SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Asset Pool

Municipality Finance Plc
3 Mars 2020

CONTENTS

Overall Evaluation of the Social Bond

Municipality Finance Plc (MuniFin) commissioned ISS ESG to assist with its Social Bond by assessing three core elements to determine the sustainability quality of the Bond:

1. MuniFin's Social Bond framework – benchmarked against the International Capital Market Association's (ICMA) Social Bond Principles (SBPs).
2. The asset pool – whether the projects aligned with ISS ESG's issue-specific key performance indicators (KPIs) (See Annex 2).
3. MuniFin's sustainability performance, according to the ISS ESG Corporate Rating.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION[1]
Part 1: **Performance against SBPs**	The issuer has defined a formal concept for its Social Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA SBPs.	**Positive**
Part 2: **Sustainability quality of the asset pool**	The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG Social Bond KPIs. The Social Bond KPIs contain a clear description of eligible asset categories which include social housing, welfare and education projects. All assets of the asset pool are located in Finland, a highly regulated and developed country. Legislative frameworks in this country sets minimum standards which reduce environmental and social risks.	**Positive**
Part 3: **Issuer sustainability performance**	The issuer itself shows a medium sustainability performance and has been given a rating of C+, which classifies it as 'Prime' by the methodology of the ISS ESG Corporate Rating. It is rated 11th out of 117 companies within its sector as of 04.03.2020. This equates to a high relative performance, with a Decile Rank[2] of 1.	**Status:** *Prime* **Rating:** *C+* **Decile Rank:** *1*

[1] The ISS ESG's present evaluation will remain valid until any modification of the Social Bonds Framework and as long as the Company Rating does not change (last modification on the 25.02.2020). The controversy check of the sample underlying assets has been conducted on the 15.11.2019.

[2] Rank relative to industry group. 1 indicates a high relative ESG performance, while 10 indicates a low relative ESG performance.

Contribution of the Social Bond to the UN SDGs

Based on the assessment of the sustainability quality of the social bond asset pool and using a proprietary methodology, ISS ESG assessed the contribution of the MuniFin's social bond to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution

Each of the bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Social housing	**Significant contribution**	
Welfare: Healthcare facilities	**Significant contribution**	
Welfare: Sport facilities	**Limited contribution**	
Welfare: Cultural facilities	**Limited contribution**	
Education projects	**Significant contribution**	

ISS ESG SPO ASSESSMENT

PART I: SOCIAL BOND PRINCIPLES

1. Use of Proceeds

MuniFin's Social Finance Portfolio consists of a pool of selected loans and leases from MuniFin which finance, in whole or in part, Eligible Projects that are in line with the MuniFin Social Bonds Framework, Social Bond Principles of the International Capital Markets Association and address selected Sustainable Development Goals.

From this Framework, MuniFin can issue:

i. "Social Bonds for general social purposes" – an amount equal to the net proceeds will be allocated to loans and leases within any or all of the three Eligible Project categories determined in this Framework

ii. "Thematic Bonds", promoting solutions to address a specific social challenge – an amount equal to the net proceeds will be allocated to loans and leases within one of the three Eligible Project categories determined in this Framework

In all cases, this Social Bond Framework will apply in its entirety. The eligible loans and leases financing Eligible Projects will constitute a Social Finance Portfolio.

Eligible Projects include projects that (a) Provide social housing ("Social Housing Projects") (b) Promote welfare ("Welfare Projects") or (c) Improve Education ("Education Projects").

MUNIFIN'S ELIGIBLE PROJECTS	DESCRIPTION OF ELIGIBLE PROJECTS	ALIGNMENT WITH THE SBPs' SOCIAL PROJECT CATEGORIES
Social Housing Projects	• Social Housing targeted towards the most vulnerable population • Social Housing projects that support communal living and are targeted to people that fulfil ARA's (The Housing Finance and Development Centre of Finland) criteria.	• Affordable basic infrastructure • Affordable housing
Welfare Projects	• Healthcare facilities (incl. public hospitals, health centres/properties, inpatient and outpatient clinics, and care homes) and health service hardware. • Sport facilities and public open spaces (incl. parks, fields, centres, swimming halls, ice rinks). • Culture facilities (incl. libraries, culture centres, museums, theatres, multipurpose venues).	• Access to essential services
Education projects	• Education facilities (incl. day care centres, pre-primary education, primary and secondary schools, upper secondary schools, higher education campuses and education centres) and education hardware.	• Access to essential services • Socioeconomic advancement and empowerment

The National Building Code sets out the standards for building in Finland. The Decree of the Ministry of the Environment on the Energy Performance of New Buildings (1010/2017) currently in force, sets energy efficiency rating thresholds and minimum requirements for new buildings. Buildings (in accordance with the said decree) could also in some cases be subject to previous regulation. The calculated energy performance reference value (E-value) is calculated in accordance with the buildings's intended use category and shall not exceed the limits set out in the aforementioned decree.

More details on the use of proceeds are available in MuniFin's Social Bond Framework.

Opinion: *ISS ESG considers the Use of Proceeds description provided by MuniFin's Social Bond Framework as complete, exhaustive and aligned with the SBPs. Expected social benefits are clearly described and are aligned with the issuer's sustainability strategy. The internal evaluation model used as a basis for selection of eligible projects ensures the alignment of those projects with the social benefits defined in the framework thanks to appropriate criteria and variables considerations.*

2. Process for Project Evaluation and Selection

Eligible Projects will, on an ongoing basis, be:

i. identified, verified and pre-approved by MuniFin's Customer Finance department. Customers include municipalities, municipal federations, companies owned and controlled by the municipalities as well as social housing corporations.

and, on a quarterly basis:

ii. Reviewed and finally approved in consensus by MuniFin's Social Evaluation Team. Each loan and lease application will be analysed by the Social Evaluation Team. Projects will be approved if the they meet the criteria for each project category as specified under the Use of proceeds and other qualitative factors as determined by the social evaluation team. The Social Evaluation Team consists of three members: two expert members from relevant public sector entities/organisations and one member from MuniFin's Customer Finance department.

Opinion: *ISS ESG considers the Process for Project Evaluation and Selection description provided by MuniFin's Social Bond Framework as aligned with the SBPs. Eligibility criteria are clearly defined and related to the target populations identified. The process to determine which projects fits with the criteria is described transparently and the Social Evaluation Team has proper expertise to handle the process.*

3. Management of Proceeds

An amount equal to the net proceeds of the Social Bonds issued by MuniFin will be earmarked and used to finance new Eligible Projects and to refinance existing Eligible Projects in the Social Finance Portfolio. Projects are classified as new Eligible Projects if they have been completed less than 12 months before the project's approval date in the Social Evaluation Team. The ambition is to use the majority of the Social Bond net proceeds to finance new Eligible Projects. The actual distribution between new Eligible Projects and refinancing of existing Eligible Projects will be available to investors in the annual Social Bonds Impact Report.

Until disbursement to Eligible Projects, the earmarked proceeds will be placed in liquidity reserves and managed according to the Responsibility Policy of MuniFin. MuniFin is committed to carefully monitor and manage the balance between Social Bonds and the Social Finance Portfolio.

Opinion: *ISS ESG finds that the Management of Proceeds described in MuniFin's Social Bond Framework aligns with the SBPs. Proceeds will be properly earmarked and temporary investments of unallocated proceeds are clearly disclosed.*

4. Reporting

MuniFin promotes the use of impact reporting to the largest extent possible. To enable investors to follow the development and provide insight into prioritised areas, MuniFin will publish an annual Social Bonds Impact Report. The Social Bonds Impact Report will include a list of projects financed and their ex-ante impacts on a project category level as well as a summary of MuniFin's Social Bond development. The report will provide:

- Balance between outstanding Social Bonds and the Social Finance Portfolio;
- List of projects which have been added to Eligible Projects during the year and their respective amounts;
- Information on impact metrics, which may be quantitative and/or qualitative;
- A mapping of the eligible projects to appropriate SDGs which are being addressed with the social financing;
- The share of financing vs refinancing.

MuniFin is committed to promote and develop its impact reporting and as a result, MuniFin is open to any proposals on how the report could be improved. The Social Bonds Impact Report will be publicly available on MuniFin's web page.

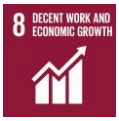
Opinion: *ISS ESG finds that the impact reporting proposed by MuniFin is in line with industry best practices and with the SBPs.*

PART II: SUSTAINABILITY QUALITY OF THE ASSET POOL

Social Housing

As a Use of Proceeds category, social housing has a significant contribution to the SDGs 10 "Reduced inequalities" and 11 "Sustainable cities and communities". Additionally, when considering the deeper ESG management, social housing can be associated to other SDGs.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS ESG KPI	ASSOCIATION WITH THE SDGS
1. Standards for social housing	
✓ 100% of the assets offer lower rents than the local average rent level.	
○ No information is available on assets for which tenant rights include lifelong right of residence.	
2. Site selection	
○ Two sample assets are located in metropolitan areas. However, no information is available for the remaining assets on responsible site selection policy.	
○ Two sample assets sample are located less than 1 km from modality of public transport. However, no information is available for the remaining assets.	
3. Construction standards	
✓ 100% of assets are located in Finland, a country where high labour standards are in place for construction and maintenance work (e.g. ILO core conventions).	
✓ 100% of assets are designed with a life cycle perspective and long-lasting materials. However, no information is available on sustainable procurement of building materials (e.g. third-party certified materials).	
4. Water use minimization in buildings	
✓ 100% of assets provide for measures to reduce water consumption and leakages (e.g. water metering, freeze prevention, water system tightness).	

5. Safety of building users		
✓	For 100% of assets, measures are in place to ensure operational safety (e.g. emergency exits, fire safety measures).	
6. Energy efficiency of buildings		
✓	One of the two sample asset provides for good energy efficiency standard. The other sample asset provides for medium standards. For the remaining assets, medium energy efficiency standards are in place.	
Controversy assessment		
	The controversy assessment on the two sample assets did not reveal any controversy that could be attributed to MuniFin. Due to the limited information available, ISS ESG did not carry a controversy assessment on all the assets within the pool.	

Welfare: Healthcare facilities

As a Use of Proceeds category, healthcare facilities have a significant contribution to the SDG 3 “Good health and well-being”. Additionally, when considering the deeper ESG management, healthcare facilities can be associated to other SDGs.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS ESG KPI		ASSOCIATION WITH THE SDGS
1. Standards for medical facilities		
✓	100% of assets are located in Finland, a country which has strong medical standards in place and supervising bodies.	
✓	100% of assets have a quality management system in place.	
2. Site selection		
○	One sample asset is located within a maximum of 250m from a public transport modality. However, no information is available for the remaining assets.	

3. Access to medical facilities	
✓ For 100% of assets, policies are in place to ensure fair access to medical facilities and services (e.g. universal right to access, fairly priced services).	
4. Working conditions during construction and operation	
✓ 100% of assets are located in Finland, a country where high labour standards are in place for construction and operation work (e.g. ILO core conventions).	
5. Waste reduction and disposal	
✓ 100% of assets provide for measures to correctly dispose of waste (e.g. sorting and separation of hazardous waste). No further information is available on measures to reduce waste.	
6. Energy efficiency of buildings	
✓ One sample asset provides for good energy efficiency standard. For the remaining assets, medium energy efficiency standards are in place.	

Controversy assessment

The controversy assessment on the sample asset did not reveal any controversy that could be attributed to MuniFin. Due to the limited information available, ISS ESG did not carry a controversy assessment on all the assets within the pool.

Welfare: Sport and cultural facilities

As a Use of Proceeds category, sport facilities have a limited contribution to the SDG 3 “Good health and well-being” and cultural facilities have a limited contribution to SDG 4 “Quality education”. Additionally, when considering the deeper ESG management, sports facilities can be associated to other SDGs.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS ESG KPI	ASSOCIATION WITH THE SDGS
1. Standards for sport and cultural facilities	
✓ 100% of assets are located in Finland, a country in which national legislation promotes inclusion and non-discriminatory access to sport and cultural facilities and services.	
2. Working conditions during construction and operation	
✓ 100% of assets are located in Finland, a country where high labour standards are in place for construction and operation work (e.g. ILO core conventions).	
3. Non-discriminatory and free/fairly priced participation in programmes/initiatives	
✓ 100% of assets are located in Finland, a country in which national legislation ensure fairly priced access to sport and cultural facilities for socially disadvantaged participants.	
4. Site selection	
○ A sample asset is located less than 250m away from modality of public transport. However, no information is available for the remaining assets.	
5. Safety of building users	
✓ For 100% of assets, measures are in place to ensure operational safety (e.g. emergency exits, fire safety measures).	
6. Energy efficiency of buildings	
✓ One sample asset provides for good energy efficiency standard. For the remaining assets, medium energy efficiency standards are in place.	
Controversy assessment	
The controversy assessment on the sample asset did not reveal any controversy that could be attributed to MuniFin. Due to the limited information available, ISS ESG did not carry a controversy assessment on all the assets within the pool.	

Education

As a Use of Proceeds category, education has a significant contribution to the SDG 4 “Quality education”. Additionally, when considering the deeper ESG management, education can be associated to other SDGs. The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS ESG KPI	ASSOCIATION WITH THE SDGS
1. Standards on education facilities	
✓ 100% of assets are located in Finland, a country which has strong medical standards in place and supervising bodies.	
✓ 100% of assets have a quality management system in place.	
2. Working conditions during construction and operation	
✓ 100% of assets are located in Finland, a country where high labour standards are in place for construction and operation work (e.g. ILO core conventions).	
3. Access to education buildings	
✓ 100% of the assets are located in Finland, a country with high social standards regarding non-discrimination.	
4. Access to transportation	
○ A sample asset is located less than 250m away from modality of public transport. However, no information is available for the remaining assets.	
5. Safety of building users	
✓ For 100% of assets, measures are in place to ensure operational safety (e.g. emergency exits, fire safety measures).	 
6. Energy efficiency of buildings	
✓ One sample asset provides for good energy efficiency standard. For the remaining assets, medium energy efficiency standards are in place.	

Controversy assessment

The controversy assessment on the sample asset did not reveal any controversy that could be attributed to MuniFin. Due to the limited information available, ISS ESG did not carry a controversy assessment on all the assets within the pool.

PART III: ASSESSMENT OF MUNIFIN'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides a rating and then designates a company as 'Prime[3]' or 'Not Prime' based on its performance relative to the industry sector. It is also assigned a Decile Rank, indicating this relative industry group performance, with 1 indicating a high relative ESG performance, and 10 a low relative ESG performance.

COMPANY	STATUS	Rating	DECILE RANK
MuniFin	**PRIME**	**C+**	**1**

This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS ESG. In ISS ESG's view, the securities issued by the company therefore all meet the basic requirements for sustainable investments.

As of 04.03.2020 this rating places MuniFin 11th out of 117 companies rated by ISS ESG in the Financials/Mortgage & Public sector.

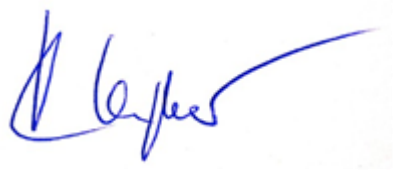
Key Challenges facing companies in term of sustainability management in this sector are:

- Sustainability impacts of lending and other financial services/products
- Statutory ESG-standards linked to the geographical allocation of the lending portfolio
- Customer and product responsibility
- Employee relations and work environment

In three of the key issues, MuniFin rates above the average for the sector. A very significant outperformance was achieved in "Sustainability impacts of lending and other financial services/products" and in "Statutory ESG-standards linked to the geographical allocation of the lending portfolio". The issuer lags the industry's average performance in "Customer and product responsibility".

The issuer does not face any severe controversy.

Details on the rating of the issuer can be found in Annex 1.



Robert Hassler, Head of ISS ESG Ratings
London/Munich/Rockville/Zurich

[3] Prime is only awarded to the top sector performers, often less than 10% of companies within the respective sector.

DISCLAIMER

1. Validity of the SPO: For MuniFin's potential social bond issuances, until any modification of the Social Bonds Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from MuniFin's 2020 ISS ESG Corporate Rating.

ISS ESG

ESG Corporate Rating

Municipality Finance Plc

Industry	**Financials/Mortgage & Public Sector Finance**	**Status**	**Prime**
Country	**Finland**	**Rating**	**C+**
ISIN	**XS0674580369**	**Prime Threshold**	**C**
		Decile Rank	**1**

Corporate ESG Performance
Prime
RATED BY ISS ESG

Absolute Rating

D-	D	D+	C-	C	C+	B-	B	B+	A-	A	A+
	poor			**medium**			**good**			**excellent**	

The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively

Decile Rank

10	9	8	7	6	5	4	3	2	1

Low relative performance **High relative performance**

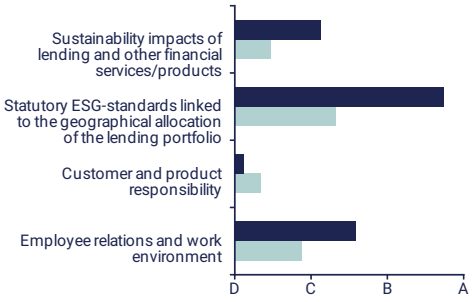
Indicates decile rank relative to industry group. A decile rank of 1 indicates a high relative ESG performance, while a 10 indicates a lower relative ESG performance.

Industry Leaders

Company name (in alphabetical order)	**Country**	**Grade**
Berlin Hyp AG	DE	B-
Münchener Hypothekenbank eG	DE	B-
de Volksbank N.V.	NL	B

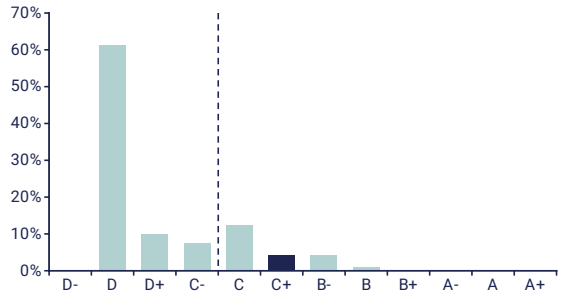
Legend: Industry Company --- Prime

Key Issue Performance

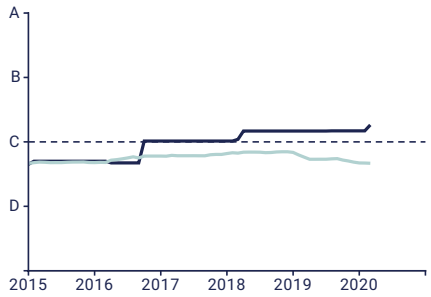


Distribution of Ratings

121 companies in the industry



Rating History



Municipality Finance Plc

Analyst Opinion

Sustainability Opportunities

Municipality Finance (MuniFin) is specialised in the providing financial solutions for the Finnish public sector, municipalities, public enterprises and non-profit housing companies. Within the latter segment MuniFin offers charitable housing finance on behalf of ARA, the Finnish social housing agency as well as towards local sector housing corporations. Also, public sector facilities and enterprises financed include schools, day care centres, and hospitals. Socially favourable lending activities are estimated to amount to more than 30% of overall lending. In addition, MuniFin has increased its green lending activities throughout recent years with the placement of meanwhile EUR 1 billion in green bonds and offering of corresponding green finance loans and leases. Proceeds are earmarked for renewable energy installations (such as wind, solar and small hydro), loans to sustainable public transportation, sustainable buildings, waste management and nature conservation.

Sustainability Risks

As the entire loan portfolio of Municipality Finance (MuniFin) is allocated to Finland, a country with high standards with regard to social and environmental impacts, its overall risk-profile appears to be exceedingly modest. Despite not disposing of a real trading book, the company has implemented safeguards for controlling the risks in its liquidity portfolio. Companies linked to tobacco and the weapons industry as well as commodity-linked instruments, which are suitable for good speculation, are excluded from MuniFin's investments. With the help of its partner Union Investment, MuniFin also tracks and monitors the ESG performance of the invested companies. As MuniFin is only dealing with municipalities and associated enterprises, its responsibility for products and responsibility is restricted to some extent. Yet, there are no policies and measures in place for this area. Workforce at the bank enjoy the relatively high labour standards which apply in Finland. Moreover, the company has taken some qualified steps for curbing business ethics risks, as it has laid out a code of conduct covering various relevant topics and facilitates compliance through additional measures.

Governance Opinion

Municipality Finance is owned by Finnish municipalities (as at April 1, 2019). The majority of the members of the board is independent including the chair of the board, Ms. Helena Walldén (as at April 1, 2019). The audit and remuneration are mostly composed of independent members while the nomination committee does not work under the auspices of the board of directors but is dominantly established by the three largest shareholders under the annual general meeting. The company publicly discloses its compensation schemes for the members of the executive management team, including base salary and short-term and long-term incentives.
The company has no sustainability committee and there seem to be no relevant sustainability performance targets considered in executive remuneration plans. In terms of business ethics and compliance, the company established policies covering almost all relevant topics such as corruption, insider dealings, and gifts, favors, and entertainment in varying degrees of detail. There is also an anonymous reporting channel and a statement on non-retaliation against whistleblowers. Complementary compliance measures include written acknowledgement of the code and compliance audits.

Municipality Finance Plc

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by oekom research and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:
(1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
(2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
(3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Controversial Business Practices - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:
- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

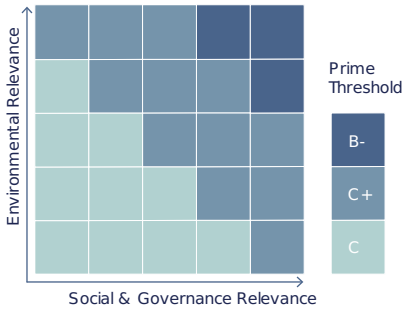
Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Municipality Finance Plc

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.
Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Major Shareholders & Ownership Summary - Overview of the company's major shareholders at the time of generation of this report. All data as well as the categorisation system for the investor types is based on information from S&P Capital IQ.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:
A+: the company shows excellent performance.
D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).
Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

ANNEX 2: Methodology

ISS ESG Social Bond KPIs

The ISS ESG Social Bond KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of MuniFin's Social Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details on the following page) who will send them directly to you.

Asset evaluation methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Social Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by MuniFin (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which MuniFin's Social Bond contributes to related SDGs and has a positive association with their respective sub-targets.

The contribution assessment is split into two Levels:

1. ***Level 1:*** Contribution and/or obstruction of the Use of Proceeds categories to be financed through the bond to the UN SDGs
2. ***Level 2:*** Association of the assets' ESG performance with further SDGs

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/

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