

A supplement to the Green Impact report 2023

Recommendations in the Nordic Position Paper on Green Bonds Impact Reporting 2024 are structured on three levels with a sliding scale of imperative to follow:

- "...should..."
- "...are encouraged to..."
- "... may choose to..."

- Issuers are encouraged to disclose whether they comply with the Position Paper recommendations
- Issuers which state compliance to the Position Paper should comply with all "should" recommendations and explain any deviations from them.

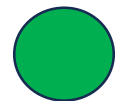
This document aims to detail our current level of compliance with the updated "should" recommendations and explain our current approach or deviations for each principle as promised in the Green Impact report 2023 (page 36).

We have done this mapping on three levels:

- We comply with all the "should" in the reporting recommendations for this principle
 - We partly comply with the "should" recommendations for this principle.
 - No "should" recommendations to be reported (for these we have still explained our approach)
-

1. Reporting compliance with the Position Paper

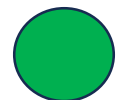
We comply with all the "should" in the reporting recommendations for this principle



We have included mapping of the "should" recommendations as part of our Green Impact Report, which discloses how MuniFin follows the Position Paper. Possible deviations from the "should" recommendations are explained in the mapping.

2. Maximize transparency and useability

No "should" recommendations to be reported



We provide extensive aggregate information as well as data on individual projects in our reporting. We also provide an executive summary of the key information. In addition to this impact report, we have also compiled the impact data in spreadsheet format. We publish both the report and the green finance spreadsheet in Finnish at www.kuntarahoitus.fi and in English at www.munifin.fi.

A supplement to the Green Impact report 2023

3. Report on bond-by-bond or on portfolio approach to issuance and allocation

We comply with all the "should" in the reporting recommendations for this principle



We use a portfolio approach in our reporting. Our reporting covers all the projects that are included in our green finance portfolio at the end of the reporting year. More information about our approach is available in the section Reporting principles of the Green Impact Report.

4. Provide both allocation and impact reporting

We comply with all the "should" in the reporting recommendations for this principle



Our impact report includes both allocation and impact reporting. In 2022, we had our allocation reporting verified by an independent external verifier for the first time.

5. Provide annual reporting

We comply with all the "should" in the reporting recommendations for this principle



We use a portfolio approach in our green finance, which means that the contents of our portfolio change annually. We report the status and impact of our portfolio by the calendar year.

6. Report expected impact, aiming for actual impact

We comply with all the "should" in the reporting recommendations for this principle



We report both avoided and reduced emissions based on the project category, project type and underlying reference scenario. Our reporting is based on ex-ante evaluation conducted prior to project implementation. We aim to be as transparent as possible regarding our estimates and chosen approach. Please see more information from the impact report and section Reporting principles.

7. Focus on environmental impact

No "should" recommendations to be reported



Our selected indicators focus on environmental impact. Information about specific social impacts of our finance activities can be read from our Social Impact Report and annual reports.

A supplement to the Green Impact report 2023

8. Report based on annual impact

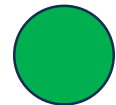
We comply with all the "should" in the reporting recommendations for this principle



As recommended, our impact report describes the annual impact of the reporting year as opposed to lifetime results. More information about this is available in the section Calculation principles on page 32.

9. Provide quantitative and qualitative reporting

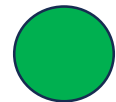
We comply with all the "should" in the reporting recommendations for this principle



We have determined quantitative indicators for each project category, and we report these for each project. More information about our indicators is available in the section Calculation principles. We have also included short project descriptions in this report since 2022. More information about the qualitative impact of the projects is available in the section Other impacts of our projects.

10. Report project-by-project, where feasible

No "should" recommendations to be reported



We report the impact of each financed project in the section Green finance projects and impacts and in a separately published spreadsheet.

11. Report based on the share financed

We comply with all the "should" in the reporting recommendations for this principle



We calculate the impacts of the financed projects based on our estimated share of the project's total finance. The calculation is based on the estimated total cost of the project and the outstanding amount of the loan in MuniFin's balancesheet. More information about this is available in the section Reporting principles.

12. Report impact by \$ only when quantifiable and relevant

We comply with all the "should" in the reporting recommendations for this principle



We report the annual CO₂ emissions avoided/reduced per invested monetary unit in all other project categories except the water and waste water management category. We do not consider it relevant to report the impact of the other indicators in relation to the share of finance. More information about this is available in the section Executive summary.

A supplement to the Green Impact report 2023

13. Financing/refinancing

We partly comply with the "should" recommendations for this principle



According to the Nordic Position Paper there are various approaches on how to define financing and refinancing including the approach of using "the date when the project was deemed eligible". We use a portfolio approach and we do not allocate green bond proceeds to single projects within the project portfolio, nor do we distinguish between financing and refinancing. However, our green finance portfolio consists of 100% of new projects based on our Green Bond Framework definition. An eligible green project is classified as a new project if the project has been completed less than 12 months before the date of project's approval by the Green Finance Team. Thus, one could consider our Green Finance as 100 % financing. MuniFin's green bond net proceeds are allocated to capital expenditures.

14. Look-back period / Allocation period

We comply with all the "should" in the reporting recommendations for this principle



We do not have a look-back period in our Green Bond Framework. We classify a project as a new project if the project has been completed less than 12 months before the date of project's approval by the Green Finance Team. The ambition is that the majority of the eligible green projects in the project portfolio are new. Our projects are in use for the duration of the finance agreement and our customers are required to report if there are any significant changes which could affect the project's eligibility for green finance. MuniFin assures that that all green bond net proceeds raised under the latest framework will be allocated to projects that follow the relevant eligibility criteria at the time of issuance. Impact assesment is made when the project is approved to the green finance portfolio on an ex-ante basis.

The project is considered to have a meaningful impact for the full lifetime of the finance agreement. It is MuniFin's intention to maintain an aggregate outstanding amount of green bonds that is equal to or less than the aggregated outstanding amount of green finance. There may be periods due to unanticipated events when the outstanding amount of green bonds exceeds the outstanding amount of green finance. In this case, the green bond proceeds will be placed in liquidity reserves and managed according to MuniFin's Sustainability Policy and Sustainable Investment Framework.

A supplement to the Green Impact report 2023

15. Vintage reporting

We comply with all the "should" in the reporting recommendations for this principle



Because our green finance applies a portfolio approach, different projects have been approved under different versions of our Green Bond Framework. We disclose information regarding different framework vintages under the section Project compatibility under the updated Green Bond Framework. We disclose the outstanding amounts of projects aligned and not aligned with the currently valid selection criteria as well as the process used when analyzing projects existing prior to the updates made. New projects are included in the portfolio based on the criteria of the latest framework. We assure that all green bond net proceeds raised under the latest framework will be allocated solely to such green finance that is aligned with the eligibility criteria stipulated in the latest framework.

16. Provide breakdowns on asset type, geography and sector

We comply with all the "should" in the reporting recommendations for this principle



Our reporting includes a list of the projects that we finance, all of which are investments in tangible assets and located in Finland. The category of the project indicates the sector of the investment.

17. Framework age limit

No "should" recommendations to be reported



Until further notice, we follow the recommendations disclosed in the Second Opinion of our Green Bond Framework. In the framework and reporting MuniFin aims to follow best market practice recognized by relevant market participants (such as ICMA Principles, EU) and latest developments in the market (e.g ambition level and data availability) which ultimately defines the need for updates.

18. Communication of sustainability strategy

No "should" recommendations to be reported



We disclose our core sustainability strategy and goals related as part of our impact report.

19. Process for identification and management of ESG risks

No "should" recommendations to be reported



In our impact report, we disclose our approach regarding ESG risks and refer to other relevant reports published by MuniFin for more detailed information.

20. Climate-related risks

A supplement to the Green Impact report 2023

We comply with all the "should" in the reporting recommendations for this principle



We do not have a separate risk management process for Green Finance. Green Finance is subject to the same risk management process that applies to all lending activities and customers. We refer to the relevant documents for more information regarding our risk management processes in our impact reports.

21. EU Taxonomy approach

No "should" recommendations to be reported



MuniFin currently discloses alignment mapping of the Green Bond Framework criteria with the EU Green Taxonomy's technical screening criteria (objective 1. Climate change mitigation) in its impact report.

22. SFDR communication 21 Mapping vs the EU Environmental Objectives and the SDGs

No "should" recommendations to be reported



MuniFin aims to provide relevant information for its investors at all times as needed. For now there has not been separate data requests related to SFDR towards MuniFin.