

Second-Party Opinion

Elisa Corporation Sustainability Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Elisa Corporation Sustainability Finance Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Energy Efficiency, Renewable Energy, Green Buildings and Data Centres, Digital Inclusion and Social Inclusion – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 7 and 9.



PROJECT EVALUATION / SELECTION Elisa Corporation's Investment Board (IB) oversees the internal process for evaluating and selecting projects. The IB is composed of the CFO, EVP of Corporate Customers, EVP of Consumer Customers and EVP of Production. The VP of Corporate Responsibility and Group Treasurer will be involved in project evaluation decisions made under the Framework. Elisa will also assess the overall environmental and social impact of eligible projects. Sustainalytics considers this process to be adequate, and the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Elisa Corporation's finance department will oversee the process for management of proceeds using a portfolio approach. Pending allocation, the proceeds may be temporarily invested or used in accordance with Elisa Corporation's financial policy which is limited to short term instruments such as cash and cash equivalents, in which case the exclusion criteria in the Framework still apply. Elisa intends to reach full allocation within the tenor of each instrument structured under the Framework. This is in line with market practice.



REPORTING Elisa Corporation intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include information on the amount allocated per category, balance of unallocated proceeds and share of financing versus refinancing. In addition, Elisa Corporation is committed to reporting on relevant impact metrics. Sustainalytics views Elisa Corporation's allocation and impact reporting as aligned with market practice.

Evaluation Date	January 4, 2022
------------------------	-----------------

Issuer Location	Helsinki, Finland
------------------------	-------------------

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	11

For inquiries, contact the Sustainable Finance Solutions project team:

Evan Bruner (Amsterdam)
Project Manager
evan.bruner@sustainalytics.com
(+31) 20 205 0027

Flora Mile (Amsterdam)
Project Support

Lea Muething (London)
Project Support

Nimisha Shah (Mumbai)
Project Support

Enrico Tessadro (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Elisa Corporation (“Elisa” or the “Company”) is a telecommunications and digital services provider with a geographical focus on Finland and Estonia. Elisa serves consumer and corporate customers, providing voice and data services as well as information and communications technology. The Company was founded in 1882 with headquarters in Helsinki, Finland. Elisa currently employs more than 5,000 people.

Elisa has developed the Elisa Corporation Sustainability Finance Framework, dated January 2022 (the “Framework”), under which it intends to issue sustainability bonds and loans, and use the proceeds to finance or refinance, in whole or in part, projects that aim to promote improved energy efficiency and extended digital and social inclusion within the telecommunications sector in Finland and Estonia.

The Framework defines eligible green categories in the following three areas:

1. Energy Efficiency
2. Renewable Energy
3. Green Buildings and Data Centres

The Framework defines eligible social categories in the following two areas:

1. Digital Inclusion
2. Social Inclusion

Elisa engaged Sustainalytics to review the Elisa Corporation Sustainability Finance Framework, dated January 2022, and provide a second-party opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP)¹, Green Loan Principles 2021 (GLP), and Social Loan Principles 2021 (SLP)². The Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Elisa’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Elisa representatives have confirmed that: (1) they understand it is the sole responsibility of Elisa to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and

¹ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>.

² The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>.

³ The Framework is available on Elisa Corporation’s website at: <https://elisa.com/corporate/investors/elisa-as-an-investment/debt-financing/>.

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

(3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

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

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects but does not measure their actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

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

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Elisa Corporation Sustainability Finance Framework

Sustainalytics is of the opinion that the Elisa Corporation Sustainability Finance Framework is credible, impactful and aligns with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Energy Efficiency, Renewable Energy, Green Buildings and Data Centres, Digital Inclusion and Social Inclusion – are aligned with those recognized by the GBP, SBP, GLP and SLP.
 - Under the Energy Efficiency category, Elisa may finance activities intended to increase the energy efficiency of its network infrastructure and data centres as well as products and solutions aimed at decreasing GHG emissions and energy use of its customers.
 - Network infrastructure projects may include the modernization of Elisa's networks including the replacement of 3G or 4G with 5G and transformation of fixed legacy networks to fibre optic.
 - Elisa may finance energy efficiency measures in data centres, such as improvements in cooling, modernization of waste heat management, development of smart and optimized power management systems, processes and storage, server virtualization to replace the use of multiple servers, and automation of maintenance. Sustainalytics notes that, although such automation may not be primarily intended to improve energy efficiency, it is nonetheless expected to result in energy efficiency gains. Sustainalytics encourages Elisa to report on achieved energy efficiency gains of the associated measures.
 - Elisa may finance internet of things (IoT) services and solutions, machine learning and artificial intelligence (AI) solutions as well as smart solutions. Elisa has confirmed to Sustainalytics that the financing of such products and solutions will be limited to those that are primarily intended to increase the efficiency of energy consumption, resource use, water use, and improve air quality.

- Elisa may finance the development of smart and optimized power management systems, processes and storage as well as solutions for industrial manufacturing process optimization. Sustainalytics notes that the use of such technologies is expected to improve material and energy efficiency overall, reducing the environmental impact of manufacturing processes. Sustainalytics notes that Elisa has confirmed that industrial solutions are not designed with the intent to serve hard-to-abate sectors. Given the wide range of applicability of such solutions, Sustainalytics encourages the Company to report on the achieved impact as part of its annual impact reporting.
- Sustainalytics notes that activities may also include research and development. Elisa has confirmed that such expenditures will remain below 10% of net proceeds from each issuance.
- Sustainalytics recognizes that by enabling high-speed network connectivity, Elisa's solutions have the potential to support significant energy savings by end users across many sectors. Sustainalytics also acknowledges that the expansion of IoT networks and increasing data flows from IoT enablement technologies may result in additional overall energy demands on telecommunications networks. Overall, Sustainalytics believes that the enabled savings outweigh the potential adverse effects of additional network demands.
- Under the Renewable Energy category, Elisa may finance the development, construction, operation and maintenance of on-site or off-site renewable energy such as wind and solar, related transmission and infrastructure, and procurement of renewable energy through long-term (>5 years) power purchase agreements (PPAs). The Company has confirmed to Sustainalytics that transmission infrastructure will be solely dedicated to facilitating the transmission and connection of renewables. Sustainalytics considers this to be in line with market practice.
- Within the Green Buildings and Data Centres category, Elisa may finance the development, acquisition and operation of new and existing buildings, data centres as well as renovation activities according to the following criteria:
 - Buildings that have received or are expected to receive credible green building certifications, including BREEAM (Very Good or above), LEED (Gold or above), or Nordic Swan Ecolabel. Sustainalytics recognizes that BREEAM Very Good is considered to be in line with market practice in some contexts, while in others BREEAM Excellent is preferred. Sustainalytics encourages the selection of BREEAM buildings that score high enough in the energy category to fulfil the requirements for BREEAM Excellent in that category. In addition to certifications, the Framework requires that eligible buildings have at least a 10% lower energy use per square meter than required by the applicable national building code. For Sustainalytics' assessment of the certification schemes, please refer to Appendix 1.
 - Data centres powered by renewable energy with a power usage effectiveness (PUE) at or lower than 1.5. Sustainalytics positively notes that Elisa has committed to primarily power data centres with renewables.
 - Major renovations resulting in an overall reduction in energy use of at least 30% or carried out for the purpose of meeting the above criteria for data centres.
- Under the Digital Inclusion category, Elisa may finance projects aimed at improving the connectivity of underserved populations in Finland and Estonia, which is defined as households with a broadband connection with a download speed under 100 Mbit.⁵ Intended projects include investments in the expansion and upgrade of 4G and 5G networks as well as the roll-out and upgrade of high-speed network connections. Sustainalytics views this to be in line with market practice.
- Under the Social Inclusion category, Elisa may finance projects aimed at supporting social inclusion of unconnected and underserved populations, aging populations, hospitalized persons and their families, unemployed persons, and those in the most vulnerable position regarding

⁵ Finnish Transport and Communications Agency (Traficom), "Reliable network connections a requirement for smooth telecommuting – the importance of broadband network development set to increase in the future", at: <https://www.traficom.fi/en/news/reliable-network-connections-requirement-smooth-telecommuting-importance-broadband-network>

connectivity during health crises. Some of the different types of projects, activities, products and services may include the following:

- Technological improvements and solutions for the healthcare industry, including real-time location services for patients and healthcare providers facilitating access to healthcare in remote areas, digital communication services between healthcare professionals and families, video robots deployed in COVID-19 wards allowing nurses and doctors to interact with their patients, and COVID-19-related online interfaces enabling patients to digitally access their results. Elisa has clarified that such technologies target public hospitals in Estonia and Finland, ensuring universal access to these services. Furthermore, Elisa has clarified that investments in technological improvements for the healthcare industry may be through cooperation with social start-ups.
- Elisa has established a three-year look-back period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
- The Framework includes exclusionary criteria defining activities Elisa commits to not knowingly finance with proceeds from instruments structured under the Framework. The exclusionary list includes activities related to fossil-based energy generation, nuclear energy generation, research and development in weapons and defence, gambling, adult entertainment and tobacco.
- Project Evaluation and Selection:
 - Elisa has established an Investment Board (IB) composed of its CFO, EVP of Corporate Customers, EVP of Consumer Customers and EVP of Production. The VP of Corporate Responsibility and Group Treasurer will be involved in the evaluation of Sustainable Finance projects.
 - The IB will evaluate projects and assets considering the overall environmental and social impacts, including life cycle considerations, potential rebound effects as well as suitability for social objectives and target population. This is applicable to all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.
 - Sustainalytics considers the evaluation and selection process to be in line with market practice.
- Management of Proceeds:
 - Elisa Corporation's finance department will oversee and track the process for management of proceeds using a portfolio approach. Assets and projects that are no longer eligible will be removed from the portfolio and their associated proceeds may be reallocated in other eligible projects or assets.
 - Pending allocation, the proceeds may be temporarily invested or used by the finance department in accordance with the Company's financial policy, which is limited to short term instruments such as cash and cash equivalents. The exclusion criteria set out in this Framework still apply in this case. Elisa intends to reach full allocation within the tenor of each instrument structured under the Framework. Sustainalytics considers a maximum of three years for full allocation from the time of issuance to be market practice.
 - Sustainalytics considers this process to manage proceeds to be in line with market practice.
- Reporting:
 - Elisa will report annually on its allocation and performance of proceeds on the Company's website until full allocation.
 - Allocation reporting will include information on amount allocated per category, balance of unallocated proceeds and share of financing versus refinancing. The report will also disclose short-term investments or funds managed within Elisa's liquidity portfolio.
 - In addition, Elisa is committed to reporting on relevant impact metrics, such as annual energy savings, energy efficiency of transferred data, avoided emissions, number of people impacted, coverage of services for target population. For a full list of impact indicators please refer to Appendix 2.
 - Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Elisa Corporation Sustainability Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP. For detailed information, please refer to Appendix 2: Sustainability Bond / Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Elisa

Contribution of Framework to Elisa Corporation's sustainability strategy

Elisa's sustainability strategy focuses on the following key environmental and social areas: (i) reduce GHG emissions; (ii) increase use of renewable energy; (iii) increase energy efficiency; (iv) provide digital solutions.

In alignment with its strategy, Elisa has committed to reduce absolute scope 1 and 2 emissions 50% by 2025 from a 2016 base year and to reduce absolute scope 3 emissions by 12% over the same period. The emission reduction targets have been verified by SBTi to be consistent with reductions required to keep global warming to 1.5°C. The Company reported that it had reduced its scope 1 and 2 emissions by more than 60% in 2020 compared to the 2016 base year. Elisa achieved its carbon neutrality goal in 2020, by implementing energy reduction measures and acquiring carbon Gold Standard-certified carbon emission offset credits.⁶

Furthermore, Elisa highlighted that 100% of the energy its networks consume in Finland and Estonia comes from renewable sources. In 2020, the Company reported having reduced its electricity consumption per data bit by approximately 64% from the 2016 level thanks to improved technology and optimization of its mobile networks. The Company aims to constantly work towards adopting more energy-efficient operating methods and has also signed the Finnish Energy Efficiency Agreement, which is an important part of Finland's energy and climate strategy.⁷

The Company has also been developing digital services to support social welfare and healthcare services. In 2020, the Elisa Digihoiva programme was initiated to support the elderly by installing sensors in their apartments to observe movement and room temperature changes, monitoring deviations to alert medical staff and relatives. In addition, the Elisa's Etäasiointi video and chat facility has enabled several patients to consult doctors remotely in the Hospital District of South Ostrobothnia. The Company has been also collaborating with start-ups to create new products and services such as the OhmniLabs programme, which focuses on connecting patients with doctors for online consultation with the help of a robot, a service that has been particularly useful during the COVID-19 pandemic.

Sustainalytics is of the opinion that the Elisa Corporation Sustainability Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental and social priorities.

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

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could include issues involving occupational health and safety, supply chain, social, environmental and ethical impact, data privacy and security.

Sustainalytics is of the opinion that Elisa is able to manage or mitigate potential risks through implementation of the following:

- Elisa has set up an Environment Committee which oversees and implements occupational safety and health programmes, monitor working conditions and conduct risk assessments within the organization.⁸
- Elisa's Code of Ethical Purchasing describes the ethical and legal duties, responsibilities and obligations for all suppliers of machine, equipment, software, systems, material, service suppliers to the Company. The policy provides standards for suppliers on working conditions, business integrity, labour rights, health and safety measures, and environmental compliance. The Company also

⁶ Elisa, "Environmental Sustainability", accessed on 14 October, 2021, at: <https://elisa.com/corporate/sustainability/environmental-responsibility/>

⁷ Elisa, "Responsibility Report", (2020), at:

https://static.elisa.com/v2/image/2tqybhhjs47b/4zwayOcLhIPoe9eqRKl84W/Elisa_Responsibility_report_2020.pdf?_ga=2.232212822.816469945.1634107660-941893504.1633777895

⁸ Elisa, "Social Sustainability - Wellbeing and Safety", accessed on 14 October, 2021, at: <https://elisa.com/corporate/sustainability/social-responsibility/>

stimulates its suppliers to use resources efficiently (such as energy, water, raw materials) and to implement their own waste management systems and programmes.⁹

- Elisa focuses on responsible sourcing in its supply chain and participates in the international Joint Audit Cooperation (JAC) of telecom operators, which focuses on transparency and responsible sourcing in supply chains. Furthermore, the Company supports efficient use of resources and circular economy within its operations. For instance, the waste heat in Elisa's data centres is used in the district heating network, while district cooling is used to cool its facilities¹⁰
- With regards to environmental risks, Elisa has an Environmental Policy which sets standards and details on its environmental management system, targets and processes for employees and officers of Elisa and its subsidiaries, affiliates, subcontractors, suppliers and partners. The policy outlines the importance of life cycle analysis of its products and services, resource efficiency, processing of electronic devices, and training on environment management for its employees.¹¹
- Elisa is a signatory to the United Nations Global Compact which sets out core values in the areas of human rights, labour standards, the environment and anti-corruption. Elisa's Human Rights policy outlines the Company's core values and commitments towards human rights across all its operations.¹² The Company also has a Code of Conduct Policy that establishes a framework for its business operations and provides general principles that all employees of the Company need to adhere to.¹³
- The Data Protection Policy defines the implementation of data protection requirements at Elisa's operations. The policy is mandatory for Elisa, its subsidiaries, and suppliers based on the contracts. The data protection principles provide details on data processing and measures to ensure protection of privacy, confidentiality and consumer rights.¹⁴ Elisa has also set up principles and guidelines for research, design and testing of AI technology, AI-enabled developments, techniques, algorithms and applications.¹⁵

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

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP and SLP. Sustainalytics focuses below on those whose impact is specifically relevant in their local contexts.

Importance of an energy-efficient network infrastructure

The telecom sector accounts for approximately 3-4% of global GHG emissions, and its absolute emissions volume is expected to increase due to growing digitalization, increasing consumer demand, and widespread use of smart devices.¹⁶ By 2040, the ICT sector is expected to account for 14% of global emissions, up from 1.6% in 2007, with data centres accounting for 45% of it, telecom networks for 24%, and end-user equipment

⁹ Elisa, "Code of Ethical Purchasing", (2021), at:

https://static.elisa.com/v2/image/2tqybbhjs47b/4RKkcqnzToxiX7095QZqkL/Elisa%20Code%20of%20Ethical%20Purchasing%202021.pdf?w=800&_ga=2.189146594.816469945.1634107660-941893504.1633777895

¹⁰ Elisa, "Responsibility Report", (2020), at:

https://static.elisa.com/v2/image/2tqybbhjs47b/4zwayOcLhIPoe9eqRKl84W/Elisa_Responsibility_report_2020.pdf?_ga=2.232212822.816469945.1634107660-941893504.1633777895

¹¹ Elisa, "Environmental Policy", (2021), at:

https://static.elisa.com/v2/image/2tqybbhjs47b/2YeWdyoXT3shcDMZZTAP14/Elisa_Environmental_Policy_2021.pdf?w=800&_ga=2.259605955.816469945.1634107660-941893504.1633777895

¹² Elisa, "Human Rights Policy", (2021), at:

https://static.elisa.com/v2/image/2tqybbhjs47b/4jFDBluth3npjBdZEoD0f8/Elisa%20Human%20rights%20Policy%202021.pdf?w=800&_ga=2.16416920.6.816469945.1634107660-941893504.1633777895

¹³ Elisa, "Code of Conduct Policy", accessed on 14 October, 2021, at:

https://static.elisa.com/v2/image/2tqybbhjs47b/5FbVvHecp55pgOd30Tpocr/Elisa_Codeofconduct_2020.pdf?w=800&_ga=2.134627768.816469945.1634107660-941893504.1633777895

¹⁴ Elisa, "Data Protection Principles", (2021), at:

http://esco.elisa.fi/rest/esco/blob/asiakastuki/Elisa_Data_protection_principles_eng.pdf?_ga=2.225389011.816469945.1634107660-941893504.1633777895

¹⁵ Elisa, "Ethical Principles for Artificial Intelligence", (2019), at: https://corporate.elisa.com/attachment/content/ELISA-Ethical-principles-for-AI-EN.pdf?_ga=2.154740337.816469945.1634107660-941893504.1633777895

¹⁶ BCG, "Putting Sustainability at the Top of the Telco Agenda", at: <https://www.bcg.com/en-in/publications/2021/building-sustainable-telecommunications-companies>

for 31%.¹⁷ Current mobile networks use approximately 15% of the energy they consume to transfer data, but the remaining 85% is lost due to the heat loss in power amplifiers, intermittent equipment operation and inefficient network infrastructure, which includes rectifiers, cooling systems and battery units.¹⁸

The adoption of 5G networks offers environmental benefits in addition to its expected social and economic opportunities, as 5G networks are up to 90% more energy efficient per bit compared to 4G.¹⁹ Experts predict that even if initial versions of 5G networks consume similar amounts of energy compared to their predecessors, this will decline over time as both network optimization and energy-efficient hardware are developed further.²⁰ Similarly, fibre is considered to be the most energy-efficient technology for broadband access networks and consumes 56 kWh compared to 88 kWh for Data-Over-Cable Service Interface Specification (DOCSIS) when performing at 50 Mbps.²¹ This translates to 1.7 tCO₂e for fibre relative to 2.7 tonnes for DOCSIS.²¹

Under the 2030 climate and energy framework, the EU set a target of increasing energy efficiency by a minimum of 32.5% relative to 2018.²² With regard to energy efficiency, Finland's 2030 target is to keep final energy consumption below 290 TWh. Similarly, Estonia has set the target of reducing consumption of primary energy by up to 14% by 2030 compared to the peaks of previous years in 2013.

Sustainalytics is of the opinion that Elisa's investment in 5G and fibre networks along with IoT applications, offers the potential to enhance energy efficiency in alignment with the EU goals. Overall, Sustainalytics expects Elisa's investments to contribute positively to Finland and Estonia's national targets and to the transition to a low-carbon society.

Importance of social inclusion in Finland and Estonia

Access to high-speed and reliable Internet connection is widely recognized as a necessity for everyday life as well as economic progress and growth.²³ Internet connectivity is a powerful tool for the delivery of essential services, such as education, healthcare and administration.²⁴ The European Commission has set out connectivity targets to support the digital transformation of Europe with an objective that all EU households should have gigabit connectivity and all populated areas should be covered by 5G by 2030.²⁵

In Europe, Finland is a digital leader ranking first among EU Member States, while Estonia ranks seventh with respect to digital public service, integration of digital technologies, active cooperation between the public and private sectors and start-ups.²⁶ Furthermore, Finland ranks ninth among EU Member States with an overall connectivity score of 59.2.²⁷ In 2020, 96% of households in Finland had access to internet connection.²⁸ Finland has a good fixed broadband and 4G coverage overall, but coverage in rural areas could be further improved. Hence, in order to increase internet accessibility, the Finnish government has set a target that all Finnish households should have access to a connection of at least 100 Mbps, and overtime upgrade the connection speed to 1 Gbps by 2025.²⁹ Similarly, Estonia ranks 14th among EU Member States with an overall

¹⁷ European Commission, "Supporting the Green Transition", at:

https://ec.europa.eu/commission/presscorner/api/files/attachment/862091/Supporting_the_green_transition_en.pdf.pdf

¹⁸ McKinsey & Company report, "The case for committing to greener telecom networks" at <https://www.mckinsey.com/industries/technology-mediaand-telecommunications/our-insights/the-case-for-committing-to-greener-telecom-networks>

¹⁹ Accenture, "The Impact of 5G on the European Economy", at: https://www.accenture.com/_acnmedia/PDF-144/Accenture-5G-WP-EU-Feb26.pdf

²⁰ IEEE Spectrum, "The 5G Dilemma: More Base Stations, More Antennas—Less Energy?", (2018), at:

<https://spectrum.ieee.org/energywise/telecom/wireless/will-increased-energy-consumption-be-the-achilles-heel-of-5g-networks>

²¹ European Commission, "Shaping Europe's digital future" (2020) at <https://digital-strategy.ec.europa.eu/en/library/fibre-most-energy-efficient-broadband-technology#:~:text=A%20study%20launched%20in%202017,%2C%20xDSL%2C%20vectoring%20and%20DOCSIS.>

²² EU website, "2030 climate and energy framework", at https://ec.europa.eu/clima/policies/strategies/2030_en

²³ European Commission, "The Broadband Handbook: 'Facing the challenges of broadband deployment in rural and remote areas'", at <https://digital-strategy.ec.europa.eu/en/library/broadband-handbook-facing-challenges-broadband-deployment-rural-and-remote-areas>

²⁴ World Bank, "Connecting for Inclusion: Broadband Access for All", assessed on 14 October, 2021, at:

<https://www.worldbank.org/en/topic/digitaldevelopment/brief/connecting-for-inclusion-broadband-access-for-all>

²⁵ EU website, "5G Action Plan", at <https://www.europarl.europa.eu/legislative-train/theme-connected-digital-single-market/file-5g-action-plan#:~:text=On%209%20March%202021%20the,covered%20by%205G%20by%202030.>

²⁶ European Commission, "Finland in the Digital Economy and Society Index", (2020), at: <https://digital-strategy.ec.europa.eu/en/policies/desi-finland>

²⁷ Ibid

²⁸ Statista, "Share of households with internet access in Finland from 2007 to 2020", (2021), at: <https://www.statista.com/statistics/377766/household-internet-access-in-finland/>

²⁹ European Commission, "Finland in the Digital Economy and Society Index- Telecom Chapter", (2020), at:

https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=59880

connectivity score of 51.9.³⁰ In 2020, 90% of households in Estonia had access to internet connection.³¹ Estonia has also a set targets to provide internet connectivity with a speed of 100 Mbps with plans to be upgraded to 1 Gbps to all residents as part of its 2020+ strategy.

Based on this context, Sustainalytics is of the opinion that Elisa's investments in networks in Finland and Estonia will contribute positively towards the connectivity goals of both countries.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The instruments eventually structured under the Elisa Corporation Sustainability Finance Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings and Data Centres	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Digital Inclusion	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
Social Inclusion	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicine

³⁰ European Commission, "Estonia in the Digital Economy and Society Index", (2020), at: <https://digital-strategy.ec.europa.eu/en/policies/desi-estonia>

³¹ Statista, "Share of households with internet access in Estonia from 2007 to 2020", (2021), at: <https://www.statista.com/statistics/377683/household-internet-access-in-estonia/>

Conclusion

Elisa has developed the Elisa Corporation Sustainability Finance Framework under which it may issue sustainability bonds and/or loans and use the proceeds to finance energy efficiency, renewable energy, green buildings as well as projects aimed at enabling social and digital inclusion. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact.

The Sustainability Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Sustainability Finance Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 7, and 9. Additionally, Sustainalytics is of the opinion that Elisa has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Elisa Corporation is well-positioned to issue sustainability bonds and that that Sustainability Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021), Green Loan Principles (2021), and Social Loan Principles (2021).

Appendices

Appendix 1: Overview of green building certification schemes

	BREEAM	LEED	Nordic Swan
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	Svanen is owned by "Ecolabelling Sweden", a Swedish state company responsible for both the Swan ecolabel and the EU Ecolabel. Svanen was first released in 1989 by the Nordic Council of Ministers.
Certification levels	• Pass • Good • Very Good • Excellent • Outstanding	• Certified • Silver • Gold • Platinum	• Certified
Areas of Assessment	• Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority	• General requirements • Resource efficiency • Indoor environment • Chemicals and materials • Construction Management • Regulatory requirements • Point-score requirements (including energy)
Requirements	Prerequisites depending on the levels of certification and credits with associated points This number of points is then weighted by item¹⁸ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	Points-based assessment. For apartment buildings at least 17 out of 44 possible points must be achieved. For small houses at least 16 out of 42 possible points must be achieved. For pre-school and school buildings at least 15 out of 39 possible points must be achieved.
Performance display			

Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Elisa Corporation
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Elisa Corporation Sustainability Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 4, 2022
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

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

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

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other <i>(please specify)</i> : | |

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds –Energy Efficiency, Renewable Energy, Green Buildings and Data Centres, Digital Inclusion and Social Inclusion – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 7 and 9.

Use of proceeds categories as per GBP:

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

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

Use of proceeds categories as per SBP:

- | | |
|---|---|
| ☐ Affordable basic infrastructure | ☒ Access to essential services |
| ☐ Affordable housing | ☐ Employment generation (through SME financing and microfinance) |
| ☐ Food security | ☐ Socioeconomic advancement and empowerment |
| ☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | ☐ Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Elisa Corporation's Investment Board (IB) oversees the internal process for evaluating and selecting projects. The IB is composed of the CFO, EVP of Corporate Customers, EVP of Consumer Customers and EVP of Production. The VP of Corporate Responsibility and Group Treasurer will be involved in project evaluation decisions made under the Framework. Elisa will also assess the overall environmental and social impact of eligible projects. Sustainalytics considers this process to be adequate, and the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| ☒ Credentials on the issuer's social and green objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☒ Summary criteria for project evaluation and selection publicly available | ☐ Other (please specify): |

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Elisa Corporation's finance department will oversee the process for management of proceeds using a portfolio approach. Pending allocation, the proceeds may be temporarily invested or used in accordance with Elisa Corporation's financial policy which is limited to short term instruments such as cash and cash equivalents, in which case the exclusion criteria in the Framework still apply. Elisa intends to reach full allocation within the tenor of each instrument structured under the Framework. This is in line with market practice.

Tracking of proceeds:

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

Additional disclosure:

- | | |
|---|---|
| ☐ Allocations to future investments only | ☒ Allocations to both existing and future investments |
|---|---|

- | | |
|---|--|
| ☐ Allocation to individual disbursements | ☒ Allocation to a portfolio of disbursements |
| ☒ Disclosure of portfolio balance of unallocated proceeds | ☐ Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Elisa Corporation intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include information on the amount allocated per category, balance of unallocated proceeds and share of financing versus refinancing. In addition, Elisa Corporation is committed to reporting on relevant impact metrics. Sustainalytics views Elisa Corporation's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

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

Information reported:

- | | |
|---|---|
| ☒ Allocated amounts | ☐ Sustainability Bond financed share of total investment |
| ☒ Other (please specify): share of financing versus refinancing | |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other (please specify): | |

Impact reporting:

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

Information reported (expected or ex-post):

- | | |
|---|--|
| ☒ GHG Emissions / Savings | ☒ Energy Savings |
| ☐ Decrease in water use | ☒ Number of beneficiaries |
| ☒ Target populations | ☒ Other ESG indicators (please specify): Annual energy savings, Energy efficiency of transferred data (kWh / GB), CO ₂ emissions avoided through energy savings or other measures, Carbon |

footprint (Scope 1 and Scope 2), Emission intensity (kg CO₂ / EUR), Summary of possible energy efficiency measures, Number of social projects during the reporting period, Number of people or families impacted through social projects and services, Coverage of services for target population, Number of innovations, Number of major security incidents, Cybersecurity index

Frequency:☒ Annual☐ Semi-annual☐ Other (please specify):**Means of Disclosure**☐ Information published in financial report☒ Information published in sustainability report☐ Information published in ad hoc documents☐ Other (please specify):☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

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

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**☐ Consultancy (incl. 2nd opinion)☐ Certification☐ Verification / Audit☐ Rating☐ Other (please specify):**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its

Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

Disclaimer

Copyright ©2021 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

