

Green Bonds Framework

11 June 2018

1. BACKGROUND AND INTRODUCTION

The University Properties of Finland Ltd (SYK) is a nationwide owner and developer of higher education campuses outside of the Helsinki metropolitan area. Altogether SYK owns 1.1 million square meters of space and yearly turnover is about 150 million euros.

SYK's vision is to be the most valued campus developer in Europe. Our mission is to own and develop international campuses as part of vibrant university cities. We aim to create campuses with great appeal and opportunities to nourish regional growth by combining science, business and vibrant urbanity. SYK is owned by the Government of Finland and ten Finnish universities.

As a property owner, SYK's responsibility is focused around developing properties in line with the principles of sustainable development. We are responsible for providing our customers with ideal and safe conditions and premises for lifelong learning and effective working. Our aim is to ensure the long-term sustainability of our properties from the human, environmental and economic perspectives.

In 2017, SYK approved its sustainability vision: Our campuses will be the most responsible campuses in Europe by 2030. We develop our campuses into environments where everyone, regardless of their role or perspective, can find it motivating and meaningful to act responsibly and in line with sustainable development. We want our campuses to have a positive impact that supports responsible lifestyles, studies and research.

Our objective is to provide our customers with ideal premises and to do it efficiently and on a long-term basis. Life-cycle thinking is a natural way of acting for SYK that builds and maintains properties for its own holding and ownership. We invest in shared-use multi-purpose premises.

Concretely, SYK has succeeded on planning and constructing several BREEAM-certified buildings with a grade of "Very Good" during recent years. On June 2017 SYK was selected by the Ministry of the Environment as the best commercial property owner in Finland regarding completed energy savings during the years 2010 – 2016. SYK will naturally continue this work during the years 2017 – 2025. We report on responsibility in accordance with the GRI principles and we publish an integrated report in the GRI database.

This Green Bonds Framework is developed in alignment with the [Green Bond Principles 2017](#). It is our intention to follow best practices in the market as the standards develop.

2. USE OF PROCEEDS

“**Eligible Projects**” means a selected pool of assets that are funded, in whole or in part, by SYK and that promote the transition to low carbon and climate resilient growth as determined by SYK and in line with SYK’s *Sustainability policy and strategy*.

Eligible Projects:

- New properties or major renovation of properties that have or will have: BREEAM certification with a certification level of at least Very Good and an energy use that is at least 15% lower than that required by the Finnish national building code
- Existing buildings with BREEAM In-use certification (two parts out of three: Asset and Building Management) with a certification level of at least Very Good
- Energy efficiency projects leading to a reduction of energy use of at least 25 per cent.
- Technical solutions utilizing renewable energy of solar, geothermal or wind power to satisfy the energy needs of properties.
- Clean transportation infrastructure for electric vehicles.

SYK’s Green Bonds will not finance fossil fuel generation projects.

SYK’s Green Bonds can be used to finance new Eligible Projects and to refinance existing Eligible Projects in accordance with the Green Bonds Framework¹. The division of the allocation of Green Bond proceeds between new projects and refinancing will be included in SYK’s annual Green Bond Investor Letter (see section 5).

3. PROCESS FOR PROJECT EVALUATION AND SELECTION

Eligible Projects are evaluated and selected by SYK’s Green Bond Committee. The Green Bond Committee consists of the Chief Financial Officer, the Director of Project Management and the Environmental Engineer. The Green Bond Committee approves Eligible Projects in consensus

¹ New projects are defined as projects that have been finalized or acquired within one year before the time of approval by SYK’s Green Bond Committee and forward.

(i.e. all members have a veto). The Green Bond Committee will keep record of meetings held and decision made.

4. MANAGEMENT OF PROCEEDS

An amount equal to the net proceeds of the issue of the Green Bonds will be credited to a Special Account that will support SYK's Eligible Projects as defined below. As long as the Green Bonds are outstanding and the Special Account has a positive balance, at the end of every fiscal quarter, funds will be deducted from the Special Account and added to SYK's lending pool in an amount equal to all disbursements from that pool made during such quarter in respect of Eligible Projects. Until disbursement to Eligible Projects, the Special Account balance will be placed in liquidity reserves and managed accordingly.

If, for any reason, a financed Eligible Project no longer meets the eligibility criteria, it will be removed from the pool of projects financed with proceeds from SYK's Green Bonds.

5. REPORTING

To enable investors to follow the development and provide insight to prioritised areas, SYK will provide an annual Green Bond Investor Letter to investors including:

- a) a list of the all projects financed including allocated amount, a brief description and expected impact;
- b) information about the division of the allocation of Green Bond proceeds between new projects and refinancing;

SYK recognises the importance of transparency and impact reporting. The ambition is to include information in the Green Bond Investor Letter about the type and level of certification, energy use and CO₂ emissions when relevant as well as other environmental benefits when available.

The internal tracking method, the allocation of funds from the Green Bond proceeds and the Green Bond Investor Letter will be reviewed annually by SYK's external auditor. The Investor Letter and the opinion of the external auditor will be made publically available on SYK's web page.

SYK will have its Green Bonds Framework reviewed by the Centre for International Climate and Environmental Research – Oslo (CICERO) who will issue a Second Opinion. The Second Opinion as well as the Green Bonds Framework will be made publically available on SYK's web page.