Sustainability and Green Bond Report: Allocation and Impact 2025

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Use of proceeds of Finnfund's Green Bond issuance

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Cover photo:
African Forestry Impact Platform (AFIP)

Highlights 2025*

The Green Bond is fully allocated. The Sustainability Bond 2022 matured in September in 2025 (more in previous report).

Total area under management for sustainable forestry projects is over

215,000

hectares. This resulted in over 1 million tCO2 sequestered.

Investments allocated to the bond include renewable energy projects. While some are still in the construction phase, in 2024 the sites in operation generated a total of

148 GWh

of renewable energy.

*Numbers are non-attributed company totals

Photo: Miro Forestry

Background

About us

Finnfund (Finnish Fund for Industrial Cooperation Ltd) is a development financier and professional impact investor with the mission to promote economic and social development in developing countries. Finnfund is majority-owned by the Finnish State. We get our funding from the State of Finland and private capital markets, as well as through retained earnings from our investments. All profits are recycled into new projects that drive sustainable development.

Finnfund's vision is that people and the planet are at the core of every investment decision. Our investments comprise risk capital, long-term investment loans and mezzanine financing and we also provide expertise on how to invest in developing markets.

Finnfund invests only in developing countries, as defined by the OECD Development Assistance Committee's (DAC) list of Official Development Assistance (ODA) recipients. Our investments target almost exclusively low or lower-middle income countries where the need for sustainable development is the greatest. The majority of our investments are made directly in companies, but we can also make indirect investments through private equity funds or financial institutions with a targeted development impact focus.

Finnfund financing is always market-based and depends on the risk of the project. We expect our projects to be profitable, socially and environmentally responsible and to generate a measurable development impact in their target countries. Each year Finnfund invests 200–250 million euros in 20-30 projects with special emphasis on sectors that are critical to sustainable development, namely renewable energy, sustainable forestry, sustainable agriculture, financial institutions and digital infrastructure and solutions.

Sustainability Bonds at Finnfund

In October 2022, Finnfund published a Sustainability Bond Framework. By setting up the Sustainability Bond Framework, Finnfund aims to mobilise debt capital to support our mission to generate lasting impact by investing in businesses that solve global development challenges. The Framework is aligned with the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines, all as published by the International Capital Market Association (ICMA) in 2021, and features a Second Party Opinion by Sustainalytics.

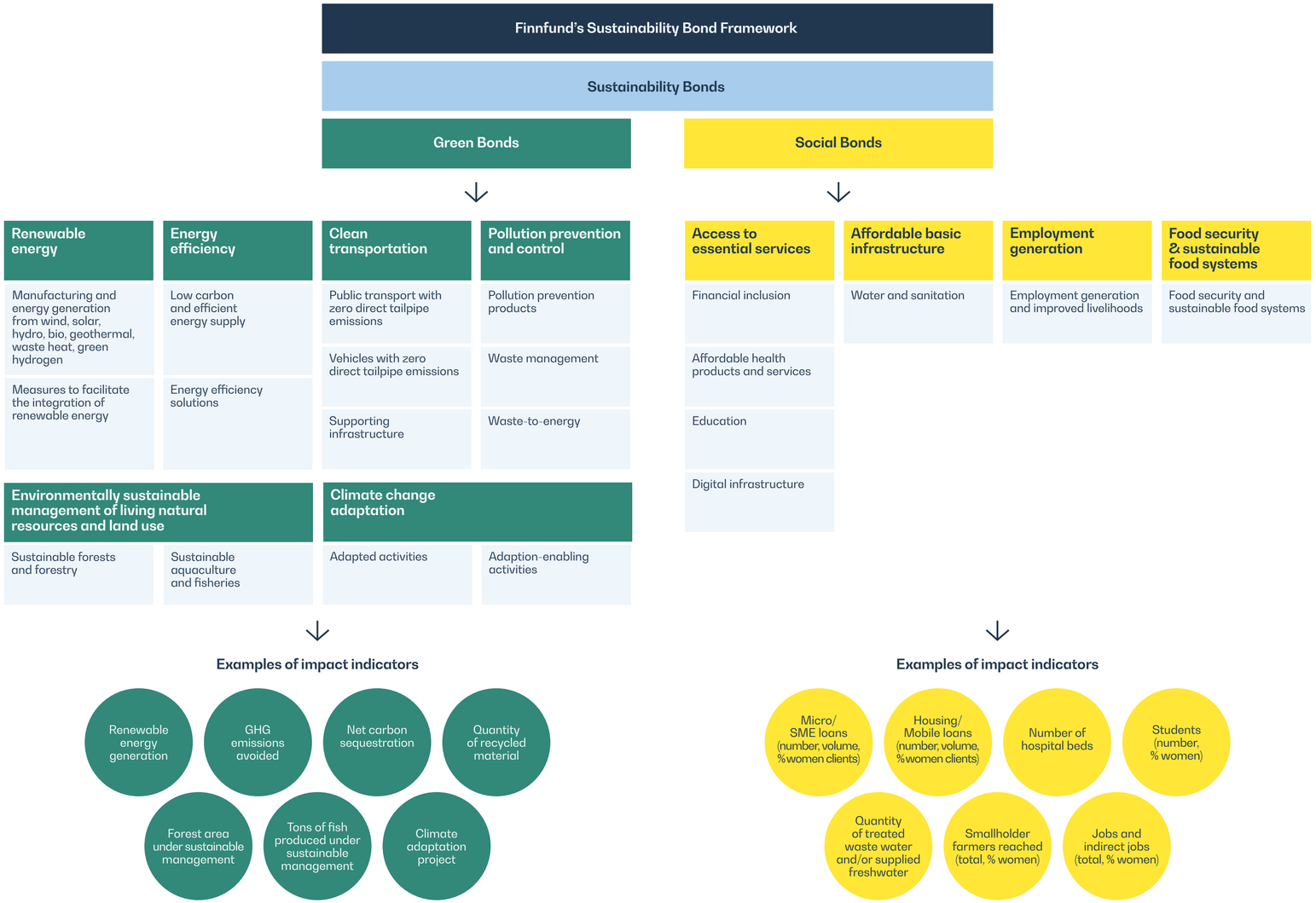
The Sustainability Bond Framework allows Finnfund to issue three types of bonds:

- Green Bonds, to finance and/or refinance eligible green lending, equity investments, and mezzanine financing mainly targeting the objective of climate change mitigation and adaptation ("Green Projects");
- Social Bonds, to finance and/or refinance eligible social lending, equity investments and mezzanine financing mainly targeting improved living and health conditions for underserved groups ("Social Projects");
- Sustainability Bonds to finance and/or refinance a mix of Green Projects and Social Projects.

This report produced annually describes the allocation of proceeds and the social and environmental impact of the Eligible Projects.

Finnfund's vision is that people and the planet are at the core of every investment decision.

Sustainability Bond Framework: Categories



Finnfund's Sustainability Bond platform, including potential bond formats, green and social project categories, and examples of impact indicators to be measured in the annual impact reporting.

Allocation and Impact Report: Green Bond Issuance 2023

ISIN	Nominal	Maturity
FI4000565635	100,000,000.00	12/2033

Sustainability bond category: Green	Indicator	Allocation %	Value*	Value per invested million*
Renewable energy	Energy generated with renewable energy (GWh)	2%	9	2
	GHG emissions avoided (tonnes per year)		4,596	948
Clean transportation	E-vehicles manufactured	33%	20	1.5
Sustainable forestry	Total hectares planted at the end of the reporting period (ha)	44%	12,842	2,749
	Total area under management (ha)		33,149	
	GHG emission sequestration (tCO2)		199,636	
	Forestry certification scheme (if applicable)		FSC required	
Financial institutions	Sustainable portfolio size	10%	457,620	45,762

* Including only Finnfund's pro-rated share of the total projects' results.

CASE

Finnish investors support the electric vehicle business in India

India faces significant pollution challenges, particularly with air quality. Rapid urbanisation and industrialisation have led to high levels of air pollution, which is responsible for millions of premature deaths annually. One of the major contributors is vehicle emissions, and transitioning to electric vehicles is a key strategy for improving air quality and public health in the country.

OP Finnfund Global Impact Fund I — the first Finnish impact fund focused on global emerging markets — together with Finnfund, invested in BII India EV LLP, a vehicle managed by British International Investment and an existing shareholder in Mahindra Electric Automobile Limited (MEAL). The investment accelerates the availability and adoption of electric vehicles (EVs) in India.

"We are thrilled to be part of this trans-action, which has a positive impact on the climate. Electric vehicle adoption is in its early stages in India, and we are confident that our investment will significantly enhance the availability of electric vehicles in the country", said **Tuomas Virtala**, Head of OP Asset Management.

Finnfund has previously invested in charging infrastructure for EVs in India and is continuously on the lookout for investment opportunities that support the transition to cleaner and cheaper travel alternatives in developing countries.

"This initiative is an important step towards making EVs more accessible in India, and plays a critical role in reducing pollution, particularly in major cities", says **Helena Teppana**, Associate Director at Finnfund. "Finnfund's investments in electric mobility have been strongly driven by the health benefits, which are especially crucial in cities with congested traffic", she adds.

Read the full article, or learn more about the investment on our website.

Name: **Mahindra Electric Automobile Limited / OP Finnfund Global Impact Fund I**
Country: **India**
Investment year: **2025**
Sector: **Energy / General fund**

Transitioning to electric vehicles is a key strategy for improving air quality and public health in India. *Photo: Finnfund*

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For more information,
please visit

www.finnfund.fi