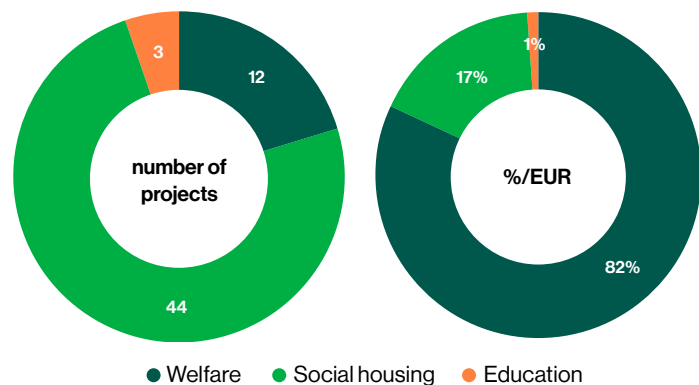
Our social finance portfolio is comprised entirely of new projects. In accordance with our Social Bonds Framework, new projects are ones that have been completed less than one year before the Social Evaluation Team has approved them for our social finance portfolio. Our portfolio does not include refinanced projects, i.e. projects completed more than one year before their approval.

At the time of reporting, the outstanding amount of social finance stood at EUR 1,161 million and the outstanding amount of social bonds at EUR 1,100 million. At the end of 2021, the outstanding amount of social finance thus exceeded that of social bonds. The funds are managed in line with our sustainability policy.

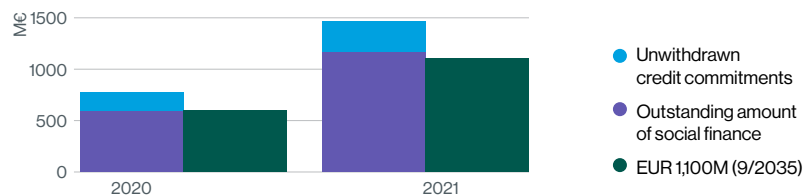
Figures as at 31 December 2021.

Executive summary

Social finance project breakdown



Development of social finance and social bonds



Project category	Outstanding amount, EUR million
Welfare	947
Social housing	199
Education	16
Total	1,161

Other impact indicators	
Number of user and patient visits	1,952,648
Number of welfare service users reached	2,599,373
Number of residents	2,149
Number of apartments	2,072
Of which housing for the most vulnerable population	1,906
Number of students, pupils and children reached	1,662
Average class size	18

Impact attributable to social bond investors				94,8 %
Outstanding amount of social bonds divided by outstanding amount of social finance (in EUR) as of 31 Dec 2021. Capped at 100%				
Amount	ISIN	Issue date	Maturity date	
1,100m EUR	XS2227906034	10 Sept 2020/12 Oct 2021	10 Sept 2035	94,8 %

Basic information:	
Social bonds frameworks applied to the social finance portfolio	MuniFin Social Bonds Framework as of February 2020
Reporting period	The reporting is based on the social finance portfolio as at 31 Dec 2021
Report publication date	3 March 2022
Reporting frequency	Annual
Next report planned for	March/April 2023
Reporting approach	Portfolio-based and project-by-project reporting
Reporting framework	ICMA Social Bond Principles (June 2021) and ICMA Handbook – Harmonised Framework for Impact Reporting (June 2021, when applicable)

MuniFin increased the amount of its social bond issued in 2020

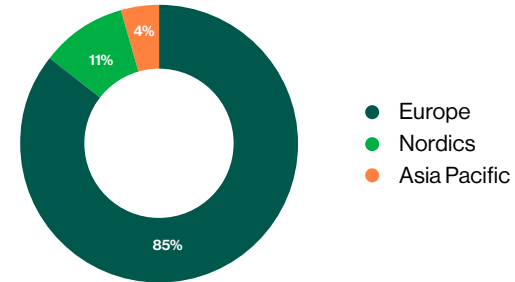
Our social bond issuances surpassed one billion euros

Municipality Finance Plc • Social Impact Report 2021

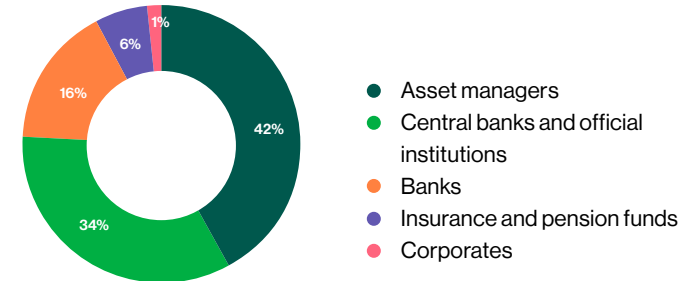
At the end of 2021, MuniFin had one social bond, which was issued in 2020. At the time of its issuance, we were the first Finnish social bond issuer and also the first Nordic issuer in the SSA (Sovereigns, Supranationals, Agencies) category to offer social bonds.

In October 2021, we issued a EUR 500 million tap to the social bond issued in 2020. At the time of reporting, the outstanding amount of the social bond stood at EUR 1.1 billion. The tap was quickly oversubscribed by over threefold, with 75% allocated to dedicated ESG investors.

Investor breakdown by geography and investor type*



Investor breakdown by investor type of outstanding social bonds*



Outstanding amount of social bonds

€ 1,100

Outstanding social bonds

EUR 1,100m 09/2035

*The charts describe the investor breakdown of the primary issuance of outstanding social bonds. Figures as at 31 December 2021.

Social finance portfolio

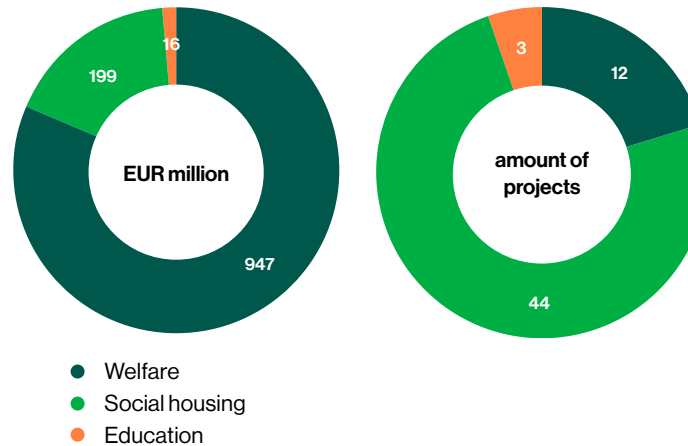
At the end of 2021, the number of approved projects in our social finance portfolio was 57, of which 54 had begun to withdraw finance. The outstanding amount of social finance, which means the amount of finance disbursed minus repayments, totalled EUR 1,161 million at year-end. At the time of review, total committed finance was EUR 1,461 million, which is the sum of the outstanding amount and the amount of unwithdrawn credit commitments. A summary of the impacts of these projects can be found on page 15 and a detailed list of our social finance projects can be found on pages 24–29.

In 2021, we accepted 27 new projects into our social finance portfolio. Five projects approved in 2020 also became part of the portfolio. At the time of review, 22 projects had begun to withdraw finance. For projects approved in 2021, the outstanding amount of social finance totalled EUR 152 million and credit commitments totalled EUR 230 million at the end of the year.

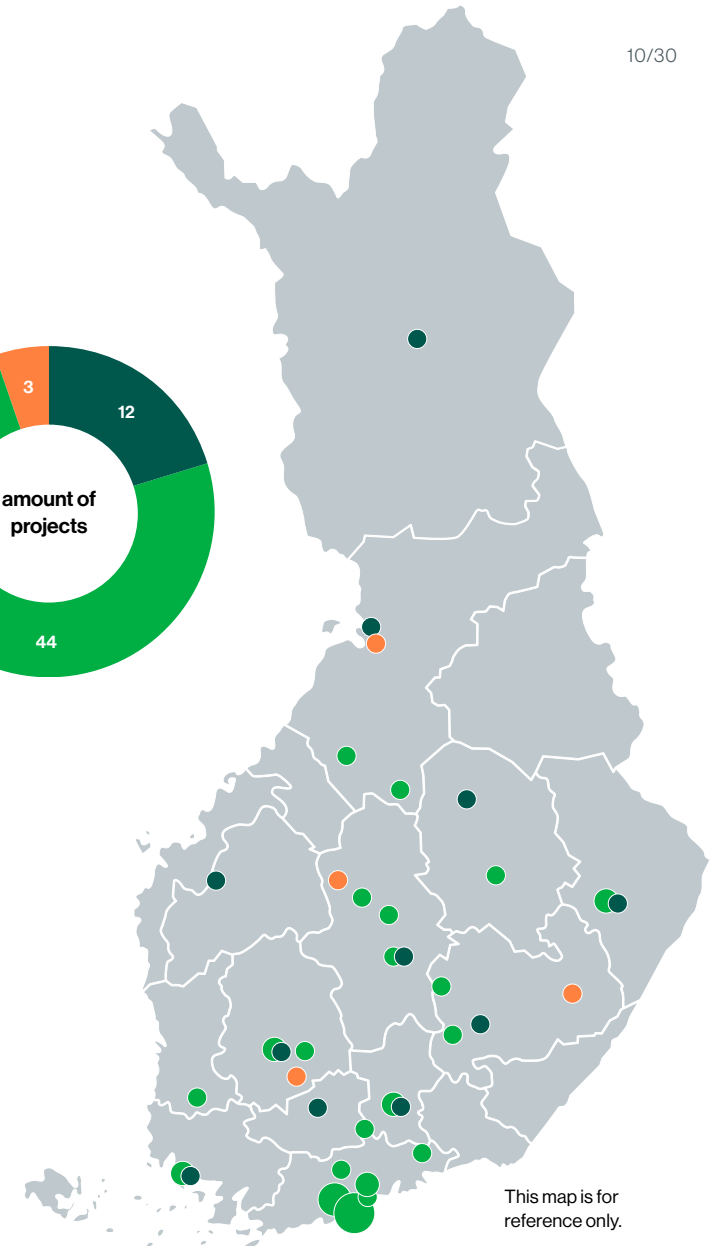
In 2021, we selected pioneering projects from all Social Bonds Framework categories into our social finance portfolio. The fastest-growing project category was welfare, with a growth of EUR 97 million. Finnish hospitals are currently being renewed on a large scale, and we have financed these important welfare projects across Finland. Our portfolio also grew by 23 social housing projects that improve the living conditions of the most vulnerable population (EUR 55 million) and by two education projects (EUR 8 million).

These projects are situated in 31 different locations across Finland.

Social finance project breakdown



Outstanding amount of social finance
EUR million



This map is for reference only.

The Social Evaluation Team approves projects

Projects eligible for MuniFin's social finance must comply with the Social Bonds Framework at the time of their approval. The project selection process is two-fold.

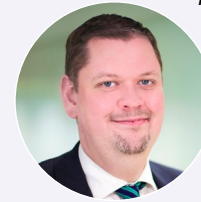
In the first stage, MuniFin's Customer Solutions division conducts a preliminary assessment of the project's eligibility for social finance. If the project is an education, culture facility or sports facility project, we use our internal evaluation model to assess its potential impact on regional vitality and the wellbeing of residents. At this point, we also interview the customer and gather all necessary information for the evaluation team's assessment. The structure of the interview and the information requested from customers have been determined together with the evaluation team so that all projects can be assessed equally.

In the second stage, the project is assessed by a three-person evaluation team of social experts that includes two independent members and one MuniFin member. The evaluation team convenes to assess the project and decide whether it will be approved for social finance. The evaluation team uses the material collected in the first stage to support its decision. The team also gets to know the project's outline and target group and estimates its investment requirement. The assessment focuses on two questions: whether the project will solve a known problem and whether it will produce the desired benefits for society. The experts also assess which UN SDGs the project will promote. The evaluation team has also selected five social goals through which the project impact is evaluated. These social goals are equality, communality, safety, welfare and regional vitality.

Our objective is to find projects that generate long-term social benefits and decrease welfare inequalities. If the project is also beneficial for the environment, we will hold this in its favour, but projects approved for social finance are not required to meet the environmental criteria set for our green finance.

In 2021, we approved several innovative construction projects that place particular emphasis on the needs of the most vulnerable population and on solutions that promote the health and wellbeing of the people using the premises. The best projects promote communality, help bring different groups of people together and allow people to live a good life.

Members of the Social Evaluation Team



"The wide-ranging effects that the approved projects have on welfare, communality and regional vitality have only increased in importance in 2021. Social finance is a most excellent way to highlight the positive impact of these investments."

Jouni Parkkonen, CEO, Finnish Affordable Housing Companies' Federation – KOVA

"In social matters, impact thinking and sustainability are here to stay. It's a pleasure to see all the ways in which different parties consider the impact of investments on regional vitality, welfare and the environment from the perspective of sustainable development."



Jenni Airaksinen, University Lecturer in Local and Regional Governance, Tampere University



"The very existence and premise of our customers is defined by the themes of responsibility and sustainability. The same themes also lay the foundation of our social finance. It has been wonderful to see just how widely and comprehensively our customers have wanted to share the impact of their projects on the surrounding society and stakeholders. Social finance acts as a channel through which we can communicate new goals and new ways of doing things, setting an example that others can then follow in their projects. This brings us closer and closer to a more sustainable future."

Rami Erkkilä, Senior Specialist, sustainable finance, MuniFin

Reporting principles

Our Social Bonds Framework defines the contents of this annual Social Bonds Impact Report. Our reporting strives to adhere to the principles and guidelines of the International Capital Market Association (ICMA). This report describes the impacts of the financed projects based on the available facts.

Our approach to impact evaluation

Our reporting applies a bond-programme-based approach, which is also known as the portfolio approach. In this approach, one dynamic portfolio consisting of social bonds is used to finance one dynamic portfolio consisting of social finance projects. We do not allocate social bond proceeds to single projects within the project portfolio.

According to the portfolio approach, we may refinance a social bond at maturity in order to maintain an appropriate balance between the social bonds portfolio and the social finance project portfolio.

We carry out our impact reporting in accordance with the following principles:

- The reporting is based on the situation at the end of 2021, taking into account new withdrawals, repayments and redemptions.
- Some projects in the social portfolio have not yet withdrawn any finance. Their impact is therefore not included in the impact assessment, and the outstanding amount of their finance is EUR 0.
- The impacts of a financed project are calculated based on our estimated share of the project's total finance. Our estimated share of the project's total finance refers to our outstanding amount of social finance in relation to the project's estimated total finance. If we are the project's only financier, the project's estimated total finance equals the finance that we have granted. If the project has other financiers as well, the estimated total finance is the project's total liabilities based on information obtained from the customer and public sources. This figure does not include the project's self-financing or grants.

- Our reporting is based on ex-ante evaluation conducted prior to project implementation. These calculations are only made once and not updated annually.
- Our impact assessment includes both quantitative and qualitative impacts.
- We engage in active discussion with investors and other market participants. We also constantly develop our reporting and welcome development proposals.

Terms used in this report:

- Outstanding amount = disbursed amount minus repayments
- Unwithdrawn credit commitment = amount of finance granted to the customer but not yet withdrawn
- Total committed finance = outstanding amount + unwithdrawn credit commitment

We have assigned each project a target population to describe the group of people the service or housing is aimed for. The target populations are broadly defined in our Social Bonds Framework, but they are also assessed individually for each project.

We have selected the UN 2030 SDGs based on the direct impact of the projects. All projects may also have indirect impacts on the individuals using the services and on society at large, but such impacts fall outside the scope of this report. The SDGs and related targets are reported by project category.

Reporting principles

Impact indicators

We have chosen impact indicators that are suitable for our project categories and describe their output.

Social housing

- Number of residents: estimated number of people living in the project apartments, based on the number of rooms and averages. Moving within the year does not affect this estimate.
- Number of apartments: number of apartments included in the project, of which the share of apartments for the most vulnerable population is reported separately.

Welfare

- Number of user and patient visits:
 - Number of user visits: estimated number of welfare service users during the year.
 - Number of patient visits: estimated number of visits during the year, including inpatient time.
- Number of welfare service users reached: number of people living within the hospital district or in the municipality where the welfare services are provided. These are reported for each project and added up for the total figure. However, this figure cannot be compared to the population as the district areas may be overlapping. For instance, a welfare centre is part of a larger hospital district and caters for the same people. Hospitals are also part of a larger university hospital catchment area.

Education

- Number of students, pupils and children reached: number of students in upper secondary schools, number of pupils in comprehensive schools and number of children in day-care centres and preschools.
- Average class size: number of pupils in one class.

Social goals

Social finance projects aim to tackle important social challenges like exclusion, inequality and homelessness. To become selected, projects must create positive impacts in their surrounding community. The evaluation team assesses project eligibility through social goals such as

equality, communality, welfare, safety and regional vitality.

Equality: In an equal society, every person is equally valuable and has the same human rights and the same opportunities to influence the society. Offering services equally to everyone while taking special needs into account promotes equal opportunity. Ensuring that all groups of people have equal access to services of equal quality brings us closer to this goal. Equal housing takes into account reasonable pricing, regional differences and the needs of the most vulnerable population and aims to prevent homelessness.

Communality: Communality is the way individuals interact within a group. It can take the form of shared activities and trust, for example. Communality and inclusion can prevent loneliness and reduce the risk of exclusion. Building design can facilitate the meeting of different groups of people and support a sense of community through shared spaces that foster communication. Social workers or residential building community coordinators can also create better conditions for a heightened sense of community.

Welfare: Welfare includes the health, material wellbeing and perceived wellbeing, i.e. the quality of life, of an individual¹. A high-quality apartment or school in itself can improve health and welfare through a safe and versatile use of space. The functional design and operating practices of a new, patient-oriented hospital can create better conditions for holistic wellbeing. Welfare is often also connected to the abovementioned aspects of communality.

Safety: Safety is not only the absence of threat and danger, but also a personal experience closely connected with welfare. Functional, well-designed spaces and modern technology can reduce various risks and increase the feeling of safety.

Regional vitality: Regional vitality, especially at a municipal level, is the ability to create opportunities for working, studying and entrepreneurship and provide the necessary services for residents in an economically sustainable way. In a broader context, public investments can increase a municipality's vitality and attractiveness also by improving the private sector's operating conditions and opportunities for innovation.

The impacts of social finance

WELFARE






SOCIAL HOUSING



EDUCATION



The impacts of social finance

Project category	Number of projects	Outstanding amount 31.12.2021	Number of user and patient visits	Number of welfare service users reached	Number of residents	Number of apartments	Number of apartments for the most vulnerable population	Number of students, pupils and children reached	Average class size
 Welfare	12	946,507,430	1,952,648	2,599,373					
 Social housing	44	198,707,273			2,149	2,072	1,906		
 Education	3	15,649,652						1,662	18
Entire portfolio	59	1,160,864,355	1,952,648	2,599,373	2,149	2,072	1,906	1,662	18



Welfare

In Finland, municipalities are responsible for organising health and social services until January 2023, when this responsibility will be transferred to the newly established wellbeing services counties. All projects by municipalities and joint municipal authorities that meet the criteria of our Social Bonds Framework are eligible for our social finance. In 2021, we accepted two welfare projects into our social finance portfolio, bringing their total to eleven.

The portfolio gained one sports facility project in 2021, the new swimming hall in Iisalmi. The Social Evaluation Team approved the project in 2020, but its financing was not secured until 2021. The Iisalmi swimming hall is accessible and promotes an active and healthy lifestyle and social interaction among people of all ages, thus increasing both physical and mental wellbeing. Third parties can also use the swimming hall facilities for their services, turning it into a versatile sports centre.

One of the projects approved in 2021 was the Päijät-Häme Central Hospital's construction stage 7, which helps bring fragmented services together, enabling the long-term development of operations and improving customer service. The second project was the M-talo in Seinäjoki, which combines specialised healthcare with social welfare services and brings people together. The evaluation team praised this project especially for the way it integrates services.

At the time of the review, the portfolio had no culture projects in the welfare category.

Impact indicators

In projects approved into our social finance portfolio, we report the number of potential service users and the number of user and patient visits, the latter of which is weighted with MuniFin's share of finance, i.e. the proportion of MuniFin's finance to the project's total finance. The

approved projects promote the wellbeing of a large number of people: the annual number expected user and patient visits is estimated to reach 1,952,648 and the number of potential service users is estimated to stand at around 2.6 million people. This number includes patient visits as well as the annual users of the Iisalmi swimming hall and the Valkeakoski leisure centre. However, the figure is not directly comparable to Finland's total population, however, because different projects may report the same residents due to overlapping catchment areas

Target population

The welfare projects accepted into our social finance portfolio promote the good health and wellbeing of a large group of people. In practice, the target population of healthcare projects covers everyone in the hospital district or catchment area because they are all potential service users. Some of the approved projects offer a wide range of special and/or basic healthcare services, while others only focus on a particular specialty. The target population of sports and culture facility projects include all residents of the city or municipality in question.

Environment

Many social finance projects pay particular attention to being environmentally friendly. For example, many hospital projects have put especial effort into improving their waste management and energy efficiency.

Welfare projects promote especially the following social goals:

Equality: The essential benefits of the projects are the improved availability and quality of care.

One of Finland's key goals is to reduce health inequalities between different populations groups, which is a goal that is also stated in Finnish Health Care Act. Updating the network of hospitals and health centres is one way of doing this

Welfare: The projects significantly promote the health and wellbeing of the customer and patient groups of hospitals. Many of the projects involve the versatile application of new technologies and aim for patient-friendly environments. The quality of healthcare improves with the efficient use of human resources, and quality care and pleasant surroundings support patient wellbeing.

Safety: The projects significantly improve the quality of specialised medical treatment in the region, thus also improving safety and sense of security.

Regional vitality: The projects increase regional vitality by improving the quality of care and the working conditions of employees. Some of the projects may also strengthen local cooperation.



Welfare



Welfare projects promote the following UN Sustainable Development Goals:

Goal 3

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing.

3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.

3.7 By 2030, ensure universal access to sexual and reproductive healthcare services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes.

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

Social Bond Principles

Access to essential services
Socioeconomic advancement and empowerment

Entire portfolio		Target population
Number of projects	12	Residents in the region
Outstanding amount of social finance	EUR 947 million	Residents in the hospital district/catchment area
Unwithdrawn credit commitment in social finance	EUR 214 million	
Number of user and patient visits	1,952,648	
Number of welfare service users reached	2,599,373	

The Sopukka wellbeing centre brings Sodankylä's health and social services under one roof

Sodankylä is the centre of commerce and services in Central Lapland, catering not only for residents, but also for people in surrounding municipalities.

Sodankylä's old health centre had reached the end of its lifecycle. The new Sopukka wellbeing centre brings almost all municipal health and social services under one roof: it houses health and social services from the acute reception to the family service centre and the social insurance institution Kela's customer service point. In Sodankylä, residents and staff alike are now enjoying the benefits of service chains that surpass sector boundaries – the objective of Finland's health and social services reform – ahead of the rest of the country. Residents have seamless access to the services that they require, which increases the quality of care and makes the services more efficient to produce.

Sopukka's central location offers both residents and visitors easy access to health and social services, improving safety and promoting equality and vitality in the region. Funded with MuniFin's social finance, the Sopukka wellbeing centre is an important investment in Sodankylä's future.





Social housing

MuniFin is the largest financier of non-profit housing production in Finland. All non-profit housing organisations and projects nominated by the Housing Finance and Development Centre of Finland (ARA) that meet the criteria of our Social Bonds Framework are eligible for our social finance. In 2021, we accepted 23 new housing projects into our social finance portfolio. At the time of review, the portfolio had a total of 44 social housing projects. The projects include both new construction and renovation sites.

Impact indicators

In projects approved into our social finance portfolio, we report the number of apartments, the number of apartments for the most vulnerable population, and the number of residents. These numbers are weighted with MuniFin's share of finance. At the time of review, the number of apartments was 2,075, of which 1,907 were aimed at the most vulnerable population. Some projects in our portfolio include both regular affordable rental apartments and apartments for the most vulnerable population. The estimated number of residents is 2,149.

Target population

The vulnerable population housing projects that are granted social finance provide underprivileged people with better opportunities to stay in safe, affordable housing that takes their additional needs into account. The different needs of different groups have been taken into consideration in the planning stage. Student housing guarantees affordable homes for young people at an important turning point in life, while care and service homes offer safety and routines for elderly people, people in psychiatric rehabilitation and people with disabilities or memory disorders.

Environment

Many social finance projects pay particular attention to being environmentally friendly: new buildings are built to be energy efficient and may also use renewable energy and new technologies. All projects approved for social finance comply with the Decree of the Ministry of the Environment on the energy efficiency of new buildings (1010/2017). For a block of flats with three or more residential floors, the E-value limit is 90 kWh/year/m². The decree provides for certain exceptions in which earlier provisions on the energy efficiency of buildings can be applied.

Social housing projects promote especially the following social goals:

Equality: The projects promote inclusion by providing access to quality housing regardless of the individual's socioeconomic background. Many of the projects combine housing for the most vulnerable population and regular affordable rental housing in the same location to support the integration of the most vulnerable groups into society.

Communality: The projects invest in elements of communal living, which significantly help to prevent social exclusion and improve the residents' quality of life. The projects employ comprehensive and diverse solutions that support communality. A good example of this are community coordinators and social workers, who are there for residents and organise communal activities.

Welfare: Residents in care and service homes benefit from the services that they are offered and that promote wellbeing.

Safety: The projects use technological solutions that address the safety and convenience of the housing for its target population. Community coordinators also establish a sense of security and help the residents get better acquainted with each other.

The impacts of social finance



Social housing



Social housing projects promote the following UN Sustainable Development Goals:

Goal 3

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing.

3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.

Goal 10

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.

Goal 11

11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Social Bond Principles

Affordable housing
Socioeconomic advancement and empowerment

Entire portfolio		Target population
Number of projects	44	Young people in need of special aid
Outstanding amount of social finance	EUR 199 million	Elderly people
Unwithdrawn credit commitment in social finance	EUR 82 million	Children with disability
Number of apartments	2,072	Adults with mild disability
Number of apartments for the most vulnerable population	1,906	Immigrants
Number of residents	2,149	People in psychiatric rehabilitation
		Elderly people with memory disorders
		Young people
		Students

Community spirit gives new strength at Mainiokoti Lukkari

Demand for senior housing is growing all around Finland. The Municipality of Lapinjärvi wants to offer senior citizens meaningful, comfortable and safe living opportunities in close proximity to services.

At Mainiokoti Lukkari, elderly people live in a safe and homelike environment with access to round-the-clock care. The central location allows residents easy access to a wide range of services and good transport connections, making them part of the community. A communal lifestyle helps prevent loneliness and reduces the risk of social exclusion.

In addition to building new apartments, the old part of the residential care home was renovated. Now the residential home offers round-the-clock care for thirty seniors. The project employed modern, high-quality solutions that promote the municipality's strategy and senior citizen policy. The design of the new unit placed an emphasis on multi-purpose facilities that can be converted as and when necessary. Mainiokoti Lukkari was partly funded with MuniFin's social finance.





Education

In Finland, basic education is typically the responsibility of municipalities or municipal joint authorities. Municipalities also provide preschool education and, in some cases, other levels of education as well. All projects by municipalities and joint municipal authorities that meet the criteria of the MuniFin Social Bonds Framework are eligible for our social finance. Education projects are screened using an internal evaluation model to identify areas where investments in education would have the greatest impact on the vitality of the area. In 2021, we approved two new education projects in our social finance portfolio. At the time of the review, our portfolio had a total of four projects in the education category.

In 2021 we approved Kirkonkylätalo multipurpose building in Kempele into the social portfolio. The Kirkonkylätalo day-care centre and school will bring together children of different ages, helping them move smoothly along in their school journey. The facilities will also increase opportunities for leisure activities for people of all ages and act as a meeting place. Of projects approved in 2020, the Nätki school in Savonlinna also became part of our portfolio.

At the time of the review, the proportion of education projects in the portfolio was small (1%) because municipalities often finance their school investments with budget loans. Only project-specific financing was approved for the social finance portfolio at the time of the review.

Impact indicators

In projects approved into our social finance portfolio, we report the number of pupils, students and children reached as well as the average class size. The number of pupils, students and children reached is weighted with MuniFin's share of finance, but the average class size is not. In the financed projects, the number of pupils, students and children reached was 1,662 and the average class size was 18. Finnish class sizes are below the OECD average: 20 at primary level and 19 at lower secondary level¹.

Target population

The primary target population for education projects includes the children at day-care centres and the pupils and students at schools. Although school premises are primarily meant for teaching, they can also be used for other purposes after school, in which case the wider target population consists of a larger group of people who benefits from new hobby and meeting facilities. This multipurpose use is taken into account in the design phase in order to best accommodate for different groups of people.

Environment

In the approved projects, one of the key design principles is the environmental effect of the building. The aim is to construct a durable, energy efficient and easily maintained building, which adheres to the Terve Talo ("Healthy House") criteria from design to implementation and use.

Education projects promote especially the following social goals:

Communality: In the projects, having children and adolescents of different ages study in the same school building facilitates the transition from one grade to another and improves safety in the community. Different uses of space and outdoor areas allow children and young people to form social groups. Communality through learning is also considered, for example by allowing classrooms to be divided into smaller spaces or combined into larger areas and by constructing various additional spaces for pupils to use in groups.

Regional vitality: A substantial investment in schooling improves the service offering of the municipality and boosts regional vitality. Moreover, some school facilities, such as handicrafts, music, kitchen and language learning classrooms, lend themselves well to adult education centre use.



Education



Education projects promote the following UN Sustainable Development Goals:

Goal 4

4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.

4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.

4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

Goal 10

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.

Social Bond Principles

Access to essential services
Socioeconomic advancement and empowerment

Entire portfolio		Target population
Number of projects	3	Schoolchildren and upper secondary school students in the school's catchment area
Outstanding amount of social finance	EUR 16 million	
Unwithdrawn credit commitment in social finance	EUR 4 million	
Number of students, pupils and children reached	1,662	
Average class size	18	

Social finance projects and impacts

Welfare											
Customer	Project	Project type	Social goals	Year of approval	Estimated completion of the project	Outstanding amount 31 Dec 2021 (€)	Unwithdrawn credit commitment 31 Dec 2021 (€)	Total committed finance 31 Dec 2021 (€)	MuniFin's estimated share of finance 31 Dec 2021	Number of users or patient visits	Number of welfare service users reached
South Savo Social And Health Care Authority	Mielen ja kuntoutuksen talo hospital	New building	Equality, Welfare, Safety	2020	2023	25,000,000 €	15,000,000 €	40,000,000 €	63%	63,063	65,000
City of Iisalmi	New swimming hall in Iisalmi	New building	Equality, Welfare, Safety	2020	2022	6,500,000 €	-	6,500,000 €	100%	180,000	21,317
Kanta-Häme Hospital District	Hospital of Ahvenisto, Assi	New building	Equality, Welfare, Safety	2020	2025	45,000,000 €	133,000,000 €	178,000,000 €	25%	53,324	67,753
Central Finland Healthcare District	Hospital Nova	New building	Equality, Welfare, Safety	2020	2020	229,166,315 €	17,833,684 €	247,000,000 €	51%	202,802	126,751
Kiinteistö Oy Seinäjoen Terveysteknologiakeskus	M-Talo Hospital	New building	Equality, Welfare, Regional vitality	2021	2021	20,000,000 €	-	20,000,000 €	100%	58,000	193,000
Pirkanmaa Hospital District	Psychiatric hospital	New building	Equality, Welfare, Safety	2020	2023–2030	95,000,000 €	-	95,000,000 €	100%	65,684	849,860
Joint Municipal Authority for North Karelia Social and Health Services, Siun Sote	Renovation of North Karelia Central Hospital wing E	Renovation	Equality, Welfare, Safety	2020	2026	56,000,000 €	-	56,000,000 €	100%	50,000	165,000
Joint Municipal Authority for Northern Ostrobothnia Healthcare District	Oulu University Hospital 2030	New building	Equality, Welfare, Safety	2020	2023–2030	215,000,000 €	-	215,000,000 €	69%	450,856	508,307
Päijät-Häme Joint Authority for Health and Wellbeing	Päijät-Häme Central Hospital expansion stage 7	New building	Equality, Welfare, Regional vitality	2021	2022	70,898,334 €	-	70,898,334 €	100%	400,000	213,000
Sodankylä Municipality	Well-being centre Sopukka	New building	Equality, Welfare, Safety	2020	2020	19,988,230 €	-	19,988,230 €	100%	86,240	8,000
The Hospital District of South-west Finland	Tyks Lighthouse Hospital	New building	Equality, Welfare, Regional vitality	2020	2022	157,544,995 €	42,455,004 €	200,000,000 €	79%	342,660	370,231
City of Valkeakoski	Valkeakoski leisure centre	New building	Equality, Communnality, Regional vitality	2021	2022	6,409,555 €	5,590,444 €	12,000,000 €	53%	-	20,885

Social finance projects and impacts

Social housing												
Customer	Project	Project type	Social goals	Year of approval	Estimated completion of the project	Outstanding amount 31 Dec 2021 (€)	Unwithdrawn credit commitment 31 Dec 2021 (€)	Total committed finance 31 Dec 2021 (€)	MuniFin's estimated share of finance 31 Dec 2021	Number of residents	Number of apartments	Number of apartments for the most vulnerable population
Asoasunnot Uusimaa Oy	Assisted living building Keravan Jukola	New building	Equality, Welfare, Safetys	2021	2022	1,100,000 €	6,061,250 €	7,161,250 €	15%	7	7	-
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Alberganesplanadi 2	Renovation	Equality, Communnality	2021	2021	-	1,551,558 €	1,551,558 €	-	-	-	-
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Anna Sahlstenin-katu 4	New building	Equality, Communnality	2021	2022	2,590,000 €	3,889,141 €	6,479,141 €	40%	54	54	54
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Hietapellontie 11	Renovation	Equality, Communnality	2021	2020	858,874 €	-	858,874 €	100%	38	38	38
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Hopeatie 10	Renovation	Equality, Communnality	2020	2021	4,771,428 €	-	4,771,428 €	100%	62	62	62
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Katajanokanranta 21	Renovation	Equality, Communnality	2021	2021	-	4,120,000 €	4,120,000 €	-	-	-	-
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Kilonportti 1	Renovation	Equality, Communnality	2021	2021	-	1,452,000 €	1,452,000 €	-	-	-	-
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Kitarakuja 1	Renovation	Equality, Communnality	2020	2020	4,780,527 €	-	4,780,527 €	100%	36	36	36
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Kitarakuja 3	Renovation	Equality, Communnality	2020	2019	7,353,748 €	-	7,353,748 €	100%	116	116	116
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Muusantori 5	Renovation	Equality, Communnality	2021	2021	-	2,752,000 €	2,752,000 €	-	-	-	-
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Mäkelänrinne 4	New building	Equality, Communnality	2020	2021	12,601,540 €	-	12,601,540 €	100%	88	88	88

Social finance projects and impacts

Social housing												
Customer	Project	Project type	Social goals	Year of approval	Estimated completion of the project	Outstanding amount 31 Dec 2021 (€)	Unwithdrawn credit commitment 31 Dec 2021 (€)	Total committed finance 31 Dec 2021 (€)	MuniFin's estimated share of finance 31 Dec 2021	Number of residents	Number of apartments	Number of apartments for the most vulnerable population
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Paraistentie 19	Renovation	Equality, Community	2021	2021	3,256,854 €	-	3,256,854 €	100%	45	45	45
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Pasilanraatio 6	Renovation	Equality, Community	2020	2020	5,651,354 €	-	5,651,354 €	100%	71	71	71
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Retkeilijänkatu 11	Renovation	Equality, Community	2020	2020	8,494,667 €	-	8,494,667 €	100%	100	100	100
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Tuuliniitty 1	New building	Equality, Community	2020	2021	16,476,180 €	-	16,476,180 €	100%	165	165	165
The Foundation for Student Housing in the Helsinki Region, HOAS	Apartment building Vehkapolku 10	New building	Equality, Community	2020	2021	16,267,385 €	-	16,267,385 €	100%	162	162	162
Joensuun Hoiva- ja Palveluyhdistys ry	Assisted living building Sepänhelmi	New building	Equality, Community, Welfare	2020	2021	4,088,500 €	-	4,088,500 €	100%	46	36	36
Kiinteistö Oy Harjulan Mänty	Assisted living building Vahva-Jussin Lenkki 5	New building	Equality, Welfare, Safety	2021	2022	2,730,000 €	3,124,687 €	5,854,687 €	47%	22	22	22
Kiinteistö Oy Kesti	Assisted living building Kestipuisto 2	New building	Equality, Welfare, Safety	2020	2021	2,300,000 €	-	2,300,000 €	100%	-	28	28
Kiinteistö Oy Kpsäätiö Jyväskylä	Assisted living building Keljonkatu 40	New building	Equality, Welfare, Safety	2021	2022	1,949,000 €	1,578,500 €	3,527,500 €	55%	14	14	14
Kiinteistö Oy Taloherttua	Assisted living building Kurvis Höllintie 8	New building	Equality, Welfare, Safety	2021	2021	1,890,615 €	1,260,410 €	3,151,026 €	60%	30	18	18
Kiinteistö Oy Y-Säätiön Palvelutalot Oy	Youth accommodation Friisimäki	New building	Equality, Community, Welfare	2020	2021	7,683,000 €	-	7,683,000 €	100%	-	56	34
Lahti Foundation of Housing and Services for the Elderly	Assisted living building Kyösti Kallionkatu 7	New building	Equality, Welfare, Safety	2021	2022	4,995,000 €	4,166,250 €	9,161,250 €	55%	40	40	40

Social finance projects and impacts

Social housing												
Customer	Project	Project type	Social goals	Year of approval	Estimated completion of the project	Outstanding amount 31 Dec 2021 (€)	Unwithdrawn credit commitment 31 Dec 2021 (€)	Total committed finance 31 Dec 2021 (€)	MuniFin's estimated share of finance 31 Dec 2021	Number of residents	Number of apartments	Number of apartments for the most vulnerable population
Mielen ry	Assisted living building Kiinteistö Oy Muotialan asuin-keskus	New building	Equality, Welfare, Safety	2021	2022	1,350,000 €	2,237,000 €	3,587,000 €	38%	13	13	13
MVH-Asunnot Oy	Assisted living building Mainiokoti Lukkari	New building	Equality, Welfare, Safety	2020	2021	1,770,120 €	-	1,770,120 €	100%	-	21	21
NAL Asunnot Oy	Youth accommodation Kirstinharju 4	New building	Equality, Welfare, Safety	2020	2022	4,708,626 €	2,319,174 €	7,027,800 €	67%	44	38	5
Niiralan Kulma Oy	Assisted living building Untamonkatu 6	New building	Communality, Welfare, Safety	2020	2020	1,490,430 €	-	1,490,430 €	100%	14	14	14
Satalinna Foundation	Apartment building Satakuntatalo	Renovation	Equality, Welfare, Safety	2021	2022	3,192,272 €	3,523,090 €	6,715,362 €	48%	34	34	34
Setlementtiasunnot Oy	Apartment building Jousenpuistonkatu 9	New building	Equality, Communality, Welfare	2020	2021	9,902,100 €	502,100 €	10,404,200 €	95%	69	69	14
Setlementtiasunnot Oy	Apartment building Kontula student housing	New building	Equality, Welfare, Safety	2021	2022	1,161,846 €	13,361,216 €	14,523,062 €	8%	14	10	10
Setlementtiasunnot Oy	Assisted living building Postiljooninkatu 9	New building	Equality, Welfare, Safety	2021	2021	10,883,000 €	4,727,000 €	15,610,000 €	70%	61	61	12
Suomen Hoiva ja Asunto Oy	Assisted living building Hirvensalmen palvelutalo	New building	Equality, Welfare, Safety	2021	2021	4,607,550 €	511,950 €	5,119,500 €	90%	45	45	45
Suomen Hoiva ja Asunto Oy	Assisted living building Joensuu hoivakoti	New building	Equality, Welfare, Safety	2020	2021	4,263,600 €	473,796 €	4,737,396 €	90%	54	54	54
Suomen Hoiva ja Asunto Oy	Assisted living building Mäntyrannan Palvelutalo	New building	Equality, Welfare, Safety	2020	2020	6,193,986 €	-	6,193,986 €	100%	-	58	58
City of Tampere	Assisted living building Koukkuniemen Männistö	New building	Equality, Welfare, Safety	2021	2021	5,383,860 €	-	5,383,860 €	100%	60	60	60

Social finance projects and impacts

Social housing												
Customer	Project	Project type	Social goals	Year of approval	Estimated completion of the project	Outstanding amount 31 Dec 2021 (€)	Unwithdrawn credit commitment 31 Dec 2021 (€)	Total committed finance 31 Dec 2021 (€)	MuniFin's estimated share of finance 31 Dec 2021	Number of residents	Number of apartments	Number of apartments for the most vulnerable population
The Student Village Foundation of Turku	Apartment building Kuunsilta	New building	Equality, Welfare, Safety	2021	2021	3,641,080 €	-	3,641,080 €	100%	204	175	175
The Student Village Foundation of Turku	Apartment building Tyyssija	New building	Equality, Communnality	2020	2021	18,700,000 €	3,965,195 €	22,665,195 €	83%	165	153	153
Versonsilmu Oy	Assisted living building Versokoti, Paavontie 41	New building	Equality, Communnality, Welfare	2020	2021	1,200,000 €	-	1,200,000 €	100%	12	12	12
Virkkulankylä Oy	Assisted living building Hausjärven Virkkula	New building	Equality, Communnality, Welfare	2020	2021	3,511,185 €	-	3,511,185 €	100%	35	33	33
Virkkulankylä Oy	Assisted living building Pyhäjärvi	New building	Equality, Welfare, Safety	2021	2022	933,554 €	1,141,008 €	2,074,563 €	45%	13	10	10
Yrjö ja Hanna Kiinteistöt Oy	Assisted living building As Oy Nurmi-järven Ohrantähkä	New building	Equality, Welfare, Safety	2021	2022	1,110,000 €	6,262,500 €	7,372,500 €	15%	9	9	9
Yrjö ja Hanna Kiinteistöt Oy	Assisted living building Euran Corylus	New building	Equality, Welfare, Safety	2021	2021	3,028,080 €	1,855,920 €	4,884,000 €	62%	20	20	20
Yrjö ja Hanna Kiinteistöt Oy	Assisted living building Kiinteistö Oy Keravan Toukola	New building	Equality, Welfare, Safety	2021	2022	-	8,571,250 €	8,571,250 €	-	-	-	-
Äänekosken asumispalvelusäätiö	Assisted living building Eerolankatu 16	New building	Equality, Communnality, Welfare	2020	2022–2023	1,837,310 €	2,801,185 €	4,638,496 €	40%	24	24	24

Social finance projects and impacts

Education											
Customer	Project	Project type	Social goals	Year of approval	Estimated completion of the project	Outstanding amount 31 Dec 2021 (€)	Unwithdrawn credit commitment 31 Dec 2021 (€)	Total committed finance 31 Dec 2021 (€)	MuniFin's estimated share of finance 31 Dec 2021	Number of students, pupils and children reached	Average class size
Karstula Municipality	Karstula comprehensive school	New building	Communality, Regional vitality	2020	2021	11,923,298 €	2,876,701 €	14,800,000 €	81%	365	17
Kempele Municipality	Kirkonkylätalo multi-purpose building	New building	Communality, Regional vitality	2021	2023	8,353 €	-	8,353 €	100%	1,200	-
City of Savonlinna	Nätki school	New building	Communality, Regional vitality	2020	2021	3,718,000 €	1,282,000 €	5,000,000 €	74%	97	18

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MuniFin plc

Jaakonkatu 3 A, PL 744

00101 Helsinki

Tel. +358 9 6803 5666

www.munifin.fi

info@munifin.fi