



OP Corporate Bank plc Green Bond Framework

March 2024

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1 Introduction

OP Financial Group (“OP Financial Group”, “OP” or “the Group”) is the leading financial services provider in Finland, offering banking and insurance services to its customers. OP operates in three business segments: Retail Banking, Corporate Banking, and Insurance. Its cooperative nature, extensive service network across Finland and true customer focus makes OP a unique player in many ways. Hence, the Group recognizes its responsibility and significant impact on the society. OP’s mission is to create sustainable prosperity, security, and well-being for its owner-customers and in its region of operations by means of its joint values, strong capital base and efficiency.

OP Corporate Bank plc (“OP Corporate Bank” or “the Bank”) is one of OP Financial Group’s two issuing entities. OP Corporate Bank, its operations and ownership belong to OP Financial Group as it is a subsidiary of the Group’s central institution, OP Cooperative. The other issuing entity, OP Mortgage Bank, is responsible for the Group’s secured funding by issuing mortgage-backed covered bonds.

Strong of its long history of over 120 years in supporting development of the Finnish society, OP’s aim is to be a forerunner in responsibility and sustainability within its sector in Finland. The Group’s mission and values bind it to take care of the operating region – both locally and nationwide. One of OP’s core values is Responsibility, which is also embedded into OP’s strategy as Responsible Business became a strategic priority already in 2021. In addition, OP published its new Sustainability Programme¹ in 2022 which considers Environmental, Social, and Governance (ESG) aspects of OP’s operations. Thus, sustainability is an integral part of OP’s business, encompassing economic, social, and environmental responsibility.

¹ [OP Financial Group’s Sustainability Programme.](#)



1.1 Sustainability strategy

OP is committed to the Paris Agreement, which aims to limit the rise in temperatures to 1.5°C above pre-industrial levels. OP’s objective is to build a sustainable economy together with its customers. While developing its business operations, OP supports mitigating climate change and adapting to it by, for instance, developing products and services that encourage its customers to act in a more sustainable manner.

The group-level sustainability strategy is rooted in OP’s Sustainability Programme. The main pillars and related measures of the programme include:



Climate and the environment

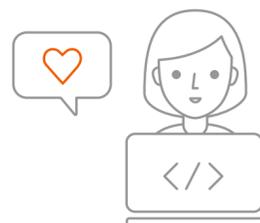
We will offer sustainable financing and investment products to our customers

We will decrease emissions across our loan and investment portfolios

We will promote the circular economy in our business and that of our customers

We will become carbon neutral by 2025

We will promote biodiversity and the wellbeing of nature



People and communities

We will foster a diverse, inclusive and non-discriminatory culture

We will promote the wellbeing of our local communities

We will support the management of personal finances and improve financial literacy

We will help customers with special needs to manage their finances

We will identify the impact of our operations on human rights



Governance

We will integrate sustainability with all our business operations and risk-taking

We will use data and artificial intelligence responsibly

We will require our partners to commit to our Supplier Code of Conduct

We will increase diversity in our governing bodies

We will further improve the sustainability competencies of our personnel

More information on key measures under the programme can be found in the below sub-sections.

1.2 Carbon footprint

OP is actively working to reduce emissions in its own operations and across its loan and investment portfolios, and the Group has set the following targets:

Regarding its operations,

- › OP will become carbon neutral in its operational emissions (Scope 1 & 2) by 2025

Regarding its loan and investment portfolios,

- › 25% reduction in corporate loan portfolio emissions by 2030 compared to 2022
- › OP's funds will halve their greenhouse gas emissions by 2030 compared to 2019
- › Carbon neutral corporate loan portfolios by 2050
- › Carbon neutral funds managed by OP Asset Management Ltd and OP Fund Management Company Ltd by 2050

Additionally, OP requires large companies subject to high climate transition risk to prepare emission reduction plans by 2025. The range of tools to attain these goals includes investment decisions promoting the achievement of our goals and active dialogue with our clients and investees.

OP has also set out sector-specific emissions reduction targets for 2030 from the 2022 levels. These three sectors account for a total of 90.6% of the emissions in OP's loan portfolio. The targets are:

- › In energy production: 50% reduction of emissions intensity
- › In agriculture: 30% reduction of absolute emissions
- › In home loans: 45% reduction of emissions intensity

Reducing emissions

Corporate loan portfolio emissions

-25%

25% reduction in corporate loan portfolio emissions from the 2022 level by 2030

Energy production

-50%

50% reduction of emissions intensity from the 2022 level by 2030

Agriculture

-30%

30% reduction of absolute emissions from the 2022 level by 2030

Home loans

-45%

45% reduction of emissions intensity from the 2022 level by 2030

1.3 Biodiversity and circular economy

OP promotes biodiversity in cooperation with its customers and stakeholders. It aims to be a pioneer, inspiring other actors to take account of biodiversity in their operations. For example, OP highlights taking account of forest environments, traditional landscapes and farming, wetlands and water bodies, the Baltic Sea, invasive species prevention, and pollinators. OP engages in biodiversity analysis from the climate, water sustainability and circular economy perspectives.

Approved in 2023, OP's biodiversity roadmap will enable the Group to create a framework for promoting biodiversity². The roadmap is part of the implementation of OP's Sustainability Programme in which it commits to identifying the negative impacts of OP's operations on biodiversity and to reducing its contribution

to nature loss. OP Financial Group aims to create a nature positive handprint by 2030. 'Nature positive' means that OP's operations will have a net positive impact (NPI) on nature. OP also joined The Partnership for Biodiversity Accounting Financials (PBAF) as a partner in January 2024 to promote awareness of biodiversity in the financial sector and enhance methods for measurable monitoring.

OP has also committed to promoting circular economy in its own, and its customers business operations. OP will finance projects related to circular economy as part of its sustainable finance actions and maintains an active dialogue with its investees. OP identifies actions promoting the circular economy also in its insurance business segment.

1.4 Sustainable financing and investment products

OP Corporate Bank offers its corporate clients a variety of sustainable financing products and services. The products and services are built in line with Loan Market Association's (LMA) and International Capital Markets Association's (ICMA) principles and guidelines. Green loans and sustainability-linked loans and limits have been offered since 2019. Green leasing and hire purchase solutions have also been offered for several years. More recently, sustainable supply chain finance has been taken into the offering. In addition to loan, limit and leasing products, OP Corporate Bank advises its corporate clients on structuring sustainable bonds including drafting of the applicable frameworks.

OP Financial Group has set the following targets to the sustainable financing and investment products it offers:

- Sustainable financing products (incl. green loans and sustainability-linked loans and limits) will account for at least 8 billion euros by the end of 2025
- Sustainable funds will account for 60% of total fund assets held by the end of 2025

² [OP Financial Group's Biodiversity Roadmap](#).

1.5 Sustainability governance and reporting



Board leadership: Sustainability at OP is governed at group level. The Board of Directors of OP Cooperative monitors the impact of climate and environmental factors on OP's risk exposure. OP Cooperative's Board of Directors supervises the management of climate and environmental matters by determining the Group's strategic priorities, indicators, and policies subject to monitoring, including those related to climate and environmental risks. The Board of Directors of OP Cooperative also approves OP's Sustainability Programme and annual sustainability reporting and regularly processes ESG-matters in its meetings.

Structured ESG-work: OP Financial Group has an ESG Committee appointed by the Executive Management Team and tasked with supporting the management of ESG and other sustainability and corporate responsibility matters. The Executive Vice President, Banking, Corporate and Institutional Customers is responsible for Sustainability in respect of Group Executive Management and reports to the President and Group CEO. Additionally, OP has established a Group-level ESG team and a Chapter for ESG specialists from different functions of the Group.

Holistic integration: All operational units and centers of excellence embed climate and environmental risk perspectives into their functions, backed by support from specialized units like Risk Management and ESG divisions.



Group-level guidelines: All group level guidelines are binding to companies belonging to OP Financial Group, i.e. the issuing entities, such as OP Corporate Bank, need to comply with group level sustainability guidelines. OP's guidelines concerning sustainability include e.g. the Sustainability Programme, the Corporate Governance Statement, the Code of Business, the Code of Business Ethics, Ethical Guidelines for Artificial Intelligence and business-line-specific sustainability policies. Full list of our guidelines is available on OP Financial Group's Commitments and Policies website³.

Laws and regulation: OP complies with all applicable laws, standards and regulations, upholding the principles of honesty and fairness. OP Financial Group's operations are governed by legislation such as the Act on the Amalgamation of Deposit Banks, the Act on Cooperative Banks and Other Cooperative Institutions, the Act on Credit Institutions, the Insurance Companies Act, the Act on Investment Services, the Co-operatives Act and the Limited Liability Companies Act.



Annual reporting: OP Financial Group publishes the group level Sustainability Report annually in connection with its annual reporting⁴. The applied sustainability reporting principles include the Global Reporting Initiative (GRI) Standards, the GRI Financial Services Sector Supplement and the UN Global Compact initiative. OP is working towards compliance with the TCFD's (Task Force on Climate-related Financial Disclosures) recommendations. The reporting principles are reviewed and adjusted as new legislation, such as the Corporate Sustainability Reporting Directive (CSRD), comes into force.

Other reporting: OP and the entities belonging to the Group also report on variety of other sustainability related topics. These include but are not limited to green bond reports⁵, reports on sustainable investing⁶ including Principal Adverse Impacts (PAIs) of investment decisions, and the Group's risk management and corporate governance policies⁷.

³ [OP Financial Group's Commitments and Policies.](#)

⁴ [OP Financial Group's Publications.](#)

⁵ [OP Corporate Bank's Green Bonds and OP Mortgage Bank's Green Covered Bonds.](#)

⁶ [OP Financial Group's Sustainable Investing.](#)

⁷ [OP Financial Group's Publications.](#)

1.6 Cooperation and commitments

OP Financial Group is present in national and international organizations to be able to have an influence on sustainability matters concerning the financial sector. This means cooperation in e.g. Finland's Sustainable Investment Forum (FINSIF), Global Compact Network and International Capital Markets Association (ICMA). OP is an active member in various sustainable finance and green bond working groups, e.g. ICMA's Green and Social Bond Principles.

OP Financial Group has also signed several commitments related to corporate responsibility and sustainability. For example, OP is a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI), signatory of the UN Global Compact initiative, a signatory member of Partnership for Carbon Accounting Financials (PCAF) and a partner in The Partnership for Biodiversity Accounting Financials (PBAF). Please refer to OP's Commitments and Policies⁸ for the full list of our commitments, collaborative networks, policies, and principles.



⁸ [OP Financial Group's Commitments and Policies.](#)

1.7 Background to the updated Green Bond Framework

OP recognizes that sustainable finance, and in particular green bonds, can play a key role in accelerating the transition to a low-carbon economy. The rationale for issuing green bonds for OP through its issuing entities includes:

- › Contributing to the selection of sustainable financing products and supporting OP's value-based strategy implementation
- › Strengthening OP's role as a responsible actor in Finnish society by diversifying OP's funding sources
- › Expanding the investor base and responding to markets' growing ESG-labelled bond demand

OP Corporate Bank first published its Green Bond Framework in 2018 and updated it in 2022. Since 2018, OP Corporate Bank has been active on the capital market and issued green bonds regularly. The total amount of issued green bonds by OP Corporate Bank was €1 billion (as of December 2023).

In the recent years there have been significant developments in the field of sustainable finance. The EU Taxonomy⁹ has been implemented under which the following

delegated acts (the "Delegated Acts") among others have been published: i. Climate Delegated Act on climate change mitigation and adaptation¹⁰, ii. Complementary Climate Delegated Act on gas and nuclear¹¹, as well as iii. Environmental Delegated Act on the remaining four non-climate objectives¹². The European Green Bond Regulation¹³ (the "Green Bond Standard") was adopted in 2023 and it will be applied from 21 December 2024.

As a response to these developments and to be in line with market practices, OP Corporate Bank has decided to update the Green Bond Framework to consider the EU Taxonomy as well as the upcoming EU Green Bond Standard, on a best effort basis.

Going forward, the Green Bond Framework shall apply to all future green bonds issued by OP Corporate Bank and may be updated from time to time to remain consistent with shifting investor expectations, best market practices as well as regulatory developments.

⁹ [The EU Taxonomy Regulation \(EU\) 2020/852, of the European Parliament and of the Council of 18 June 2020.](#)

¹⁰ [Delegated Regulation \(EU\) 2021/2139 of 4 June 2021, as amended.](#)

¹¹ [Delegated Regulation \(EU\) 2022/1214 of 9 March 2022, as amended.](#)

¹² [Delegated Regulation \(EU\) 2023/2486 of 27 June 2023, as amended.](#)

¹³ [The European Green Bond Regulation \(EU\) 2023/2631, of the European Parliament and of the Council of 22 November 2023.](#)

2 Green Bond Framework

OP Corporate Bank's Green Bond Framework (the "Framework") has been established in line with the voluntary guidelines of the Green Bond Principles version 2021 (with June 2022 Appendix 1) (the "GBP") published by the International Capital Markets Association (ICMA)¹⁴. The Framework further intends to take into account the most recent market practices, in particular the EU Taxonomy and the upcoming EU Green Bond Standard to the extent possible.

The Framework will be presented along the following four core components of the GBP:

- 1) Use of proceeds
- 2) Process for project evaluation and selection
- 3) Management of proceeds and
- 4) Reporting

¹⁴ [Green-Bond-Principles-June-2022-060623.pdf](#)



2.1 Use of proceeds

OP Corporate Bank may use this Framework for the issuance of instruments that are issued as Green Bonds (the “Green Bonds”) in various formats and for green deposits¹⁵. The eligible assets (as defined below) may be originated by multiple OP Financial Group’s business units which means that in addition to OP Corporate Bank operating mainly in Finland but also in the Baltics, loans may be originated by local OP cooperative banks. It is expected that initially net proceeds will be allocated to existing eligible assets, but OP is committed to continuously increase its green portfolio.

An amount equivalent to the net proceeds of the Green Bonds and green deposits will be exclusively used to finance, or refinance, in whole or in part, projects, businesses, or assets that promote a sustainable economy and provide clear environmental benefits (the “Eligible Assets”) belonging to the Eligible Sectors: 1) Renewable Energy, 2) Energy Efficiency, 3) Green Buildings, 4) Pollution Prevention and Control including Sustainable Water Management, 5) Circular Economy, 6) Biodiversity Conservation and Environmentally Sustainable Management of

Living Natural Resources and Land Use, 7) Clean Transportation, and 8) Climate Change Adaptation (each as defined below) (together the “Eligible Sectors”).

2.1.1 Exclusion Criteria

The proceeds of the Green Bonds and green deposits are not allocated to projects or assets dedicated to weapons and ammunition, nuclear or fossil-fuel energy generation, gambling and casinos, or any other identified high-risk projects or assets defined in OP Financial Group’s internal policies, namely AML and sanctions policy, customer selection guidelines and credit policy.

2.1.2 Pure Play approach

While OP Corporate Bank aims to track proceeds to an exact project or asset financed, OP Corporate Bank’s Green Bond and green deposits proceeds may be used for financing of general corporate purposes of dedicated businesses whose business activities are exclusively focused on the green economy (the “Pure Players”) meeting specific eligibility

criteria. Most importantly, these dedicated businesses are required to derive more than 90% of their turnover or revenue from activities that meet the OP Corporate Bank’s Green Bond eligibility criteria (as defined below). Moreover, the part of the turnover or revenue that is not classified as “green” is not allowed to be in any means harmful which refers to the activities listed in the Exclusion Criteria above.

2.1.3 Assets eligible to the Green Bond Framework

The Framework takes into consideration the EU Taxonomy and OP’s internal criteria to facilitate green financing. In certain instances, the EU Taxonomy Substantial Contribution Criteria are further tightened as elaborated in the Second Party Opinion. Eligible Assets in the Use of Proceeds section of this Framework are categorized as eligible as per two sets of criteria:

- › EU Taxonomy criteria: fulfil the latest criteria for Substantial Contribution Criteria to eligible economic activities, as outlined

in the EU Taxonomy¹⁶, which may be subject to amendments, supplements, or replacements.

- › Internal criteria: based on the best sector market practices.

OP Corporate Bank may consider any other activity that aligns with the EU Taxonomy Substantial Contribution Criteria, including its latest amendments specified in the Delegated Acts of the EU Taxonomy, when deemed applicable and approved through internal assessment.

2.1.4 Eligibility Criteria

The Eligible Assets are required to meet the eligibility criteria (the “Eligibility Criteria”) presented in the following table.

¹⁵ Green deposits include both money market investments and term deposits.

¹⁶ Activities that align with the EU Taxonomy Substantial Contribution Criteria specified in the Delegated Acts of the EU Taxonomy.

Renewable Energy

Projects and businesses dedicated to the development, manufacturing, construction, operation, storage, and maintenance of renewable energy.

EU environmental objective:
Climate change mitigation



EU Taxonomy activities¹⁷

Hydrogen and hydrogen-based synthetic fuels

- 3.2. Manufacture of equipment for the production and use of hydrogen
- 3.10. Manufacture of hydrogen

Solar power

- 4.1. Electricity generation using solar photovoltaic technology
- 4.2. Electricity generation using concentrated solar power (CSP) technology

Wind power

- 4.3. Electricity generation from wind power

Ocean power

- 4.4. Electricity generation from ocean energy technologies

New hydropower plants

- 4.5. Electricity generation from hydropower

Geothermal energy

- 4.6. Electricity generation from geothermal energy
- 4.22. Production of heat/cool from geothermal energy

Bioenergy

- 4.8. Electricity generation from bioenergy
- 4.13. Manufacture of biogas and biofuels for use in transport and of bioliquids
- 4.20. Cogeneration of heat/cool and power from bioenergy
- 4.23. Production of heat/cool from renewable non-fossil gaseous and liquid fuels
- 4.24. Production of heat/cool from bioenergy

Waste heat

- 4.25. Production of heat/cool using waste heat

Capture of CO₂

- 9.2. Research, development, and innovation for direct air capture of CO₂

Internal Criteria

Green hydrogen

Manufacture of green hydrogen produced by electrolysis powered by renewables.

Existing hydropower plants

Refurbishment investments or refinancing of hydropower plants is permitted if the size of the water reservoir is not increased and the project is assessed and deemed to be compliant with the local regulations.

Geothermal energy

Production of heat/cool and/or power from geothermal energy. The life-cycle GHG emissions from the generation of heat/cool and/or power from geothermal energy are lower than 100g CO₂e/kWh.

¹⁷ Activities that align with the EU Taxonomy Substantial Contribution Criteria specified in the Climate Delegated Acts of the EU Taxonomy for climate change mitigation.

Energy Efficiency

Projects and businesses dedicated to energy efficiency¹⁸ that significantly reduce energy consumption or increase energy efficiency.

EU environmental objective:
Climate change mitigation



EU Taxonomy activities¹⁹

Batteries

3.4. Manufacture of batteries²⁰

Storage

4.10. Storage of electricity

4.11. Storage of thermal energy

4.12. Storage of hydrogen

Equipment and technologies

3.5. Manufacture of energy efficiency equipment for buildings

7.3. Installation, maintenance, and repair of energy efficiency equipment

7.6. Installation, maintenance, and repair of renewable energy technologies

Internal Criteria

Electric heat pumps

Electric heat pumps where the Global Warming Potential of the atmosphere does not exceed 675.

Transmission of energy

Smart grid technology and infrastructure.

System grids for electricity where, over a rolling five-year period, 67% of newly connected generation capacity in the system is below 100g CO₂e/kWh or the average system grid emissions factor is below 100g CO₂e/kWh.

Green steel and iron

Green steel manufacturing²¹ with utilizing green hydrogen as a solution.

Green Buildings

Projects and businesses dedicated to green buildings.

EU environmental objective:
Climate change mitigation



EU Taxonomy activities²²

Building construction

7.1. Construction of new buildings²³

Building renovation

7.2. Renovation of existing buildings

Building acquisition

7.7. Acquisition and ownership of buildings²³

Internal Criteria

Building acquisition

Acquisition of buildings that have obtained or will obtain one of the following certifications: LEED “gold” or better; BREEAM “very good” with a minimum score of 70% in the Energy section or better; the Nordic Swan Ecolabel certification; EDGE; RTS “3 stars” or better; or any other equivalent regional recognised certification with similar standards and approved by the Green Bond Committee.

Building construction and renovation

Construction of new buildings or buildings under renovation that have obtained or will obtain one of the following certifications: LEED “platinum” or better for new construction; LEED “gold” or better for renovation; BREEAM “excellent” or better; the Nordic Swan Ecolabel certification; EDGE; RTS “3 stars” or better for new construction; RTS “4 stars” or better for renovation; or any other equivalent regional recognised certification with similar standards and approved by the Green Bond Committee.

¹⁸ Excluding the financing of any energy efficient technologies designed or intended for processes that are inherently carbon intensive, primarily driven or powered by fossil fuels.

¹⁹ Activities that align with the EU Taxonomy Substantial Contribution Criteria specified in the Climate Delegated Acts of the EU Taxonomy for climate change mitigation.

²⁰ Batteries are limited to energy storage that is installed to renewable energy power plants and/or grid.

²¹ In manufacturing either i) EAF (electric arc furnace) + 90% scrap steel and/or (ii) DRI (direct reduced iron) using green hydrogen with EAF technology are accepted.

²² Activities that align with the EU Taxonomy Substantial Contribution Criteria specified in the Climate Delegated Acts of the EU Taxonomy for climate change mitigation.

²³ For buildings in Finland, NZEB -10% and top 15% per building class is determined by the [thresholds](#) set by the Green Building Council Finland or in a similar study.

Pollution Prevention and Control including Sustainable Water Management

Projects and businesses dedicated to pollution prevention and control.

EU environmental objective:
Climate change mitigation,
Sustainable use and protection of water and marine resources &
Transition to a circular economy &
Pollution prevention and control



EU Taxonomy activities²⁴

Internal Criteria

Sustainable water management

5.1. Construction, extension and operation of water collection, treatment, and supply systems
5.3. Construction, extension and operation of wastewater collection and treatment

Emissions management

Pollution prevention and control including reduction of air emissions, greenhouse gas control and soil remediation.

Pollution prevention

5.9. Material recovery from non-hazardous waste

Circular Economy

Projects and businesses significantly promoting and supporting circular economy.

EU environmental objective:
Transition to a circular economy &
Climate change mitigation & Pollution prevention and control



EU Taxonomy activities²⁵

Internal Criteria

Second-hand goods

5.4. Sale of second-hand goods

Circular solutions and services

5.5. Product-as-a-service and other circular use- and result-oriented service models
5.6. Marketplace for the trade of second-hand goods for reuse

Circular material use

Technologies, and processes reducing virgin raw material use and increasing secondary material use²⁶.

Restoration

Lengthening the life cycle of products by repairing, refurbishing, or remanufacturing²⁶.

²⁴ Activities that align with the EU Taxonomy Substantial Contribution Criteria specified in the Climate Delegated Acts of the EU Taxonomy for climate change mitigation.

²⁵ Activities that align with the EU Taxonomy Substantial Contribution Criteria specified in the Environmental Delegated Acts of the EU Taxonomy for transition to a circular economy.
²⁶ Activities will be assessed internally to support the steps and objectives of Finland's 'Strategic programme to promote a circular economy'. More information can be found here; [Strategic programme to promote a circular economy](#).

Clean Transportation

Projects and businesses dedicated to clean transportation (excluding transportation dedicated to the transport of fossil fuels).

EU environmental objective:
Climate change mitigation



EU Taxonomy activities²⁷

Rail transport

- 6.1. Passenger interurban rail transport
- 6.2. Freight rail transport

Road transport

- 6.3. Urban and suburban transport, road passenger transport
- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles
- 6.6. Freight transport services by road²⁸

Sea and coastal water transport

- 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities
- 6.11. Sea and coastal passenger water transport

Clean transportation infrastructure

- 6.14. Infrastructure for rail transport²⁹
- 6.15. Infrastructure enabling low-carbon road transport and public transport
- 7.4. Installation, maintenance, and repair of charging stations for electric vehicles

²⁷ Activities that align with the EU Taxonomy Substantial Contribution Criteria specified in the Climate Delegated Acts of the EU Taxonomy for climate change mitigation.

²⁸ Other than zero direct (tailpipe) emission vehicles are excluded: Category N1 have zero direct (tailpipe) CO2 emissions and vehicles of category N2 and N3 are “zero-emission heavy-duty vehicles” as defined in Article 3, point (11), of Regulation (EU) 2019/1242.

²⁹ The EU Taxonomy criteria C) and B) from this activity have been excluded.

Biodiversity Conservation and Environmentally Sustainable Management of Living Natural Resources and Land Use

Projects and businesses dedicated to environmentally sustainable management of living natural resources and land use or targeting biodiversity.

EU environmental objective:
Climate change mitigation & Protection and restoration of biodiversity and ecosystems



Internal Criteria

Biodiversity

Maintenance and protection to preserve biodiversity, terrestrial or marine natural habitats.³⁰

Landscape conservation and restoration supporting ecosystem resilience and biodiversity.³⁰

Sustainable forestry

Sustainable forestry with a certification from FSC or PEFC.

Sustainable farming

Sustainable farming: regenerative farming that aims for significant improvement of soil/land health, or organic farming as certified in compliance with the EU and national regulations.

Alternative proteins

Production of alternative proteins produced from plants or animal cells³¹ or by way of fermentation that directly or partially substitute animal-derived products or ingredients.

³⁰ There are management plan or equivalent instrument, initial description of the area and auditing/certificates and it aims for either (i) maintaining good condition of ecosystems, species, habitats or of habitats of species or (ii) re-establishing or restoring ecosystems, habitats or habitats of species towards or to good condition, including through increasing their area or range.

³¹ Limited to R&D on alternative proteins produced from animal cells.

Climate Change Adaptation

Projects and businesses dedicated to climate change adaptation.

EU environmental objective:
Climate change adaptation



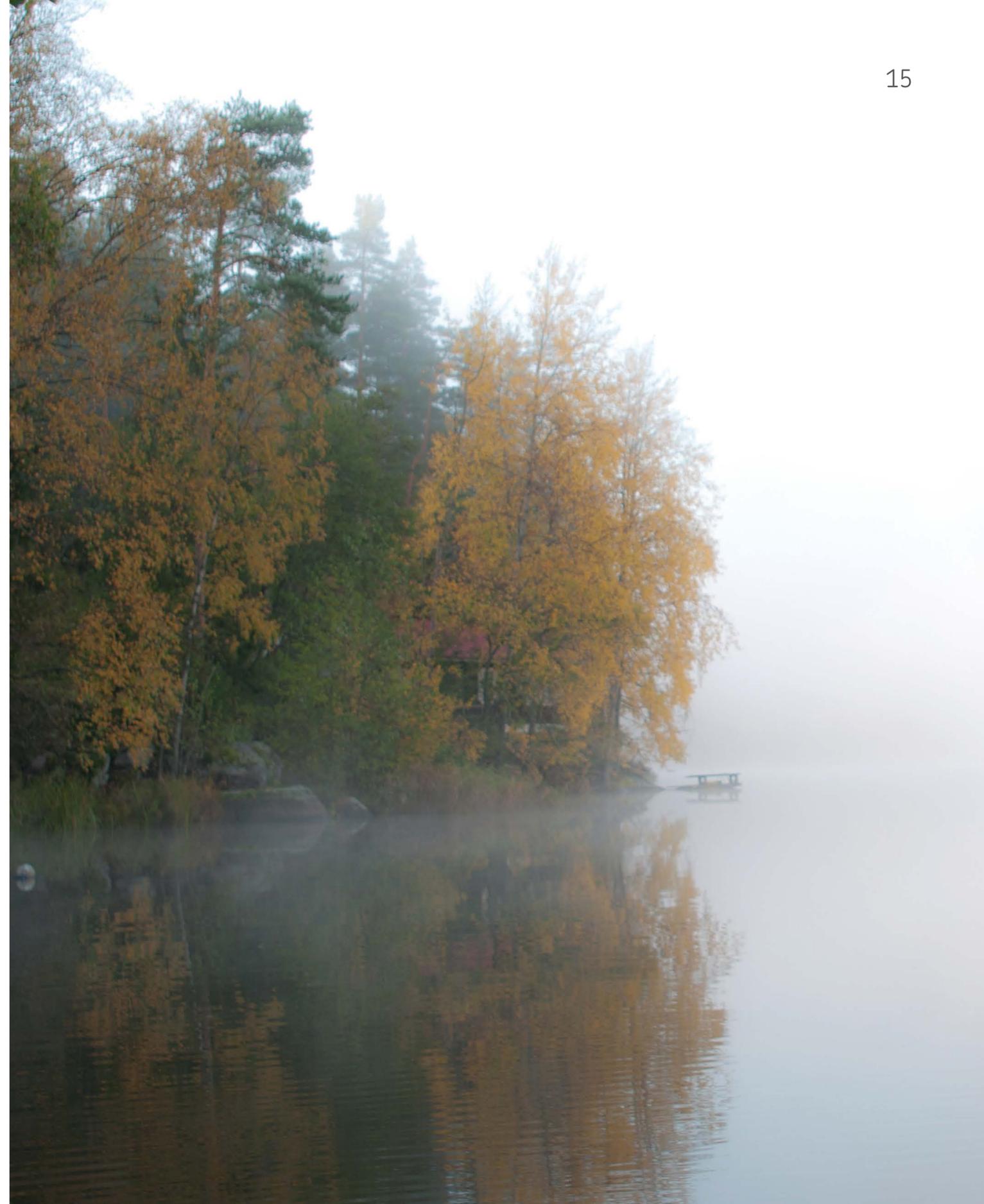
Internal Criteria

Observation systems

Efforts to enhance infrastructure resilience to climate change impacts, including climate observation systems, early warnings and data-driven climate monitoring and reporting systems.

Infrastructure resilience

Adaptation measures to reduce harm from climate-related events, such as integrating climate resilience in buildings and infrastructure design, e.g. flood prevention.



2.2 Process for project evaluation and selection

OP has established a dedicated Green Bond Committee with responsibility for governing and monitoring the OP Corporate Bank's Green Bond Framework.

The Green Bond Committee comprises of at least:

- › an OP Financial Group's Executive Board Member (Chairman)

as well as Senior management representatives from:

- › Finance and Group Treasury
- › Corporate Sustainability
- › Banking, Corporate and Institutional Customers business segment
- › Risk Management

The Eligible Assets are subject to both the conventional OP credit process and the Green Bond Committee's Green Bond evaluation and selection process, which are complementary.

2.2.1 Conventional credit process

As a prerequisite, the Eligible Assets are expected to comply with local laws and regulations, including any applicable regulatory environmental and social requirements. Thorough evaluation and selection are therefore integral parts of the process to ensure that the Green Bond proceeds are allocated to projects, businesses or assets that meet the Eligibility Criteria.

OP and the entities belonging to the Group evaluate all their clients, or projects, as part of the conventional credit process. The credit process includes Know-Your-Customer (the "KYC") assessment, credit risk analysis, validation by risk management as well as a credit decision according to OP's Credit Policy. Parallel to the credit process, OP will execute the specific Green Bond Framework evaluation process described in 2.2.2 Green Bond Framework evaluation process.

In addition, OP carries out an ESG analysis in accordance with the European Banking Authority's guidelines on loan origination and monitoring. All corporate clients are classified based on their exposure to ESG factors and all

new significant financing is analysed according to a specific process.

It is clear within OP, that the qualification for Eligible Assets as part of the Green Bond Framework does not overlook financial analysis and credit risks.

2.2.2 Green Bond Framework evaluation process

In the context of the Framework, OP will carry out the following steps for project evaluation and selection to the portfolio of Eligible Assets (the "Green Bond Register").

1. Initial screening: OP's business units are in charge of identification of existing or new financing to be included in the Green Bond Register by identifying Eligible Assets that may potentially comply with the Eligibility Criteria.
2. Exclusion: OP's business units supported by sustainability experts screen projects or assets that are not eligible for the Green Bond Register as defined in 2.1.1 Exclusion Criteria.

3. Assessment: OP's business units supported by sustainability experts provide an evaluation of each financing, as well as the rationale for potential selection in the Green Bond Register.
4. Proposal: The Green Bond Register proposal is presented by the OP's business units supported by sustainability experts and updates are presented to the Green Bond Committee quarterly.
5. Approval: The Green Bond Committee approves each financing against the Green Bond Eligibility Criteria. Similarly, after the procedure, the Green Bond Committee makes the decision to remove assets that are not aligned with the Framework quarterly.
6. Management & Monitoring: OP's business units monitor continuously the compliance of eligible assets with the eligibility criteria and exclusion criteria. Monitoring is done on a materiality basis. In case there is a non-compliant financing, OP's business units will conduct a procedure to remove non-compliant financing from the Green Bond Register quarterly. Based on the Green Bond Committee's decision, the Green Bond Register is updated by the OP's business units quarterly.

2.3 Management of proceeds

OP manages the Green Bond Register on a portfolio basis for tracking the Eligible Assets and the allocation of the net proceeds. OP's business units supported by sustainability experts supervise and review the assets that have been earmarked and allocated to the Green Bond Register quarterly.

All potential changes to the Green Bond Register are presented quarterly to the Green Bond Committee that will approve changes relating to the Green Bond Register based on the proposal of the OP's business units.

Changes in the Eligibility Criteria under this Framework from the Green Bond Framework dated 2022 will not affect the treatment of Eligible Assets retroactively. In other words, the Eligible Assets selected under the previous Green Bond Framework that have successfully gone through the evaluation steps will not be affected by the changes in this Framework and will remain in the Green Bond Register until maturity or sale of the asset. New financing and re-financing will always be evaluated in accordance with the latest Green Bond Framework. Removal (other than through maturity or sale of the

asset) or substitution of assets from the Green Bond Register is generally possible if new information concerning Eligible Assets emerge, that warrant their removal from the Green Bond Register.

OP intends to maintain an aggregate amount of assets in the Green Bond Register that is at least equal to the aggregate net proceeds of all outstanding Green Bonds. However, there may be periods when a sufficient aggregate amount of Green Bond assets has not yet been allocated to the Green Bond Register to fully cover the proceeds of Green Bonds. Any portion of the net proceeds of Green Bonds that have not been allocated to Eligible Assets in the Green Bond Register will temporarily be held in accordance with OP's conventional liquidity management policy and will not be invested in carbon intensive activities or in controversial activities. OP intends to reach full allocation within 24 months after the issuance of each bond.



2.4 Reporting

Until the Green Bonds have matured, OP Corporate Bank will publish annually on OP's website a Green Bond Report (the "Green Bond Report") that includes both the allocation of the net proceeds of the Green Bonds' and the estimated environmental impacts of the Green Bonds' as per each Eligible Sector³².

Where appropriate and subject to confidentiality arrangements and competition issues, examples of eligible businesses and projects that have been financed or refinanced by the net proceeds of the Green Bonds shall also be disclosed.

OP Corporate Bank and OP Financial Group's Investor Relations (IR) team are responsible for preparing the Green Bond Report. Each report will be reviewed and approved by the Green Bond Committee. The Green Bond Report(s) will be made available to the public at the [OP Financial Group's Debt IR website](#).

2.4.1 Allocation reporting

An annual report on the allocation of the net proceeds of the Green Bonds' will include at least:

- › the aggregated amount of net proceeds allocated to each of the Eligible Sector on portfolio basis
- › the origination timeframe and maturity profile of the portfolio
- › the remaining balance of net proceeds which have not yet been allocated to Eligible Assets
- › taxonomy alignment of green loans on best efforts basis (subject to data availability)

In addition, OP Corporate Bank reports the amount of the outstanding Green Bonds at the end of the reporting period.

2.4.2 Impact reporting

OP Corporate Bank recognises investors' requirement for transparent information regarding impact reporting. The annual

impact report includes a description of the applied methodology and assumptions made to calculate the impacts. Where feasible, OP Corporate Bank intends to include information on the environmental impacts of the Green Bonds' as per each Eligible Sector. It is to be noted that impact reporting will be executed on a best effort basis subject to data availability of the financed projects.

On projects that are not yet operational, OP Corporate Bank will provide estimates regarding the expected future environmental performance of the asset in question. The most prioritized indicator is GHG emissions reduced/avoided annually (tCO₂e). If the amount of financed investment is limited and the project is considered ordinary, e.g. building an ordinary multi-family house or buying an electric car, estimations can be used in impact reporting. Estimations are still based on most recent information at hand. The best effort basis still prevails.

Indicative performance indicators may include but are not limited to the indicators presented in the following table.

³² Reporting will be executed according to the Eligible Sectors described in the Eligibility Criteria section of the latest Green Bond Framework.

Eligible Sector	Indicative Performance Indicator considering ICMA Harmonised Framework for Impact Reporting ³³	
	Output indicators	Impact indicators
Renewable Energy	<ul style="list-style-type: none"> - Annual renewable energy generation in MWh (electricity) and GJ/TJ (other energy) - Capacity of renewable energy plant(s) constructed or rehabilitated (MW or peak power) 	<ul style="list-style-type: none"> - Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent/a
Energy Efficiency	<ul style="list-style-type: none"> - Capacity stored (MW) and storage capacity (MWh) <p>Transmission of energy</p> <ul style="list-style-type: none"> - Annual energy transmitted in MWh/GWh (electricity) and GJ/TJ (other energy) - Transmission distance, km 	<ul style="list-style-type: none"> - Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent/a - Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy)
Green Buildings	<ul style="list-style-type: none"> - Type of certification scheme, certification level and m² of gross building area 	<ul style="list-style-type: none"> - Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent/a - Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy)
Pollution Prevention and Control including Sustainable Water Management	<ul style="list-style-type: none"> - Annual absolute (gross) amount of wastewater treated, reused or avoided in m³ annually - Waste prevented, minimised, reused or recycled in % of total waste and/or in absolute tonnes annually 	<ul style="list-style-type: none"> - Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent/a - Annual absolute (gross) water savings in m³/a or reduction in water use in %
Circular economy	<ul style="list-style-type: none"> - Circular material use rate (CMU) 	<ul style="list-style-type: none"> - The expected extension of lifetime in years (compared to the equivalent linear product's expected lifetime)
Clean Transportation	<ul style="list-style-type: none"> - Passenger-kilometres (i.e. the transport of one passenger over one kilometre) and/or passengers; or tonne-kilometres (i.e. the transport of one tonne over one kilometre) and/or tonnes - Quantity (number) of zero tailpipe vehicles financed annually <p>Low-carbon infrastructure</p> <ul style="list-style-type: none"> - Quantity of infrastructure constructed/renovated 	<ul style="list-style-type: none"> - Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent/a
Biodiversity Conservation and Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> - Total land area under sustainably certified forests in ha - Amount organic sustainable agriculture land financed in m² or ha <p>Alternative proteins</p> <ul style="list-style-type: none"> - Production volume (estimated, if not yet in production) - Type of alternative protein (e.g., fermentation-derived, cultivated, plant-based) 	<ul style="list-style-type: none"> - Annual GHG emissions avoided and/or sequestered in tonnes of CO₂ equivalent/a <p>Biodiversity Conservation</p> <ul style="list-style-type: none"> - Maintenance/safeguarding/increase of protected area/OECM/habitat in km² and in % for increase - Maintenance/safeguarding/increase of natural landscape area (including forest) and in urban areas in km² and in % for increase
Climate Change Adaptation		<ul style="list-style-type: none"> - Reduction in flood damage costs, unit valorised (euros) - Reduction in the number of wildfires, and/or in the area damaged by wildfires in km²

³³ ICMA Harmonized Handbook for Impact Reporting

3 External Review and Verification

OP Corporate Bank has engaged Sustainalytics to act as an independent Second Party Opinion (SPO) provider of the Framework. Sustainalytics' Second Party Opinion is publicly available on OP Financial Group's Debt IR website³⁴.

OP Corporate Bank will request on an annual basis, starting one year after issuance and until maturity, a limited assurance report on the use of proceeds and eligibility in the Green Bond Report, provided by an external auditor.

³⁴ [OP Corporate Bank's Green Bonds](#).





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