

ASSESSMENT

26 March 2024



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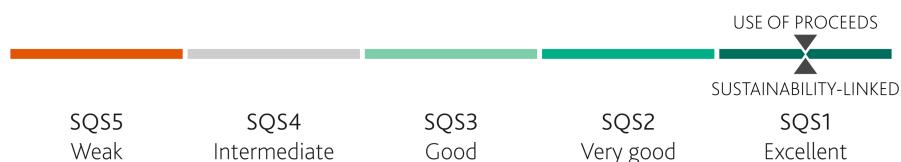
Helen Oy

Second Party Opinion – Green and Sustainability-linked Finance Framework Assigned SQS1 (UoP) and SQS1 (SL)

Summary

We have assigned an SQS1 sustainability quality score (excellent) to the use-of-proceeds (UoP) portion and an SQS1 sustainability quality score (excellent) to the sustainability-linked portion of Helen Oy's (Helen) Green and Sustainability-linked Finance framework dated March 2024. The framework covers two eligible UoP categories and two key performance indicators (KPIs). For the UoP portion, the framework is aligned with the four core components of ICMA's Green Bond Principles 2021 (with the June 2022 Appendix 1) and the LMA/APLMA/LSTA Green Loan Principles 2023; is aligned with MIS best practices; and demonstrates a high contribution to sustainability. For the sustainability-linked portion, the framework is aligned with the five core components of the ICMA's Sustainability-Linked Bond Principles 2023, and LMA/APLMA/LSTA's Sustainability-Linked Loan Principles 2023; is aligned with MIS best practices; and demonstrates a high contribution to sustainability.

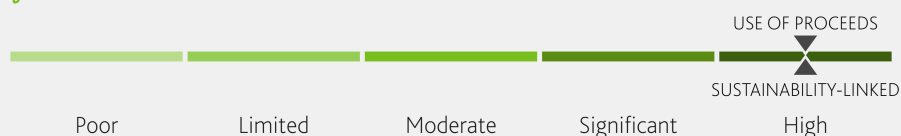
Sustainability quality score



Alignment with principles



Contribution to sustainability



POINT-IN-TIME-ASSESSMENT

Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of Helen Oy's (Helen) green and sustainability-linked finance framework, including its alignment with the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021 (with the June 2022 Appendix 1) and Sustainability-Linked Bond Principles (SLBP) 2023, and the Loan Market Association's, the Asia Pacific Loan Market Association's and the Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles (GLP) 2023 and Sustainability-Linked Loan Principles (SLLP) 2023. Under the framework, the company plans to issue UoP green bonds and loans with the aim of financing projects comprising two eligible green categories, as outlined in Appendix 2 of this report. In addition, the company has selected two sustainability KPIs for potential issuance of sustainability-linked bonds and loans — both in the area of reduction of greenhouse gas (GHG) emissions, as outlined in Appendix 3 of this report. We have assessed the alignment with principles and contribution to sustainability components of both the UoP and sustainability-linked portions of the green and sustainability-linked financing framework independently, which has resulted in two separate SQS scores.

Our assessment is based on the last updated version of the framework received on 22 March 2024, and our opinion reflects our point-in-time assessment¹ of the details contained in this version of the framework, and other public and non-public information provided by the company.

We produced this SPO based on our [Framework to Provide Second Party Opinions on Sustainable Debt](#), published in October 2022.

Issuer profile

Helen Oy (Helen) is the municipal heat and electric utility, operating mainly within, and fully owned by, the City of Helsinki, Finland. In 2022, Helen had revenue of €1.79 billion, with electricity generation accounting for 57% of the total, district heating for 31%, and the rest divided between electricity transmission, natural gas, cooling and other services. The company serves 550,000 customers, nearly all in the City of Helsinki. Helen Oy, the parent company, has a number of subsidiaries and joint ventures through which it produces electricity beyond the Helsinki region. In 2022, electricity generated by Helen was split between coal-fired generation (36%), nuclear (33%) and renewables (25%), while heat production for the district heating network was dominated by coal (64% of total heat). Of the total heat in the Helsinki network, 98% is generated by Helen at its own plants.

Although Helen's heat and electricity generation has been based on fossil fuels, notably coal, from the company's founding in 1909 through the present day, the company is now implementing an ambitious decarbonization strategy, planning to reach carbon-neutral energy production by 2030. Specifically, the company plans to achieve a 95% fall in GHG emissions by 2030 from the 1990 level. As part of this strategy, Helen is moving away from coal and toward renewable sources of electricity and heat. The closure of the Hanasaari coal-fired plant in April 2023 alone reduced Helen's GHG emissions by 40%.

Strengths

- » The UoP categories will follow the substantial contribution criteria of the EU Taxonomy Climate Delegated Act for Climate Change Mitigation.
- » The UoP energy category as a whole mainly uses best available technologies. Projects under the subcategory heat and cool are particularly innovative, including extraction of heat for district heating from sewage, from geothermal and from seawater.
- » Both sustainability-linked KPIs individually cover around 80% of the company's total carbon footprint.
- » Science Based Targets initiative (SBTi) verification has been undertaken for both 2030 Sustainability Performance Targets (SPTs).

Challenges

- » The technologies and technical thresholds used for the UoP energy sub-categories bioenergy and hydrogen are less ambitious than those proposed by the strictest standards available in the market.

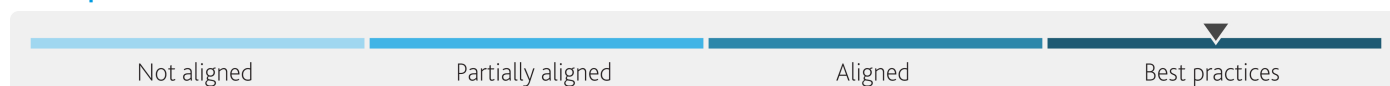
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Alignment with principles - use of proceeds

Helen's green and sustainability-linked finance framework is aligned with the four components of the ICMA's GBP 2021 (including the June 2022, Appendix 1) and the LMA/APLMA/LSTA's GLP 2023, and with the identified MIS best practices for all four components:

- Green Bond Principles (GBP)
- Social Bond Principles (SBP)
- Green Loan Principles (GLP)
- Social Loan Principles (SLP)
- Sustainability-Linked Bond Principles (SLBP)
- Sustainability Linked Loan Principles (SLLP)

Use of proceeds



Clarity of the eligible categories – BEST PRACTICES

Helen has clearly and comprehensively communicated the nature of spending, the eligibility and exclusion criteria, and the location of the eligible projects. The company has confirmed that the projects will be located in Finland and Sweden. However, if direct cross-country electric interconnectors are involved, the activities could extend to Estonia and Norway, and through these countries, connect to the broader European system. Helen has provided granular descriptions of the eligible projects that could be financed with each issuance. The definitions of eligible categories follow the substantial contribution criteria contained in the EU Taxonomy Climate Delegated Act for Climate Change Mitigation, thus constituting a reference to stringent, internationally recognized technical thresholds (see Appendix 2 for more details).

Clarity of the environmental objectives – BEST PRACTICES

The company has clearly outlined climate change mitigation as the environmental objective associated with its eligible categories. All eligible categories are relevant to the respective environmental objective to which they are aiming to contribute. The framework references relevant EU Taxonomy economic activities, as well as relevant UN Sustainable Development Goals (SDGs) in the articulation of the objective of the eligible green categories, which are coherent with international standards (see Appendix 1 for more details).

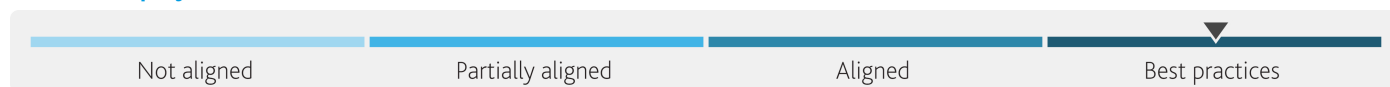
Clarity of expected benefits – BEST PRACTICES

The company has identified clear expected environmental benefits and these benefits are relevant based on the projects likely to be financed under each category. Relevant and measurable benefits were identified as reduction in and avoidance of GHG emissions. The benefits will be assessed by the issuer and quantified for all eligible project categories in the corresponding annual report. The issuer has committed to disclose an estimation of the refinancing share before each issuance to investors. Refinancing will be available for asset values and capital spending without any look-back period restriction, while operational expenditure refinancing will be limited to a three-year look-back period.

Best practices identified - use of proceeds

- » Eligibility criteria are clearly defined for all project categories
- » Objectives set are defined, relevant and coherent for all project categories
- » Relevant benefits are identified for all project categories
- » Benefits are measurable and quantified for most projects, either ex-ante with clear baselines or with a commitment to do so in future reporting
- » Commitment to transparently disclose the share of proceeds used for refinancing where feasible
- » Commitment to transparently communicate the associated look-back period(s) where feasible

Process for project evaluation and selection



Transparency and quality of process for defining eligible projects – BEST PRACTICES

The company's decision-making process for the evaluation and selection of projects is clear and structured. Helen's Green Finance Committee (GFC) is in charge of evaluating and selecting eligible green projects and allocating net proceeds to such assets. The GFC convenes annually and is solely responsible for the choice of eligible green projects. A decision to allocate net proceeds will require a consensus decision from the GFC.

The GFC includes relevant internal expertise through senior representatives from Finance, Treasury and various Sustainability departments. The committee is also responsible for the continued monitoring of the eligibility of the selected projects throughout the life of the green financing instruments. In case a project is no longer compliant with the eligibility criteria, the company commits to substitute for an eligible project in accordance with the procedure under Management of Proceeds until reallocated to other eligible green projects. Traceability of the process is ensured through an internal tracker in the company's treasury system and through committee meeting minutes.

Environmental and social risk mitigation process – BEST PRACTICES

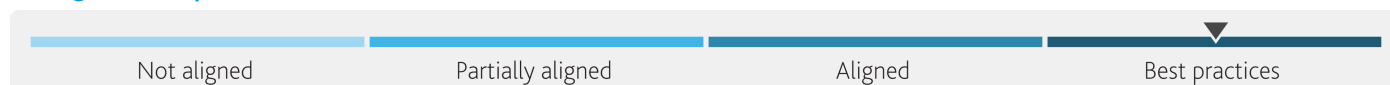
Helen has established a comprehensive environmental and social risk mitigation process, including monitoring for controversies, and the identification and management of environmental risks. All industrial-scale energy infrastructure projects must undergo an environmental impact assessment (EIA) to ensure that environmental risks are appropriately identified and mitigated. Many smaller projects must also obtain building permits. The company's policies will be applied throughout the life of the instruments issued under the framework.

The subjects of sustainability will be addressed in Helen's annual sustainability report. The scope of these disclosures is likely to grow over time as the Corporate Sustainability Reporting Directive (CSRD) will become applicable to Helen, starting from 1 January 2025, or from 1 January 2024 if a bond is issued in 2024.

Best practices identified - process for project evaluation and selection

- » The roles and responsibilities for project evaluation and selection are clearly defined and include relevant expertise
- » There is evidence of continuity in the selection and evaluation process through the life of the financial instrument(s), including compliance verification and procedures to undertake mitigating actions when needed
- » The process for project evaluation and selection is traceable
- » Material environmental and social risks for most project categories are identified
- » Presence of corrective measures to address environmental and social risks across projects
- » ESG controversies are monitored

Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

Helen has defined a clear process for the management and allocation of proceeds in its framework. Net proceeds from issuances under the framework will be placed in the company's general treasury account and will be tracked by the issuer to ensure those are used only for eligible projects identified in the so-called Green Register. Periodic adjustments of proceeds will be conducted annually, and the company will ensure that proceeds are matched to eligible projects. Helen commits to allocate net proceeds within 24 months of each issuance, in line with the market best practice.

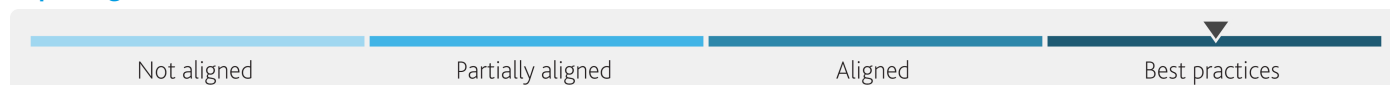
Management of unallocated proceeds – BEST PRACTICES

The company has shared that unallocated proceeds will be stored in Helen's general liquidity reserve and managed per Helen's financial policy, until reassigned to other eligible green projects. These temporary holdings will adhere to the eligibility and exclusion criteria defined in the green finance framework. If a project is postponed, canceled or otherwise becomes ineligible, the company has stated its commitment to reallocate the funds to other qualifying projects. This reallocation process will adhere to the guidelines outlined in the Management of Proceeds section until the funds are successfully assigned to other eligible green projects.

Best practices identified - management of proceeds

- » Broad disclosure of a clearly articulated and comprehensive management of proceeds policy to external stakeholders; bondholders or lenders at a minimum
- » Short allocation period, for example typically less than 24 months
- » Disclosure on temporary placement and presence of exclusion criteria toward environmentally or socially harmful activities
- » Commitment to reallocate proceeds to projects that are compliant with the framework

Reporting



Transparency of reporting – BEST PRACTICES

Helen has committed to provide reporting of the allocation of proceeds for each outstanding green financing instrument in its Green Finance report until the maturity of the instruments. The report will be publicly available on Helen's website and will cover relevant information about the allocation of proceeds and the expected sustainable benefits of the projects. Any known material developments, issues or controversies related to the projects or assets could also be captured in Helen's overall sustainability reporting.

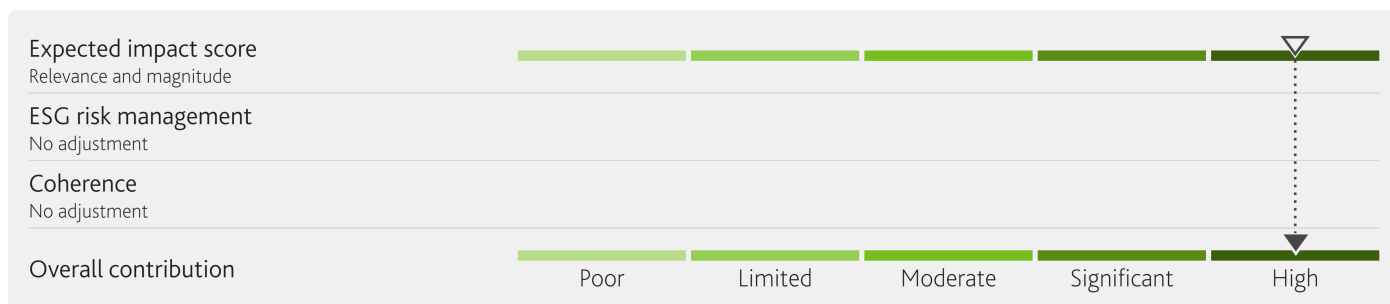
The calculation methodologies and assumptions used to report on environmental benefits may be disclosed within the Green Finance Report and can also be made available on request to the lenders and counterparties. The allocation reporting will be verified by an accredited independent party on an annual basis until the full allocation and in case of significant changes. With respect to the impact reporting included in Helen's Green Finance Report, all material environmental data and performance-related statements will be reflected in Helen's CSRD reporting, which is subject to limited assurance reporting. The post-issuance verification reports will be publicly available on Helen's website.

Best practices identified - reporting

- » Reporting until full bond maturity or loan payback
- » Reporting covers material developments and issues related to the projects or assets
- » Reporting on allocation of proceeds and benefits done at least at eligible category level
- » Exhaustive allocation reporting – balance or % of unallocated funds, types of temporary investments (e.g. cash or cash equivalent) and share of financing vs re-financing
- » Clear and relevant indicators to report on the expected environmental/social impact of all the projects, where feasible, or eligible categories
- » Disclosure of reporting methodology and calculation assumptions to bondholders or lenders at a minimum
- » Independent audit of the tracking and allocation of funds at least until full allocation and in case of material changes
- » Independent impact assessment on environmental benefits by a qualified third-party reviewer at least until full allocation and in case of material changes and/or case studies to report on the social impact/benefits

Contribution to sustainability - use of proceeds

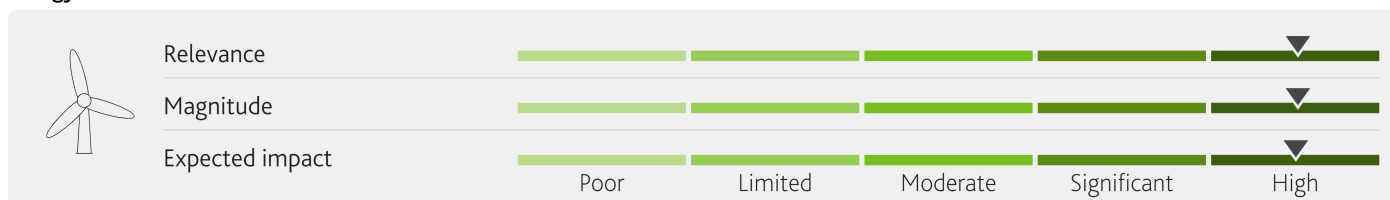
The use of proceeds portion of the framework demonstrates a high overall contribution to sustainability.



Expected impact - use of proceeds

The expected impact of the eligible project categories on environmental objectives is high. The company has communicated that most of the proceeds from forthcoming issuances will be allocated to the energy category, with a small percentage allocated for clean transportation. We have therefore weighted eligible categories accordingly to assess the overall expected impact. A detailed assessment by eligible category is provided below.

Energy



This large eligible category itself contains 10 subcategories: solar power, wind power, bioenergy, heating and cooling, hydropower, hydrogen production, transmission and distribution of energy, district heating/cooling distribution, energy storage and heat pumps (see Appendix 2 for more details). The issuer provided us with an estimated allocation of proceeds between these types of projects, which

was used to inform the consolidated score at the category level. The subcategories with the largest allocation are heating and cooling; bioenergy; solar power; and transmission and distribution of electricity.

In terms of relevance, we consider most of the technologies taken into consideration to be highly relevant ways to generate or distribute renewable electricity or heat in Finland. While Finland has the second lowest share of fossil fuels in its total energy supply among International Energy Agency (IEA) members, imported fossil fuels still account for over a third of the energy supply². The electricity supply of the country is low carbon, dominated by the zero-carbon sources of nuclear, hydropower and wind power, with fossil fuels making up only 11% of generation. Heat generation is still more carbon intensive, with around one-third (32% in 2022, according to the IEA) derived from coal, oil and natural gas. In 2022, coal alone accounted for 21% of the heat produced in Finland³ and 64% of the heat produced by Helen in Helsinki for the city's district heating network⁴.

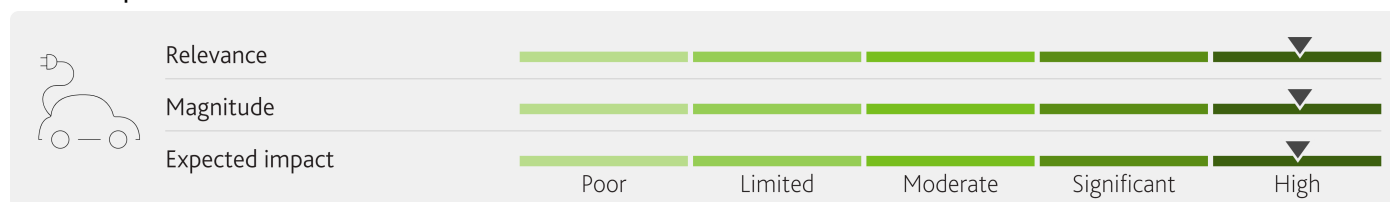
One technology that is considered less relevant is the use of bioenergy — in this case, the use of wood chips and pellets to produce heat. Finland is a country where the land-use change and forestry sector (LULUCF) has historically constituted a major net carbon sink, but has become a net carbon source since 2021; in 2022, the sector accounted for 4.5 Mt of GHG emissions, almost as much as industry (5.0 Mt)⁵. Using biomass for heat energy in a country where the LULUCF sector has now become a net source of emissions is not the most relevant solution for renewable energy, nor the most relevant use of wood.

In terms of magnitude, most of the included technology types have a highly positive, long-term impact with minimal externalities. This is the case for projects including solar parks, wind farms, transmission and distribution of electricity to improve both the local grid and connections to neighboring countries, and provision of heat pumps to properties outside the district heating network. While hydropower has negative externalities, in this particular case, the hydropower investments are viewed more positively as they only apply to existing facilities. Indeed, some of the hydropower investments are explicitly intended to mitigate ongoing negative externalities, for example, the building of fish ladders for existing dams. On hydrogen production, the issuer is adhering to a threshold of 3tCO₂e/ton of hydrogen, which is in line with the EU Taxonomy but not with more ambitious standards like that of the Climate Bonds Initiative (CBI).

The largest subcategory by allocation — heating and cooling — includes some notably innovative sourcing of heat using best available technologies. Helen is planning to extract heat for its district heating network from treated municipal sewage water; from the seawater of the Gulf of Finland; from the air, through industrial-size air-source heat pumps; and from the ground, specifically geothermal heat from medium to shallow boreholes under 3,000 m in depth. The company is also planning to extract waste heat from data centers, industrial facilities and commercial buildings such as shopping malls. This subcategory does also include electric boilers, but these will be operated only at times when the grid has excess electricity from renewables. The heating and cooling subcategory is complemented by the investments under the energy storage subcategory, including underground thermal storage facilities which can even out inconsistencies between heat supply and demand on the Helen district heating network.

On the other hand, we note our reservations about bioenergy, which, on its own, would have only a moderately positive impact. Even though all the wood pellets and chips are from certified suppliers (e.g., PEFC, FSC or SBP) and are claimed to all be waste wood, there are documented instances in Finland where the biomass consists of entire mature tree trunks or species less desirable for lumber, such as aspen. It is important to note that these trees can take over 80 years to mature locally. Moreover, Helen states there will be a 70% reduction in GHG emissions compared to a fossil fuel baseline, with an 80% threshold to be applied later, which is in line with EU Renewable Energy Directive (RED) II, but not the EU Taxonomy or CBI, both of which require 80% right away.

Clean transportation



This category is for financing the installation of publicly accessible electric vehicle (EV) charging points as part of Helen's network. Helen operates a nationwide network of charging stations throughout Finland, though it is somewhat concentrated in the Helsinki region.

In terms of relevance, EV charging points are a crucial enabling activity for EV adoption, and we typically view them positively. While Helen is not a transport company, providing electricity through rapid charging stations for electric vehicles is considered highly relevant for an electric utility, especially a municipally owned one with particular obligations to the inhabitants of Helsinki. In 2020, emissions from transport accounted for 22% of Finland's total emissions, making it the third-largest sector after electricity and heat and land use change⁶. Finland is projected to reach 750,000 EVs on roads by 2030, with a projected 42% of all new vehicle registrations by 2025 and 70% by 2030 being for EVs, which implies a corresponding increase in demand for charging points⁷.

In terms of magnitude, this category has highly positive long-term impact. Helen uses best available technology, and the high power output of most of the contemplated charging points enables rapid charging. The intended power output of the financed charging stations will range from 75 kW to 500 kW. The projects align with the EU Taxonomy's substantial contribution criteria for the economic activity 6.15 on "Infrastructure enabling road transport and public transport." Helen's charging points are either in major cities or along major roads, locations where EV users will most need them.

ESG risk management - use of proceeds

We have not applied a negative adjustment to the expected impact score for ESG risk management. Helen has implemented an appropriate ESG risk management procedure to minimize the negative externalities from eligible projects. Before implementing industrial-scale energy infrastructure projects (e.g., wind, solar and hydropower, bioenergy, and industrial-scale heat pumps), a mandatory environmental impact assessment (EIA) is carried out. In addition, Helen's electricity generation, production and distribution of heating and cooling, and fuel procurement are certified in accordance with the ISO 14001 standard on environmental management systems. In terms of procurement of bioenergy, the company requires that wood fuels purchased are from certified suppliers (e.g., PEFC, FSC or SBP) and origin controlled. Further, using sustainable biomass is limited to peak demand periods and non-combustion based solutions are favored. Finally, in terms of social issues, the occupational health and safety system of Helen Ltd has been certified in accordance with the ISO 45001 standard.

Coherence - use of proceeds

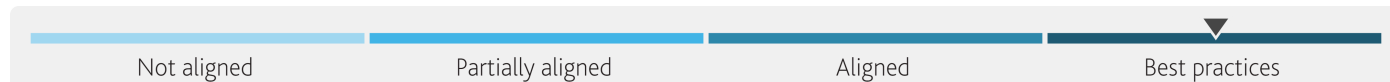
We have not applied a negative adjustment to the expected impact score for coherence. The eligible categories of the green and sustainability-linked finance framework align with Helen's climate strategy to achieve 100% carbon neutrality in its energy production by 2030 (net zero carbon) and phase out combustion-based energy production by 2040. The company's net sales predominantly comprise electricity (57%) and district heating (31%), and the investments as described in the framework are consistent with this business profile. Such planned projects are exemplified at the Salmisaari site, which include, but are not limited to, the conversion of the coal-fired K7 boiler to 100% wood pellet firing and the construction of an industrial-scale air-to-water heat pump plant combined with two large electric boilers. We therefore acknowledge that such initiatives are material to and consistent with the overall sustainability strategy, and address important sustainability issues of the sector.

Alignment with principles - sustainability linked

The sustainability-linked component of Helen's green and sustainability-linked finance framework is aligned with the five core components of the ICMA's SLBP 2023 and LMA/APLMA/LSTA's SLLP 2023, and incorporates MIS-identified best practices for all five components:

- Green Bond Principles (GBP)
- Social Bond Principles (SBP)
- Green Loan Principles (GLP)
- Social Loan Principles (SLP)
- Sustainability-Linked Bond Principles (SLBP)
- Sustainability Linked Loan Principles (SLLP)

Selection of key performance indicators



Definition – ALIGNED

Helen has clearly detailed the characteristics of both KPIs, including the units of measurement, the rationale and process for the selection of the KPIs, the calculation methodologies and the scope. These details are outlined in Helen's sustainability-linked finance framework, which will be openly accessible on the company's official website, together with the periodic reporting available either as a standalone document or as part of the company's Annual Report. The company has selected two relative KPIs targeting reductions in GHG emissions. KPI 1 covers scope 1 and 2 emissions from the company's own operations for electricity and heat generated. KPI 2 addresses scope 1 and a limited share of scope 3 emissions, resulting from sourcing electricity through subsidiaries and joint ventures, which fall under category 3d of the GHG Protocol. KPI 2 does not cover any of the rest of the company's scope 3 emissions, which nonetheless account only for 20% of the total emissions footprint. Both KPIs are measured in kilograms of CO₂ equivalent per megawatt hour (kg/CO₂e/MWh) (see Appendix 3 for more details).

Measurability, verifiability and benchmark – BEST PRACTICES

The KPIs selected by the company are measurable and are externally verifiable. The calculation methodologies are consistent, and the company commits to inform investors in case of any future changes. The KPIs' definitions rely on external references, such as the GHG Protocol, which allows them to be benchmarked. The historical performance data for at least the previous three years is verified and has been disclosed in the framework for both KPIs.

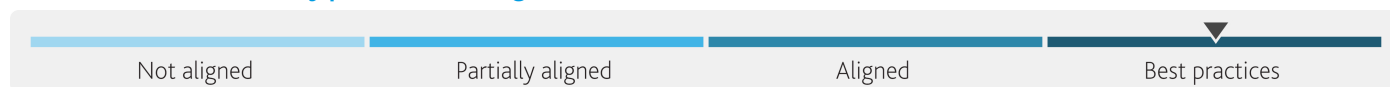
Relevance and materiality – ALIGNED

The selected KPIs address important sustainability challenges in the issuer's sector. They also address relevant, core and material topics for Helen's strategy concerning the transition to renewable energy sources and reduction in GHG emissions. This is also reflected in the issuer's materiality matrix, in which climate change mitigation and security of energy production and supply were identified as sustainability priorities. Each of the two KPIs covers 80% of the entire carbon footprint. The level of relevance of the KPIs is analyzed in detail in the "Contribution to sustainability" section.

Best practices identified - selection of key performance indicators

- » There is continuity or traceability, with independent verifiers, in case of a change in the methodology used to measure KPIs
- » The KPI(s) definition(s) explicitly rely on external references, allowing them to be benchmarked
- » Disclosure of the externally verified historical performance of KPI(s); for example, over at least three years

Calibration of sustainability performance targets



Consistency and ambition – BEST PRACTICES

The SPTs for KPI 1 and KPI 2 align with Helen's corporate commitment to environmental sustainability. Specifically, the SPTs aim for a 77% reduction in GHG emissions by 2030 compared to the base year 2019. The targets of both KPIs demonstrate a positive trend compared with the company's business-as-usual (BaU) scenario. The ambitiousness of the SPTs of both KPIs corresponds to peer performance. All the SPTs have been benchmarked against external references and the 2030 target has been validated by SBTi. The level of ambition is analyzed in detail in the "Contribution to sustainability" section.

The means of achieving the SPTs, as well as any other key factors beyond the issuer's direct control that may affect the achievement of the SPTs, will be disclosed in the framework. The means are considered credible and consist of company-wide coal phase-out measures, a reduction in dependence on imported fossil energy and the switch to distributed heat generation and a sustainable energy system.

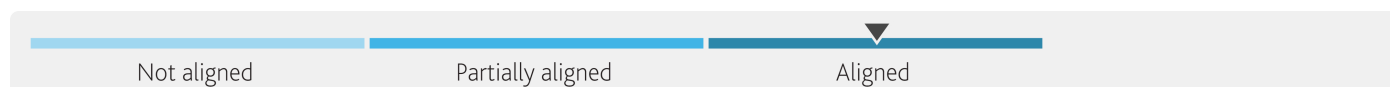
Disclosure – BEST PRACTICES

The timeline, baseline and trigger events have been disclosed in the sustainability-linked finance framework or provided to us via non-public documentation. Relevant intermediate targets were set for all the KPIs in the form of SPTs to ensure sufficient visibility into the performance of the KPIs. The selected baselines are considered relevant and reliable.

Best practices identified - calibration of sustainability performance targets

- » Disclosure of the means for achieving the SPT(s) as well as their respective contribution in quantitative terms to the SPTs OR as well as any other key factors beyond the issuer/borrower's direct control that may affect the achievement of the SPT(s)
- » The means for achieving the SPT(s) are credible
- » Disclosure of the timeline, baseline and trigger events, including relevant intermediate targets
- » The selected baselines are relevant and reliable

Instrument characteristics



Variation of structural characteristics – ALIGNED

The financial variation structure has been clearly defined and will be disclosed to investors and lenders. The exact mechanism and impacts, such as a redemption price premium or coupon step-up, will be detailed in the corresponding documentation and are explained in the sustainability-linked finance framework for different types of sustainability-linked instruments. Of note, targets and recent emission baselines are necessary for instruments like loans and contingent credit facilities, which are typically renewed annually.

Reporting



Transparency of reporting – ALIGNED

The issuer has committed to report annually until the last trigger event and in case of significant changes. The intended scope and granularity of the reporting are clear and exhaustive, covering all the required and recommended elements, including information on the performance of the KPIs and any relevant information enabling investors to monitor the level of ambition of the SPTs. The reporting will be made publicly available on the company's website.

Verification



Verification process – BEST PRACTICES

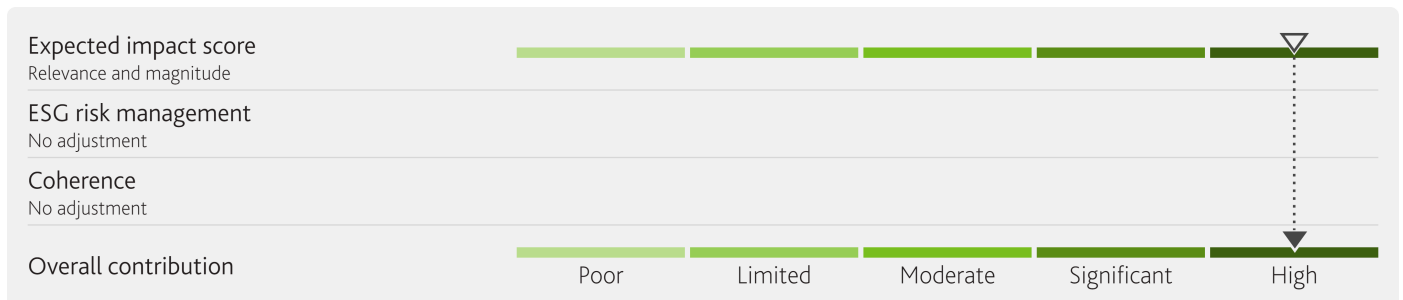
The performance of each KPI against the relevant SPTs will be externally verified on an annual basis and in the event of significant changes affecting the instrument's financial characteristics until the last defined trigger event. Because the relevant performance-related data will be reflected in Helen's CSRD reporting, which will be subject to a limited assurance, we acknowledge that there is a sufficient level of visibility for investors into the KPIs' performance beyond the final trigger event. The verification assurance report will be publicly available in the sustainability-linked progress report.

Best practices identified - verification

» [Verification will be conducted until maturity of the bond or loan](#)

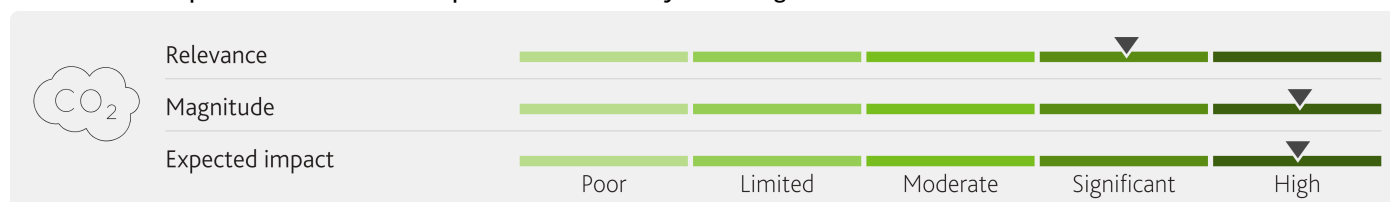
Contribution to sustainability - sustainability linked

The framework demonstrates a high overall contribution to sustainability.



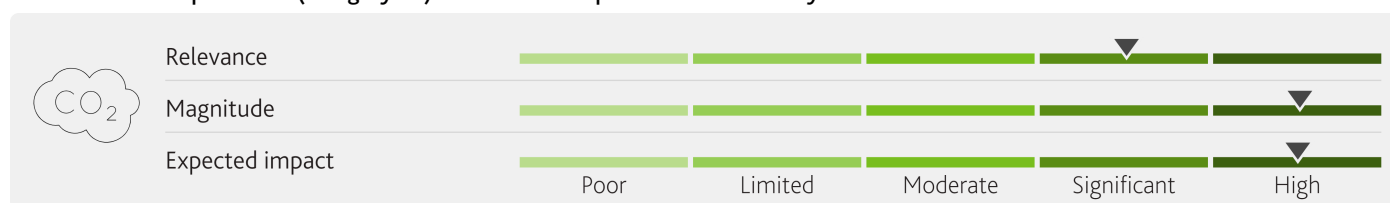
Expected impact - sustainability linked

The expected impact of the environmental KPIs and their SPTs on the sustainability objective is high. KPIs 1 and 2 are equally weighted and the issuer has committed to using them together on all issuances. A detailed assessment by KPI is provided below.

KPI 1: Relative scope 1 and 2 GHG emissions per MWh of electricity and heat generated

KPI 1 is considered of significant relevance based on the combination of the high materiality of GHG emission reduction for the company and the sector, and the coverage of more than two-thirds of the company's footprint. Utilities are among the largest contributors to global GHG emissions and play a crucial role in the development of low-carbon electricity and heat production. According to the International Energy Agency (IEA), electricity and heat production accounted for 46% of the global increase in emissions in 2021⁸. This importance is underlined in Helen's materiality matrix, in which a sustainable energy system and climate change mitigation are mapped out as the most material sustainability issues. Scope 1 and 2 emissions cover a significant share of the climate impact of Helen's operations, accounting for approximately 80% of GHG emissions. In 2022, 79% of GHG emissions of Helen concerned scope 1, while 0.2% were attributed to scope 2 using a market-based approach⁹.

In terms of magnitude, we assign a high score because of the significant improvement against business as usual (BaU), favorable peer comparison and reference to the most stringent international standards. With regard to BaU, the projected annual performance from 2022 to 2030 is significantly superior to the period between 2019 and 2022, where the BaU emissions were nearly flat (annual increase of 0.35%). To meet the KPI 1 decarbonization ambition, the company has committed to reduce emissions by 16.9% per year. Concurrently, this is viewed favorably against peers, whereby Helen is considered a best performer in terms of year-on-year percentage reduction. Finally, in view of international standards, KPI 1 is validated and benchmarked in line with SBTi's 1.5°C warming scenario and the means to achieve this are credible.

KPI 2: Relative scope 1 and 3 (category 3d) GHG emissions per MWh of electricity and heat sold

KPI 2 is also considered of significant relevance because of the materiality of decarbonization, as discussed above, and the scope of coverage, which exceeds more than two-thirds of the company's footprint. The scope is significant principally because of the inclusion of scope 1 emissions. The company has stated that approximately 98% of heat sold is generated from its own plants; therefore, scope 1 captures emissions from the combustion of fuels that are sold, overlapping with KPI 1. The inclusion of scope 3 has a marginal bearing on the overall scope as it accounts for around 5.7% of the overall scope 3 emissions in 2022. This coverage references associates and joint ventures, articulated as category 3d under the GHG protocol. The company has communicated that this comprises all renewable and low-carbon energy from hydropower, wind power and nuclear power elements. While partial, the scope 3 coverage is not in contravention with the sector-specific SBTi guidance¹⁰, which stipulates that when scope 3 constitutes less than 40% of overall emissions, its coverage is optional. In 2022, Helen's scope 3 emissions accounted for around 21% of total emissions¹¹.

The magnitude linked to KPI 2 is considered high based on the combination of three benchmarking approaches. First, we compare BaU performance, where the projected reduction of 16.4% per year (2022 - 2030) is a material improvement over the past performance, where the emissions fell by 1.3% per year (2019 - 2022). This will be achieved through credible measures, such as coal phase-out, a reduction in dependence on imported fossil energy and the switch to distributed heat generation. As in KPI 1, the company is viewed favorably in relation to peers and achieved the best performer status in terms of year-on-year ambition. Furthermore, in view of international standards, scope 1 has been validated by the SBTi and is in line with the 1.5°C warming scenario. To date, the SBTi does not classify scope 3 targets by temperature. However, the SBTi mentions that it reviews scope 3 ambition to ensure it meets the temperature alignment or supplier engagement specifications outlined in the SBTi criteria.

ESG risk management - sustainability linked

We have not applied a negative adjustment for environmental, social and governance (ESG) risk management to the expected impact score. The KPIs do not seem to lead to any associated ESG negative externalities.

Coherence - sustainability linked

We have not applied a negative adjustment for coherence to the expected impact score because the company's strategy seems aligned with the targets set under its framework. Both KPIs are part of Helen's sustainability matrix, and are therefore among the company's top priorities.

Appendix 1 - Mapping eligible categories and KPIs to the United Nations' Sustainable Development Goals

Helen' framework is likely to contribute to three of the UN SDGs. The two eligible UoP categories are likely to contribute to three SDGs, while the two sustainability-linked KPIs are likely to contribute to one SDG, namely:

UN SDG 17 Goals	Eligible category / KPI	SDG Targets
GOAL 7: Affordable and Clean Energy	Energy	7.2: Increase substantially the share of renewable energy in the global energy mix
	Clean transportation	7.3: Double the global rate of improvement in energy efficiency
GOAL 9: Industry, Innovation and Infrastructure	Energy	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access
	Clean transportation	
GOAL 13: Climate Action	KPI 1: Relative scope 1 and 2 GHG emissions per MWh of electricity and heat generated	13.2: Integrate climate change measures into national policies, strategies and planning
	KPI 2: Relative scope 1 and 3 GHG emissions per MWh of electricity and heat sold	

The UN SDG mapping in this SPO takes into consideration the eligible project categories and KPIs and associated sustainability objectives/benefits documented in the issuer's green and sustainability-linked finance framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 2 - Summary of eligible categories in Helen's framework

Eligible project (sub-)category	Description	Sustainability objectives	Impact reporting metrics
Energy	The overall category includes ten sub-categories of ICMA's GBP linked to renewable energy and energy efficiency. In addition, the sub-categories refer to the following EU Taxonomy economic activities including: 3.10, 4.1, 4.3, 4.5, 4.9, 4.10, 4.11, 4.15, 4.16, 4.22, 4.24, 4.25.	Sustainability objectives for each sub-category are below:	Examples of impact indicators that may be reported are below:
Solar power	Photovoltaics (PV) and related infrastructure.	Climate Change Mitigation	Annual renewable energy generation (MWh)
Wind power	Onshore and offshore wind energy generation facilities and related infrastructure.	Climate Change Mitigation	Annual renewable energy generation (MWh)
Bioenergy	Generation of heat and cool from biomass. The facilities will use waste-based biomass exclusively from sustainable source.	Climate Change Mitigation	Annual renewable energy generation (MWh)
Heat and cool	Facilities that produce heat and cool using waste heat, environmental heat, electric boilers or industrial scale air-to-water heat pumps.	Climate Change Mitigation	Annual GHG emissions reduced/avoided (tonnes of CO ₂ e emissions)
Electric heat pumps	Electric heat pumps that meet the energy-efficiency requirements in the EU Eco-Design Framework Directive or are proven to be below the refrigerant threshold (GWP) of 675.	Climate Change Mitigation	Energy intensity (MWh/MWh)
Hydropower	Electricity generation facilities that produce electricity from hydropower. The activity complies with one of the following criteria: - the electricity generation facility is a run-of-river plant and does not have an artificial reservoir; - the power density of the electricity generation facility is above 5 W/m ² ; - the life-cycle GHG emissions from the generation of electricity from hydropower, are lower than 100 g CO ₂ e/kWh.	Climate Change Mitigation	Annual renewable energy generation (MWh)
Hydrogen	Manufacture of green hydrogen and green hydrogen-based synthetic fuels. The activity complies with the following criteria: - life-cycle GHG emissions savings requirement of 73,4% for hydrogen (resulting in life-cycle GHG emissions lower than 3tCO ₂ e/tH ₂) and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94 g CO ₂ e/MJ	Climate Change Mitigation	Annual renewable energy generation (MWh)
Transmission and distribution of electricity	Transmission and distribution infrastructure in an electricity system that complies with at least one of the following criteria: - The system is the interconnected European system, and its subordinate systems, or - more than 67% of newly enabled generation assets comply with the 100gCO ₂ e/kWh threshold (over a rolling 5-year period), or - the grid's average emissions factor is less than 100gCO₂e/kWh (over a rolling 5-year period)	Climate Change Mitigation	Annual GHG emissions reduced/avoided (tonnes of CO ₂ e emissions)
District heating/cooling distribution	Pipelines and associated infrastructure for distribution of heating and cooling that complies with the EU Energy Efficiency Directive. System modifications to lower temperature regimes or advanced pilot systems (such as control and energy management systems and Internet of Things) are eligible without a specific threshold.	Climate Change Mitigation	Annual GHG emissions reduced/avoided (tonnes of CO ₂ e emissions)
Energy storage	Storage solutions for electricity and thermal energy including battery systems, pumped hydropower storage, underground thermal energy storage.	Climate Change Mitigation	Storage capacity installed (MW)
Clean transportation	The category refers to the EU Taxonomy economic activity 6.15.	Sustainability objective is below:	Example of an impact indicator is below:
EV charging infrastructure	Infrastructure dedicated to zero tailpipe CO ₂ operation of zero-emissions road transport, including electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS).	Climate Change Mitigation	Number of public charging points installed

Appendix 3 - Summary of KPIs in Helen's framework

KPI	SPT	Sustainability objectives	Unit of measurement
KPI 1 - Relative scope 1 and 2 GHG emissions per MWh of electricity and heat generated	SPT 1a - Reduce Scope 1 and 2 GHG emissions per MWh electricity and heat generated by 63% by 2028	Climate Change Mitigation	kg/CO ₂ e/MWh
	SPT 1b - Reduce Scope 1 and 2 GHG emissions per MWh electricity and heat generated by 77% by 2030		
KPI 2 – Relative Scope 1 and 3 (category 3d) GHG per MWh of electricity and heat sold	SPT 2a - Reduce Scope 1 and 3 GHG emissions per MWh electricity and heat generated by 63% by 2028	Climate Change Mitigation	kg/CO ₂ e/MWh
	SPT 2b - Reduce Scope 1 and 3 GHG emissions per MWh electricity and heat generated by 77% by 2030		

Endnotes

- 1 Point-in-time assessment is applicable only on the date of assignment or update.
- 2 International Energy Agency, "[Finland 2023: Energy Policy Review](#)," May 2023.
- 3 International Energy Agency, [Finland](#), retrieved in February 2024.
- 4 Helen Oy, [Vuosisraportti 2022](#), retrieved in February 2024.
- 5 State Treasury Republic of Finland, [Data and facts: Finland's emissions, Energy transition](#), November 2021.
- 6 Data.Traficom, [Greenhouse gas emissions and energy consumption in transport](#), December 2022.
- 7 Autoalan Tiedotuskeskus, [Hyytykö autokannan sähköistyminen ja koska myydään viimeinen polttomoottoriauto? – Autoala päivitti käyttövoimaennusteet vuoteen 2040 asti](#), June 2023.
- 8 International Energy Agency, [Global Energy Review: CO2 Emissions in 2021](#), March 2022.
- 9 Helen Ltd, [Vastuullisuusraportti 2022](#), retrieved in February 2024.
- 10 Science Based Targets Initiative, [SBTi-Power-Sector-15C-guide](#)
- 11 Helen, [Vastuullisuusraportti 2022](#), retrieved in February 2024.

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