

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability Bond Framework

Y-Foundation

27 August 2025

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Sustainability Bonds

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2025)
- Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2025)
- Sustainability Bond Guidance (SBG), as administered by the International Capital Market Association (ICMA) (as of June 2021)

Scope of verification

- Y-Foundation Sustainability Bond Framework (as of Aug. 21, 2025)
- Y-Foundation Eligibility Criteria (as of Aug. 21, 2025)

Lifecycle

- Pre-issuance verification
- First update of SPO as of Sep. 15, 2021 ([ISS-Corporate weblink](#))

Validity

- Valid as long as the cited Framework remains unchanged

CONTENTS

SCOPE OF WORK.....	3
Y-FOUNDATION OVERVIEW	4
ASSESSMENT SUMMARY	5
SPO ASSESSMENT.....	7
PART I: ALIGNMENT WITH THE GBP, SBP, SBG.....	7
PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA.....	9
A. CONTRIBUTION OF THE SUSTAINABILITY BONDS TO THE U.N. SDGs.....	9
B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA	15
PART III: CONSISTENCY OF SUSTAINABILITY BONDS WITH.....	21
Y-FOUNDATION'S SUSTAINABILITY STRATEGY.....	21
ANNEX 1: METHODOLOGY	25
ANNEX 2: QUALITY MANAGEMENT PROCESSES.....	26
About this SPO.....	27

SCOPE OF WORK

Y-Foundation (“the Issuer,” “the Company” or “the Foundation”) commissioned ISS-Corporate to assist with its Sustainability Bonds by assessing three core elements to determine the sustainability quality of the instruments:

1. Y-Foundation’s Sustainability Bond Framework (as of Aug. 21, 2025), benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBPs), Social Bond Principles (SBPs) and Sustainability Bond Guidelines (SBGs).
2. The Eligibility Criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of Sustainability Bonds with Y-Foundation’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

Y-FOUNDATION OVERVIEW

Y-Foundation is a non-profit real estate entity focused on managing, developing, and offering affordable rental apartments. Their property portfolio includes over 19,000 apartments in more than 50 cities and municipalities in Finland. Y-Foundation's principal operation concerns the provision of rental homes to those experiencing or being under the threat of homelessness. The foundation was founded in 1985 and is headquartered in Helsinki, Finland.

ESG risks associated with the Issuer's industry

Y-Foundation is classified in the Real Estate industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies¹ in this industry are green building considerations, climate protection, energy efficiency, and renewables, occupational health and safety, environmental and social aspects in site selection, health and well-being of occupants.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

¹ Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within this industry.


ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
<p>Part I:</p> <p>Alignment with GBP/SBP/SBG</p>	<p>The Issuer has defined a formal concept for its Sustainability Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA’s GBP, SBP, SBG.</p> <p>*The subcategory employment possibilities, counselling service, apprenticeship opportunities and various training courses under Socioeconomic Advancement and Empowerment is not linked to any environmental and social benefits.</p>	<p>Aligned with exception*</p>
<p>Part II:</p> <p>Sustainability quality of the Eligibility Criteria</p>	<p>The Sustainability Bonds will (re)finance the following eligible asset categories:</p> <p>Green categories: Green Buildings, Energy Efficiency and Renewable Energy, and Biodiversity.</p> <p>Social categories: Affordable Housing, Socioeconomic Advancement and Empowerment.</p> <p>Product and/or service-related use of proceeds categories³ individually contribute to one or more of the following SDGs:</p> <div data-bbox="517 1395 1098 1512" style="text-align: center;">  </div> <p>Process-related use of proceeds categories⁴ individually (i) improve the Issuer’s operational impacts and (ii) mitigate potential negative externalities of the Issuer’s sector on one or more of the following SDGs:</p>	<p>Positive</p>

² The evaluation is based on the Y-Foundation’s Sustainability Bond Framework (Aug. 21, 2025 version), on the analyzed eligibility criteria as received on Aug. 21, 2025.

³ Green Buildings, Energy Efficiency and Renewable Energy, Affordable Housing, Socioeconomic Advancement and Empowerment.

⁴ Green Buildings, Energy Efficiency and Renewable Energy, Biodiversity, Affordable Housing.

SPO SECTION	SUMMARY	EVALUATION ²
	 <p>For one criterion of a Socioeconomic Advancement and Empowerment⁵ there is no evidence of an environmental/social contribution or of an improvement on the Issuer and/or end users' potential negative externalities.</p> <p>The environmental and social risks associated with the use of proceeds categories and the financial institution are managed.</p>	
<p>Part III:</p> <p>Consistency of Sustainability Bonds with Y-Foundation's sustainability strategy</p>	<p>The key sustainability objectives and the rationale for issuing Sustainability Bonds are clearly described by the Issuer. The majority of the project categories considered are in line with the Issuer's sustainability objectives.</p>	<p>Consistent</p>



⁵ Employment possibilities, counselling service, apprenticeship opportunities and various training courses

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GBP, SBP, SBG

This section evaluates the alignment of the Y-Foundation’s Sustainability Bond Framework (as of Aug. 21, 2025) with the ICMA’s GBP, SBP, SBG.

GBP, SBP, SBG	ALIGNMENT	OPINION
<p>1. Use of proceeds</p>	<p>✓</p>	<p>The use of proceeds description provided by Y-Foundation’s Sustainability Bond Framework is aligned with the GBP, SBP, SBG.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the GBP, SBP, SBG. Criteria are defined clearly and transparently. Disclosure of an allocation period and commitment to report by project category has been provided and environmental and social benefits are described and quantified.</p> <p>The Issuer defines a look-back period for Opex to three years, in line with best market practice, while for tangible assets no lookback period is defined.</p>
<p>2. Process for project evaluation and selection</p>	<p>✓</p>	<p>The process for project evaluation and selection description provided by Y-Foundation’s Sustainability Bond Framework is aligned with the GBP, SBP, SBG.</p> <p>The project selection process is defined and structured in a congruous manner, the Issuer clearly defines responsibilities and involves various stakeholders, in line with best market practices. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy and clearly show the intended benefit to the relevant population. The Issuer defines exclusion criteria for harmful projects categories and identifies the alignment of their Sustainable Bond framework and their green projects with official or market-wide taxonomies and to</p>

GBP, SBP, SBG	ALIGNMENT	OPINION
		reference any green standards or certifications used, in line with best market practice.
<p>3. Management of proceeds</p>		<p>The management of proceeds provided by Y-Foundation’s Sustainability Bond Framework is aligned with the GBP, SBP, SBG.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple green and social bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer has defined an expected allocation period of 24 months and disclosed ESG criteria for temporary investments, this latter in line with best market practice.</p>
<p>4. Reporting</p>		<p>The allocation and impact reporting provided by Y-Foundation’s Sustainability Bond Framework is aligned with the GBP, SBP, SBG.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer’s website. Y-Foundation has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the project category level. Moreover, the Issuer commits to report annually until the proceeds have been fully allocated and get the allocation report audited by an external party in line with best market practice.</p> <p>Additionally, the Issuer is transparent on the level of impact reporting and the information reported and further defines the duration and frequency of the impact reporting, in line with best market practice.</p>

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE SUSTAINABILITY BONDS TO THE U.N. SDGs⁶

The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being a responsible actor, working to minimize negative externalities in its operations along the entire value chain. This section assesses the SDG impact of the use of proceeds (UoP) categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements of operational performance



1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG’s SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer’s products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Act, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:





Each of the Sustainability Bonds’ use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:


USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings⁷</p> <p><i>Construction or development of residential properties:</i></p> <ul style="list-style-type: none"> ▪ <i>The primary energy demand is at least 10% below the threshold set for NZEB</i> 	Contribution	 

⁶ The impact of the UoP categories on U.N. SDGs is assessed with proprietary methodology and may therefore differ from the Issuer’s description in the Framework.

⁷ We note that the Issuer has aligned its selection criteria with the 7.1 and 7.7 technical screening criteria for a substantial contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021).

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS	
<ul style="list-style-type: none"> The building has an EPC label A <p>Acquisition and ownership of residential properties:</p> <ul style="list-style-type: none"> For the buildings built before 31 December 2020, the building has at least an EPC A or the building is within the top 15% of the national building stock For buildings built from 1 January 2021 onwards, the criteria for 'Construction and development of residential properties' applies 	<p>Contribution</p>		
<p>Energy Efficiency and Renewable Energy</p> <p>Development, construction of:</p> <ul style="list-style-type: none"> Renewable energy incl. geothermal energy and solar panels 		<p>Contribution</p>	
<p>Energy Efficiency and Renewable Energy</p> <p>Development, construction of:</p> <ul style="list-style-type: none"> Electric vehicle charging stations 			<p>Contribution</p>
<p>Affordable Housing</p> <p>Housing First principle guides the overall work that Y-Foundation does. Buildings must provide low-cost housing targeted for people that meet Varke's criteria in Finland⁸</p> <p>Construction, development, acquisition, ownership of properties to provide affordable housing for the most vulnerable population such as:</p> <ul style="list-style-type: none"> Homeless persons Unemployed persons <p>Target population: Homeless people and people who are threatened to remain homeless</p>	<p>Contribution</p>		

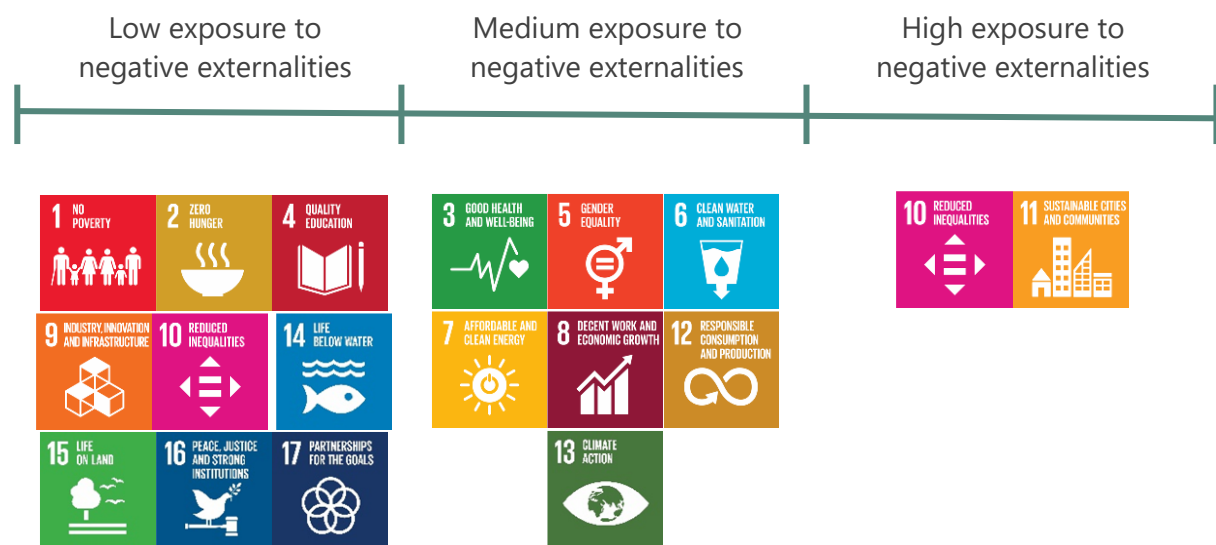
⁸ To be eligible for Varke (Centre for State-Subsidised Housing Construction) housing, tenant must meet certain eligibility criteria. Criteria assess applicant's i) housing need, ii) wealth and iii) income. More information available at <https://www.varke.fi/em>

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Socioeconomic Advancement and Empowerment</p> <p><i>Expenditures and projects related to socioeconomic advancement through Y-Säätiö's own projects or municipal or NGO cooperation that support:</i></p> <ul style="list-style-type: none"> ▪ <i>Employment possibilities</i> ▪ <i>Counselling services</i> ▪ <i>Apprenticeship opportunities</i> ▪ <i>Various training courses</i> <p><i>Target population: Vulnerable and/or underserved population; homeless and jobless people</i></p>	<p>No Net Impact</p>	
<p>Socioeconomic Advancement and Empowerment</p> <p><i>Expenditures related to dedicated projects by Y-Säätiö's that support continued and sustainable housing as well as provide community support such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Organizing resident activities and events (cultural and community engagement activities)</i> <p><i>Target population: Vulnerable and/or underserved population; homeless and jobless people</i></p>	<p>Contribution</p>	



2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.

According to ISS ESG’s SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the real estate sector (to which Y-Foundation belongs) are the following:














The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ⁹	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>Renovations of existing residential properties:</i></p> <ul style="list-style-type: none"> <i>The renovation leads to at least 30% improvement in the PED during a maximum 3-year period demonstrated through EPC</i> 	<p>✓ ¹⁰</p>	 

⁹ Only the direction of change is displayed. The scale of improvement is not assessed.

¹⁰ We note that the Issuer has aligned its selection criteria with the 7.2 technical screening criteria for a substantial contribution to Climate Change Mitigation of the EU Taxonomy Delegated Act (June 2021).

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ⁹	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency and Renewable Energy</p> <p>Operation or maintenance of:</p> <ul style="list-style-type: none"> Renewable energy incl. geothermal energy and solar panels 		 
<p>Energy Efficiency and Renewable Energy</p> <p>Operation or maintenance of:</p> <ul style="list-style-type: none"> Electric vehicle charging stations <p>Energy efficiency investments into existing portfolio such as:</p> <ul style="list-style-type: none"> Replacing windows Installation of energy efficient lightning sources Installation of low water use and energy efficient kitchen or sanitary appliances Additional energy efficiency measures that lead into energy efficiency gains 		
<p>Biodiversity</p> <p>Expenditures related to projects with positive impacts on biodiversity and ecosystems in new and existing buildings such as:</p> <ul style="list-style-type: none"> Diversifying the range of habitats or vegetation structures available at site through green roofs, green walls, increasing pollinator-friendly meadows on plots¹¹ 		
<p>Affordable Housing</p>		  

¹¹ ISS assessment is limited to the examples spelled out in the Issuer’s Framework.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ⁹	SUSTAINABLE DEVELOPMENT GOALS
<p><i>Housing First principle guides the overall work that Y-Foundation does. Buildings must provide low-cost housing targeted for people that meet Varke's criteria in Finland¹²</i></p> <p><i>Renovation of properties to provide affordable housing for the most vulnerable population such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Homeless persons and/or</i> ▪ <i>Unemployed persons</i> <p><i>Target population: Homeless people and people who are threatened to remain homeless</i></p>		

¹² To be eligible for Varke (Centre for State-Subsidised Housing Construction) housing, tenant must meet certain eligibility criteria. Criteria assess applicant's i) housing need, ii) wealth and iii) income. More information available at <https://www.varke.fi/em>

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. All of the assets are and will be located in Finland.

ASSESSMENT AGAINST KPIs

Community Dialogue

All projects

The Issuer is committed to engaging the community through consultation and participation of stakeholders during the construction and operation phase of the Issuer’s properties.

Under the Finnish regulation during the construction phase, the builder and the local community are involved in discussions and consultation where affected stakeholders have the right to file complaints to request changes to the building plan.



Under the Finnish [regulation](#) for major constructions addressing management of rentals, residents of the Y-Foundation’s properties can establish a residents’ committee. Property visits involving the property manager, the maintenance company, and the resident representative are conducted annually. Findings and discussions during the property visits are recorded and audited by the residents. Surveys were also conducted to ensure constant communication with residents’ representatives. Feedback from both the property visits and surveys is presented to the management level during the residential consultation meetings four times a year. A budget is allocated to the committee annually. Depending on the number of residents and the activities, the budget varies from building to building. Currently, about 90% of the Y-Foundation’s properties have a building committee.

Conservation and Biodiversity Management

All projects



All assets are financed in Finland. Thus, the Issuer ensures that Environmental Impact Assessment (EIA) is conducted according to the Finnish local regulations during the building permit phase for buildings that are located in environmentally sensitive areas or are anticipated to have a significant environmental footprint. The Issuer discloses that [Finnish law](#) does not stipulate the requirement to conduct EIA for the acquisition of existing buildings. Furthermore, the Issuer prohibits the construction of any assets in

high biodiversity sensitive areas such as Ramsar sites or UNESCO Natural World Heritage sites, or any other protected areas.

Labor, Health, and Safety

All projects



The Issuer's projects financed under this Framework are located in Finland where high labor, health and safety standards are in place (i.e., ILO core conventions). These standards are then translated by the Issuer to implement policies and plans pertaining to ethics, human resources, recruitment, occupational health and safety, risk mapping, equality and equal opportunities, and workplace development

Supply Chain (Environmental Standards & Labor, Health, and Safety)

All projects

The Issuer has measures in place binding suppliers to abide by environmental standards in the supply chain. Y-Foundation conducts environmental audits in accordance with the Finnish Contractor's Obligations and Liability Act (Tilajavastuu), which requires suppliers to disclose relevant information and assume responsibility, enabling the Issuer to make informed procurement decisions. The Issuer also implements environmental programs prioritizing life-cycle emissions from construction projects, utilizing a systemic procurement approach and centralized sourcing. To compile data to ensure alignment of the supplier's company ESG performance with the Issuer's environmental objectives, procurement sustainability questionnaires were sent and introduced in 2024.



The Issuer has also confirmed that contractors are required to adhere to the ILO core conventions respecting fundamental labor rights pertaining to freedom of association and collective bargaining, as well as prohibition of forced labor, child labor, and discrimination. Measures to respect fundamental labor rights are such as conducting random site inspections, ensuring the provision of an anonymous reporting mechanism for contractor employees, ensuring that contracted employees are in accordance with collective agreements etc.

The Issuer respects health and safety in the supply chain by having a target in place aiming to be accident-free leveraging indicators (e.g. number of accident-free sites, accident frequency (LTIF), Site Safety Observations (TRI)), reporting mechanisms to ensure that contractors reflect and optimize health and safety standards if an accident arises, reporting metrics among

construction sites to evaluate the implementation of health and safety initiatives, and safety awareness morning briefing.

Energy Efficiency

Circular economy



The Issuer has agreed to the Finnish national [VAET](#) (Vapaaehtoiset Energiatohokkuussopimukset) energy efficiency program for 2017 to 2025 and commits to participating in the next period of 2026 to 2035. By participating in the VAET agreement, the Issuer will implement energy conservation efforts to reduce final energy consumption through active energy efficiency measures.

Environmental Impacts

Geothermal



The Issuer complies with the relevant local Environmental Impact Assessment through the acquisition of local authority permits and involves surrounding municipality authorities in the permitting process to minimize environmental impact. The Issuer follows the Finnish Building Act (751/2023), outlining wastewater management and soil treatment requirements to mitigate contamination.

Finland is not located near any major fault line; thus, measures to identify fault lines are not applicable. However, the Issuer has confirmed that any applicable permit for geothermal drilling will be obtained prior implementation of the geothermal project.

Green buildings, Affordable housing



Issuer's assets financed are located in EU where Regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011 ensures high 1) recycled content and 2) re-usability requirements are met. Furthermore, Y-Foundation has been conducting LCAs on new construction projects since 2024 to pinpoint opportunities to utilize recycled/reused materials to further lower its environmental impacts.

Waste management, Circular economy



The Issuer confirms having a Zerowaste system in place as part of the Environmental Management System (EMS), where all waste data from household, demolition, construction, and renovation are consolidated.

Geothermal, Energy efficiency, Solar power



Issuer’s assets financed are located in Finland, where entities are required to adhere to the waste management hierarchy according to the Finnish Waste Act to recycle at end-of-life. The Act stipulates prioritization to reduce the amount and harmfulness of waste generated. If waste is produced, prioritize reuse, then recycling. If recycling isn’t possible, proceed to disposal.

Circular economy



The Issuer conducts LCA (Life Cycle Assessment) calculations on new construction, renovation, and demolition projects since 2024. Specifically, for new constructions, LCA will cover energy, water, waste, resources, GHGs, and hazardous substances. Whereas, for renovations and other interventions, the Issuer follows the GHG protocol to calculate the relevant impacts. The LCA underpins improvements in using more sustainable materials.

Inclusion

Affordable housing, Socioeconomic advancement and empowerment



Issuer’s affordable housing and advisory services are located in Finland, where the inclusivity of the residents and advisory beneficiary selection is regulated by the Ministry of the Environment (Ympäristöministeriö Miljöministeriet) of Finland, which is also responsible for legal matters related to housing. The Ministry [outlines](#) the selection process prohibits discrimination in accordance with the Constitution and the Equality Act. No one may be discriminated against based on age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relations, health, disability, sexual orientation, or any other personal reason.

IT Security

Charging stations and networks



The Issuer implements IT security measures to ensure personal data security for residents while using the charging stations. In addition, the Issuer has an [IT and data policy](#) that outlines the data processing methods. For charging stations specifically, the Issuer has outsourced the IT service to eParking, a charging station application for tenants. Eparking has a [privacy policy](#) which outlines the purpose for personal data processing, types of personal data processed, and the source of personal data. In addition, eParking’s information security management system is certified by ISO 27001.

The Issuer also conducts risk assessment and awareness raising training through regular data audits, evaluates outsourced IT services, and conducts IT security testing for IT personnel. Furthermore, charging equipment is subjected to mandatory software updates to patch weaknesses that may result in security breaches.

On-Site safety

Energy efficiency, Circular economy, and Waste management



All assets financed will be in Finland, where high operational safety standards are in place. In Finland, several regulations—including the Rescue Act, building codes, and indoor air regulations—require rental property operators to uphold high safety and operational standards. These include maintaining up-to-date emergency plans, ensuring the functionality of water and electricity systems, and keeping indoor air and ventilation in good condition. From 2026, landlords will also be responsible for installing and maintaining smoke alarms. Safety signage, such as exit routes and alarm information, must be clearly displayed in all buildings. To ensure ongoing compliance and maintenance, properties are inspected twice a year by a team that includes a resident representative, the property manager, and the building maintenance officer. Additionally, each property maintains a long-term plan that forecasts repair and maintenance needs over a five-year period, updated annually with opportunities for resident feedback. Maintenance contracts are also reviewed and revised as needed throughout their duration and upon renewal, ensuring that operational safety and service quality are consistently upheld.

Site Location

Green buildings



The Issuer confirms that 100% of the financed building will be situated in metropolitan areas. Although a detailed mapping of each apartment's proximity to public transportation is not available, the organization emphasizes that all homes are within walking distance of transit options due to their urban locations. Y-Foundation strategically focuses its housing developments on growth centers with reliable and accessible transport connections.

User Safety

Affordable housing, Green buildings



The Issuer has several proactive measures pertaining to health, fire, and security risks to foster a safe living environment for its tenants. The Issuer takes full responsibility for the installation and maintenance of fire alarm systems in all apartments. To enhance security, the Issuer regularly updates the locking systems. Health risks, such as unwanted noise and odor, reported by impacted tenants are addressed through warnings and discussions with the building management office regarding disruptive residents.

Additionally, the Issuer employs its own housing managers across nearly all properties to be more responsive to residents' demands and ensure efficient property upkeep.

Water Use

Green buildings



The Issuer has a water metering system, water-saving fixtures, and education campaign programs to minimize water use for its residents. The water monitoring systems have enabled 30% reductions in water consumption per tenant. The education campaign program aims to raise awareness to limit and manage water usage.

PART III: CONSISTENCY OF SUSTAINABILITY BONDS WITH Y-FOUNDATION'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG objectives</p>	<p>The Issuer focuses on fostering its residents to become more economically and socially prosperous, moving towards carbon-neutral living, and eliminating homelessness in Finland.</p>
<p>ESG goals/targets</p>	<p>To achieve its strategic ESG objectives, the Issuer has set goals across:</p> <ol style="list-style-type: none"> 1) Environmental: e.g., Become as low-carbon as possible during the strategic period and to achieve carbon neutrality by 2035. 2) Social: e.g., Uniform digital services available for residents by 2030. 3) Governance: e.g., Training budgets increased by +30% from 2023 levels. <p>These goals are public and are monitored annually.</p>
<p>Action plan</p>	<p>The Issuer indicates various initiatives to achieve Environmental, Social, and Governance goals in the Issuer's 2024 Sustainability Report. The following are some of the example initiatives.</p> <p>Environmental initiatives include switching from conventional heating to renewable district heating or geothermal energy, improving energy efficiency through renovations and technological solutions, constructing energy-efficient buildings with efficient use of materials, etc.</p> <p>Social initiatives include providing quality customer service to residents, providing affordable housing with minimal rent increases or below market rates, etc.</p> <p>Governance initiatives include offering educational sessions to staff to enhance knowledge sharing, promoting job rotations to explore alternative career paths internally, providing options to work remotely, etc.</p> <p>To achieve its ESG commitments, the Issuer has allocated a CapEx of 65M EUR (78% of total CapEx) and an OpEx of 5.6M EUR (11% of total OpEx).</p>

TOPIC	ISSUER APPROACH
<p>Climate transition strategy</p>	<p>The Issuer has a Sustainability program in place to meet Environmental, Social, and Governance objectives with a detailed breakdown of action plans for 2024, 2025, and 2030, which can be found in the Issuer’s 2024 Sustainability Report.</p> <p>For instance, Y-Foundation strives to reduce 70% of emissions and achieve carbon neutrality by 2035. As part of the detailed action plan, the Issuer aims to decrease 5% of emissions from property energy consumption in 2024 compared to the previous year and reduce 25% of Scope 1, 2, and 3 emissions compared in by 2025 compared to 2022 levels.</p>
<p>ESG risk and sustainability strategy management</p>	<p>The Y-Foundation’s management team regularly conducts a risk mapping exercise to identify ESG-related risks. The results are then reviewed by the board on an annual basis.</p>
<p>Sustainability reporting</p>	<p>The Issuer reports on its ESG performance and initiatives annually. The report is prepared according to the Global Reporting Initiative (GRI) and the CSRD sustainability reporting recommendation.</p>
<p>Industry associations, collective commitments</p>	<p>The Issuer is a member FEANTSA (Fédération Européenne d’Associations Nationales Travaillant avec les Sans-Abri), FIBS (Finnish Business & Society) ry, Real Estate Employers ry, Kova ry, RETS - Life Without a Crime, Rakli ry, SOSTE (Finnish Federation for Social Affairs and Health) ry, Valo-Valmennusyhdistys ry, GBC (Green Building Council) Finland ry.</p>
<p>Previous sustainable or sustainability-linked issuances or transactions and publication of sustainable financing framework</p>	<p>The Issuer has previously issued the Sustainability Bond Framework in September 2021, where ISS has provided a Second-Party Opinion to evaluate the Framework.</p> <p>As of 2025, the total volume of proceeds raised from Sustainable Finance Instrument is EUR 100M, with 50% allocated to green buildings and 50% allocated to affordable housing.</p>

Rationale for issuance

Corresponding to this sustainable operation model of providing affordable housing in Finland, Y-Foundation established an equivalent funding strategy approximately four years ago.

Regarding affordable housing, Y-Foundation is the largest nationally operating non-profit, non-affiliated landlord and developer in Finland, with expertise in eliminating homelessness. The Foundation has 19,065 homes consisting of 11,589 affordable non-subsidized rentals (M2-Kodit) and 7,476 subsidized social housing (Y-Home). Proceeds from the Sustainability Finance instruments will help the Issuer to achieve its objectives of 1) providing tenants with a high level of economic and social well-being 2) eradicating homelessness in Finland and internally by cooperating with cities, municipalities, and NGOs as well as 3) equitable transition towards carbon-neutral living.

Opinion: *The Issuer clearly describes the key sustainability objectives and the rationale for issuing Sustainability Bonds. The majority of the project categories financed align with the Issuer's sustainability objectives.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
2. ISS-Corporate, a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
3. Second Party Opinion are based on data provided to ISS-Corporate by the contracting party and may change in the future, depending in part on the development of market benchmarks and ISS-Corporate's methodology. ISS-Corporate does not warrant that the information presented in this Second Party Opinion is complete, accurate or up to date. ISS-Corporate will not have any liability in connection with the use of these Second Party Opinion, or any information provided therein. If the Second Party Opinion is provided in English and other languages, in case of conflicts, the English version shall prevail.
4. Statements of opinion and value judgments given by ISS-Corporate are not investment recommendations and do not in any way constitute a recommendation for the purchase or sale of any financial instrument or asset. In particular, the Second Party Opinion is not an assessment of the economic profitability and creditworthiness of a financial instrument, but refers exclusively to social and environmental criteria.
5. This Second Party Opinion, certain images, text, and graphics contained therein, and the layout and company logo of ISS-Corporate, are the property of ISS-Corporate (or its licensors) and are protected under copyright and trademark law. Any use of such ISS-Corporate property requires the express prior written consent of ISS-Corporate. The use shall be deemed to refer in particular to the copying or duplication of the Second Party Opinion wholly or in part, the distribution of the Second Party Opinion, either free of charge or against payment, or the exploitation of this Second Party Opinion in any other conceivable manner.

© 2025 | ISS Corporate Solutions, Inc. All Rights Reserved

ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Y-Foundation commissioned ISS-Corporate to compile a Sustainability Bonds SPO. The second-party opinion process includes verifying whether the Sustainability Bond Framework aligns with the ICMA's GBP, SBP, SBG and assessing the sustainability credentials of its Sustainability Bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- GBP, SBP, SBG

ISSUER'S RESPONSIBILITY

Y-Foundation's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risk management at the framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the Sustainability Bonds to be issued by Y-Foundation has been conducted based on proprietary methodology and in line with the ICMA GBP, SBP, SBG.

The engagement with Y-Foundation took place from June to August 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For more information on SPO services, please contact SPOsales@iss-corporate.com.

Project team

Project lead

Marika Peressoni
Associate
Sustainable Finance Research

Project support

Justin Chow
Analyst
Sustainable Finance Research

Project supervision

Marie-Bénédicte Beaudoin
Executive Director
Head of Sustainable Finance
Research