

Second-Party Opinion

OP Mortgage Bank Green Covered Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the OP Mortgage Bank Green Covered Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, and 11.



PROJECT EVALUATION / SELECTION OPMB’s internal process in evaluating and selecting projects consists of using data from various sources to identify buildings that comply with the eligibility criteria. OP Financial Group has established a Green Bond Committee (the “Committee”), comprised of representatives from various departments. OPMB will report a summary of green mortgages included in the pool to the Committee every quarter, which approves the eligibility criteria outlined in the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS The management of proceeds will be supervised by the CEO and handled by OPMB, using a portfolio approach. OPMB intends to allocate the proceeds at issuance or within 12 months after issuance to a portfolio of loans of which collaterals meet the eligibility criteria. Pending full allocation, OPMB will hold or invest any unallocated proceeds in accordance with the Group’s conventional liquidity management policy and in alignment with the Finnish Covered Bond Act. This process is aligned with market practice.



REPORTING OPMB intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount allocated to the mortgages, the origination timeframe and maturity profile of the mortgages and the number of eligible loans. In addition, OPMB is committed to reporting on relevant impact metrics. Sustainalytics views OPMB’s allocation and impact reporting as aligned with market practice.

Evaluation date	November, 2020
Issuer Location	Helsinki, Finland

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Introduction

OP Mortgage Bank (“OPMB”, or the “Bank”) is a wholly-owned subsidiary of OP Financial Group (the “Group”), a financial services provider in Finland. OPMB is responsible for the Group’s secured funding through mortgage-backed covered bonds. OPMB acts as special-purpose bank of the Group and a funding vehicle for the OP member cooperative banks where the mortgages are originated. All Group-level policies and guidelines are binding to OP Financial Group’s entities, such as OPMB.

OPMB has developed the OP Mortgage Bank Green Covered Bond Framework (the “Framework”) under which it intends to issue Green Covered Bonds and use the proceeds to finance, in whole or in part, existing and future mortgages with green buildings collaterals. The Framework defines eligibility criteria in one area:

1. Green Buildings

OPMB engaged Sustainalytics to review the OP Mortgage Bank Green Covered Bond Framework, dated November 2020, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

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

- The Framework’s alignment with the Green Bond Principles 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.5.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

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

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

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

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

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The OP Mortgage Bank Green Covered Bond Framework is available on OP Financial Group’s website at: <https://www.op.fi/op-financial-group/debt-investors/green-bonds>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

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

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the OP Mortgage Bank Green Covered Bond Framework

Sustainalytics is of the opinion that the OP Mortgage Bank Green Covered Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of OPMB's Green Covered Bond Framework:

- Use of Proceeds:
 - The eligible category, Green Buildings, is aligned with those recognized by the GBP. Sustainalytics notes that the proceeds issued under the Framework activities are expected to increase the energy efficiency of buildings in Finland and advance the transition to low-carbon buildings.
 - OPMB may allocate proceeds to green projects, including the acquisition and ownership, construction, and renovation of Green Buildings, as well as individual measures and professional services that seek to reduce buildings energy consumption, as follows:
 - For acquisition and ownership, eligible buildings built before 2021 must be among the top 15% energy-efficient residential buildings in the local context. Buildings built after 2021 must observe a primary energy demand 20% lower than Nearly Zero Energy Buildings (“nZEB”) requirements.⁴ The Bank will rely on existing Energy Performance Certificates (“EPCs”) and/or statistical modeling to determine buildings’ compliance with eligibility criteria. Sustainalytics views positively the use of EPCs labels A or B to determine eligibility in Finland where such labels guarantee that assets under consideration are in the top 15% energy efficiency residential buildings.^{5,6}
 - As for the construction of new buildings, buildings built before 2020 must fall within the top 15% most energy-efficient buildings in the local context, while buildings built from 2021 onwards must observe a primary energy demand 20% lower than nZEB requirements. Sustainalytics notes that the criteria for new buildings are robust and well-placed for inclusion in a Green Covered Bond.
 - Renovation and refurbishments must comply with relevant local “major renovation” regulations defined in the Energy Performance of Buildings Directive⁷ or achieve 30% energy savings. Sustainalytics views positively the Framework’s inclusion of a defined energy efficiency threshold on a portfolio basis for the renovation and refurbishments of buildings.
 - OPMB may finance individual measures and professional services. Individual measures may include, but are not limited to, the addition of insulation, replacement of existing windows and/or external doors with new energy-efficient windows and doors,

⁴ Nearly Zero Energy-Buildings (NZEB) are buildings with a very high energy performance, as defined by each EU Member State. The Energy Performance of Buildings Directive requires all new buildings within the EU to meet the nZEB requirement in the respective country from 2021.

⁵ EPCs label must be A or B if issued under 2018 legislation or equivalent if issued under 2013 legislation. In 2018, 10% of the buildings stock was certified against EPC labels A and B.

⁶ In 2020, energy labels A and B account for approximately 10% of the residential buildings in Finland.

⁷ ‘Major renovation’ means the renovation of a building where (i) the total cost of the renovation relating to the building envelope or the technical building systems is higher than 25 % of the value of the building, excluding the value of the land upon which the building is situated; or (ii) more than 25 % of the surface of the building envelope undergoes renovation.

EUR-Lex, “Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings”, (2018), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583922805643&uri=CELEX:02010L0031-20181224>

as well as installation of charging stations for electric vehicles, smart meters for electricity, or solar photovoltaic system. Professional services may include technical consultations, accredited energy audits and building performance assessments, energy management services, energy performance contracts, and energy services provided by energy service companies. For an exhaustive list of individual measures and professional services, please refer to the Taxonomy Report: Technical Annex.⁸ Sustainalytics views individual measures and professional services as well-positioned to improve the energy performance of the existing buildings stock.

- Sustainalytics positively highlights that buildings that use fossil fuels as their main heating source are automatically excluded. Sustainalytics is of the opinion that the aforementioned projects and activities are expected to increase the energy efficiency of buildings in Finland and advance the transition to low-carbon buildings.
- Project Evaluation and Selection:
 - OPMB’s internal process in evaluating and selecting projects consists of using data from various sources to identify buildings that comply with the eligibility criteria. In 2018, OP Financial Group established a Green Bond Committee (the “Committee”), comprised of representatives from various departments, including an OP Financial Group’s Management Team Member and senior representatives from Finance and Group Treasury, Corporate Responsibility and Banking. OPMB will report a summary of green mortgages included in the pool to the Committee every quarter, which approves the eligibility criteria outlined in the Framework. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The management of proceeds will be supervised by the CEO and handled by OPMB using a portfolio approach. OPMB intends to allocate the proceeds at issuance or within 12 months after issuance to a portfolio of loans of which collaterals meet the eligibility criteria. OPMB aims that the size of the portfolio exceeds the total balance of proceeds at all times. Pending full allocation, OPMB will hold or invest any unallocated proceeds in accordance with the Group’s conventional liquidity management policy and in alignment with the Finish Covered Bond Act. Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - OP Mortgage Bank intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount allocated to the mortgages, the origination timeframe and maturity profile of the mortgages and the number of eligible loans. In addition, OP Mortgage is committed to reporting on relevant impact metrics, including annual energy reduced/avoided in MWh or GWh and annual GHG emissions reduced/avoided in tonne of CO₂ equivalent. Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the OP Mortgage Bank Green Covered Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of OPMB

Contribution of framework to OPMB sustainability strategy

All Group-level policies and guidelines are binding to OP Financial Group’s entities, such as OPMB. Thus, OPMB’s sustainability strategy is part of the broader OP Financial Group sustainability strategy. Sustainalytics notes that OP Financial Group aims to achieve carbon neutrality by 2025.⁹ Thus, OP Financial Group has established a Corporate Responsibility Programme centered around four thematic areas, namely (i) strengthening people’s financial skills, (ii) supporting local communities, (iii) fostering sustainable economy, and (iv) good business practice.⁹

As part of (iii) promoting a sustainable economy, the Group intends to support sustainable development and climate change mitigation and adaptation, notably through sustainable finance.⁹ For example, OP Financial

⁸ EU Technical Expert Group on Sustainable Finance, “Taxonomy Report: Technical Annex”, (2020), at: https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

⁹ OP Financial Group, “Corporate Responsibility Programme”, (2020), at: <https://www.op.fi/op-ryhma/vastuullisuus/vastuullisuusohjelma>

Group finances sustainable business, develops green financing products, and aims at strengthening responsible investment practices.⁹ In 2019, OP Corporate Bank plc, a subsidiary of the Group, issued its first green bond and used the proceeds to finance a wide range of projects, including renewable energy generation, green buildings developments and retrofitting, sustainable forestry and agriculture.⁹ Sustainalytics notes that by issuing Green Covered Bonds and use the proceeds to finance Green Buildings mortgages, OPMB will further strengthen the Group's commitment to sustainable finance.

Sustainalytics is of the opinion that the OP Mortgage Bank Green Covered Bond Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Bank action on its key environmental priorities.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics acknowledges that the Framework will be directed towards eligible projects that have positive environmental and social impact. However, Sustainalytics acknowledges that such eligible projects could lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, land use and biodiversity issues associated with real estate development.

OPMB provides financings via member banks for the acquisition of Green Buildings, and therefore is not directly responsible for managing potential E&S impacts of the projects financed through the Framework. Thus, Sustainalytics is of the opinion that the above-mentioned risks can be managed and/or addressed by the relevant legislation and regulation, as followed:

- The EU Directive on Safety and Health at Work provides a strong framework to ensure worker and health and safety protection in the EU Member States.¹⁰ Employers must take the measures necessary for the safety and health protection of workers, including prevention of occupational risks and provision of information and training.¹⁰ Finland has implemented the Directive in its national legislation, ensuring worker health and safety is accurately protected.¹¹
- In terms of land use, Nordic countries planning systems are handled at the national level and ensure appropriate risk management.¹² In Finland, the Ministry of Environment is responsible for the Finnish Land Use and Building Act (or the "Act").¹² The Act is pursuing the objective of promoting ecologically, socially, and culturally sustainable development, as well as organizing building activities in such a way that creates the conditions for a favorable living environment.¹³
- Buildings play a key role in reducing biodiversity loss.¹⁴ The EU aims at ensuring that projects, which are likely to have a significant impact on the environment, are adequately assessed before approval.¹⁵ The Directive establishes measures to "avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, in particular on species and habitats."¹⁵ Sustainalytics notes that Finland implemented the Directive through the Act (468/1994) and Decree (713/2006) on Environmental Impact Assessment Procedure in Finland.¹⁶
- In addition, Finland is classified "Designated Countries" by the Equator Principles, implying the presence of robust environment and social governance systems, legislation and institutional capacity for protecting the environment and communities.¹⁷ Furthermore, OP Financial Group is part of the current Equator Principles Financial Institutions.¹⁸

¹⁰ Official Journal of the European Communities, "Council Directive of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work", (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=EN>

¹¹ European Commission, "Evaluation of the practical implementation of the EU occupational safety and health (OSH) directives in EU Member States", (2015), at: <https://ec.europa.eu/social/BlobServlet?docId=16895&langId=en>

¹² Nordregio, « The spatial planning systems in the Nordic region », at: <https://archive.nordregio.se/Metameny/About-Nordregio/Nordic-working-groups/nwqcityregions/The-spatial-planning-systems-in-the-Nordic-region/index.html>

¹³ Ministry of the Environment, "Land Use and Building Act », (2016), at: https://www.ym.fi/en-US/Land_use_and_building/Legislation_and_instructions/The_Land_Use_and_Building_Act Cibus, "Compliance and Procedures", (2020)

¹⁴ Opoku, A., (2019), "Biodiversity and the built environment: Implications for the Sustainable Development Goals (SDGs)", Resources, Conservation and Recycling, at: <https://www.sciencedirect.com/science/article/abs/pii/S0921344918303768>

¹⁵ EUR-Lex, "Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment Text with EEA relevance", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

¹⁶ Jalava, K., (2014), "Quality of Environmental Impact Assessment in Finland", Jyväskylä Studies in Biological and Environmental Science, at: https://jyx.jyu.fi/bitstream/handle/123456789/44376/3/978-951-39-5818-3_vaitos26092014.pdf

¹⁷ Equator Principles, "Designated Countries", (2020), at: <https://equator-principles.com/designated-countries/>

¹⁸ Equator Principles, "EP Association Members & Reporting", at: <https://equator-principles.com/members-reporting/>

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

Section 3: Impact of Use of Proceeds

Reducing Energy Consumption of Buildings in Finland

Finland uses a significant amount of energy for indoor heating; which is the highest source of CO₂ emissions by households.¹⁹ Nevertheless, the consumption of energy per unit of heated space has declined significantly, notably through the tightening of the building regulations set since 1976.¹⁹ For new buildings, the energy performance regulation expects to reduce CO₂ emissions by 3.8 million tonnes in 2020 and 6.7 million tonnes by 2030.¹⁹ Thus, OPMB's Green Covered Bonds could contribute to the overall effort of improving new buildings energy performance and reducing associated CO₂ emissions.

Furthermore, Finland plans to continue increasing the renovation and retrofitting of buildings in the next two decades since a large number of buildings requires improvements in their physical condition and energy efficiency.¹⁹ These renovations will deliver additional CO₂ emissions reductions.¹⁹ In 2020 and 2030, retrofitting measures should reduce CO₂ emissions by 0.4 million tonnes and 1 million tonnes, respectively.¹⁹ Sustainalytics notes that the financing for buildings renovation included in the Framework could provide additional environmental benefits.

Sustainalytics believes that the Green Buildings mortgages and refurbishments financed under the Framework will provide tangible environmental benefits by reducing the buildings' carbon footprint in Finland.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. OPMB's green covered bond advances the following SDG goal and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	11. Sustainable Cities and Communities	11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Conclusion

OPMB has developed the OP Mortgage Bank Green Covered Bond Framework under which it intends to issue Green Covered Bonds and the use of proceeds to finance mortgages with green buildings collaterals. Sustainalytics considers that the projects funded by the Green Covered Bond proceeds are expected to increase the energy efficiency of buildings and advance the transition to low-carbon buildings in Finland.

The OP Mortgage Bank Green Covered Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the OP Mortgage Bank Green Covered Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds category will contribute to the advancement of UN Sustainable Development Goals 7, and 11. Additionally, Sustainalytics is of the opinion that OPMB has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

¹⁹ Ministry of the Environment and Statistics Finland, "Finland's Seventh National Communication under the United Nations Framework Convention on Climate Change", (2017), at: https://www.stat.fi/static/media/uploads/tup/khkinv/VII_Climate_Change_16102017.pdf

Based on the above, Sustainalytics is confident that OP Mortgage Bank is well-positioned to issue Green Covered Bonds and that the OP Mortgage Bank Green Covered Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	OP Mortgage Bank
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	OP Mortgage Bank Green Covered Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October 16 th , 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

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

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

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

ROLE(S) OF REVIEW PROVIDER

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

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advances the UN Sustainable Development Goals, specifically SDG 7, and 11.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

OPMB's internal process in evaluating and selecting projects consists of using data from various sources to identify buildings that comply with the eligibility criteria. OP Financial Group has established a Green Bond Committee (the "Committee"), comprised of representatives from various departments. OPMB will report a summary of green mortgages included in the pool to the Committee every quarter, which approves the eligibility criteria outlined in the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The management of proceeds will be supervised by the CEO and handled by OPMB, using a portfolio approach. OPMB intends to allocate the proceeds at issuance or within 12 months after issuance to a portfolio of loans of which collaterals meet the eligibility criteria. Pending full allocation, OPMB will hold or invest any unallocated proceeds in accordance with the Group's conventional liquidity management policy and in alignment with the Finish Covered Bond Act. This process is aligned with market practice.

Tracking of proceeds:

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

Additional disclosure:

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

4. REPORTING

Overall comment on section (if applicable):

OPMB intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount allocated to the mortgages, the origination timeframe and maturity profile of the mortgages and the number of eligible loans. In addition, OPMB is committed to reporting on relevant impact metrics. Sustainalytics views OPMB's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

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

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
|
 | |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>)
origination timeframe and maturity profile of the mortgages and the number of eligible loans | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (please specify): |

Frequency

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input checked="" type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

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

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

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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