

Savings Banks Group's

# SUSTAINABILITY REPORT

## 2021



Savings Bank

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# CEO FOREWORD

Responsibility is at the core of our values, which are based on the savings bank ideology and part of our 200-year history and strategy. Our purpose is to responsibly promote the financial wellbeing and prosperity of people in Finland and, with our expertise, enable our customers to live a better life. Responsibility is also one of the main themes of our anniversary year. It supports our competitiveness and value creation for different stakeholders.

The most important sustainability priorities in the past year were to develop our customer experience, digital solutions and services, management of remote work, working as one team, preparing for the EU sustainable finance regulations, and developing our reporting and data collection related to sustainability. In 2021, the continuing coronavirus pandemic highlighted the importance of having a self-directed work community and being able to serve customers on multiple channels and develop in line with the customers' needs.

In 2021, we also decided to promote the systematic management of our sustainability work, and we set ourselves a sustainability roadmap for 2021-2024, updated our materiality analysis and started preparing our sustainability programme. The five main themes of the Savings Banks Group's sustainability programme are responsibility for the customer's financial wellbeing, community wellbeing, sustainable financing and products, sustainable growth and good governance, and ecological efficiency and climate. We also selected five themes from the UN Sustainable Development Goals to guide our operations.

Our strategic aim is to provide customers with the best combination of digital and personal services. A major achievement in the goal of supporting our customers' financial wellbeing was our excellent success in the EPSI Rating survey on customer satisfaction. Based on the survey, Savings Bank's private customers are clearly more satisfied than the industry average. The Savings Bank customer satisfaction score of 76.2 for private customers was among the highest scores in this year's survey. Savings Bank's customer satisfaction was clearly above the industry average (71.8) in all categories.

We developed our sustainability actively in 2021. We updated our Responsible Investment Policy and integrated ESG factors into our credit risk strategy and credit management guidelines, and developed the integration of sustainability into our investment and financing processes. For example, regarding our funds, we continued our climate scenario and stress tests, launched a regular assessment of net impacts and support for the UN Sustainable Development Goals, updated our third-party responsibility assessment and prepared an ESG action plan for the coming years. We also made preparations to comply with the EU's sustainable finance regulation, covering, for example, the disclosure regulation

and the obligation to classify sustainable investments according to the EU taxonomy. We also assessed the taxonomy eligibility of our balance sheet. We supported local communities through the Good Deeds campaign and promoted economic and digital skills.

Through sustainable investment and financing, the Savings Banks Group is involved in building a more responsible society and a more sustainable future. The UN Conference on Climate Change (COP 26) underlined the importance of climate issues in the autumn of 2021, and many countries set targets for carbon neutrality in connection with the conference. The ongoing green transition and investments in, for example, renewable energy sources create significant business opportunities for some companies. We want to be involved in supporting our customers in their green transition and sustainability goals. Sustainable investment and lending create business opportunities and support the Savings Banks Group's strategic objectives for responsible growth in customer business.

During the year, we identified the development of taxonomy reporting and data collection as areas of improvement. We launched measures to promote these and will continue to work on them in the future. The banking industry and its sustainability work will be challenged in the future by, among other things, increased and stricter regulation in areas such as sustainable financing.

Sustainability is a competitive factor that affects reputation and business success. It is also an investment in the ability to act in the future. We mapped out the expectations of our stakeholders regarding the sustainability of our operations when we prepared our sustainability report. Our goal is to meet our stakeholders' expectations, continue developing dialogue with our stakeholders and integrate sustainability into our business.



Tomi Närhinen  
CEO, Savings Banks' Union Coop

# SAVINGS BANKS GROUP

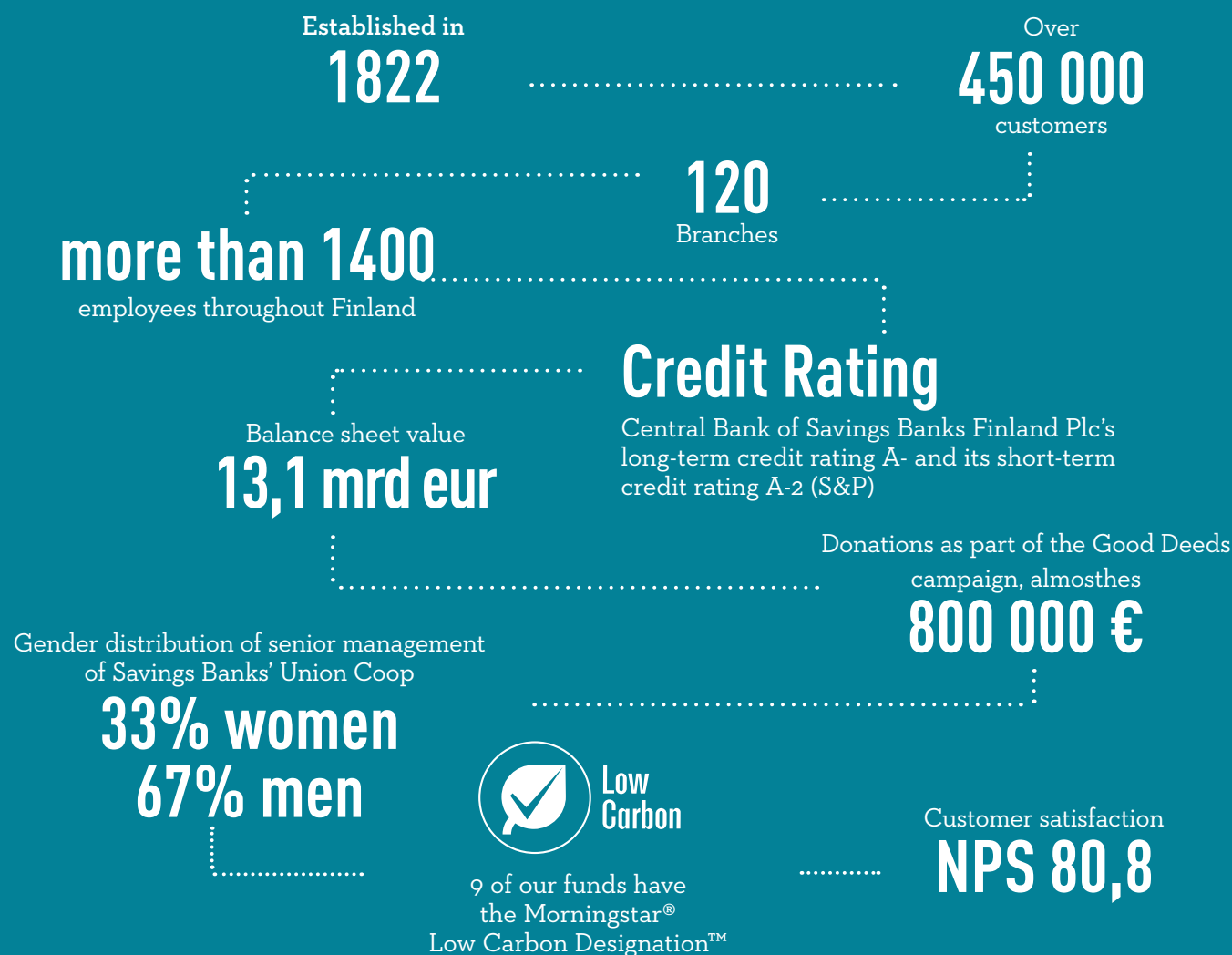


Figure 1. Savings Banks Group in figures

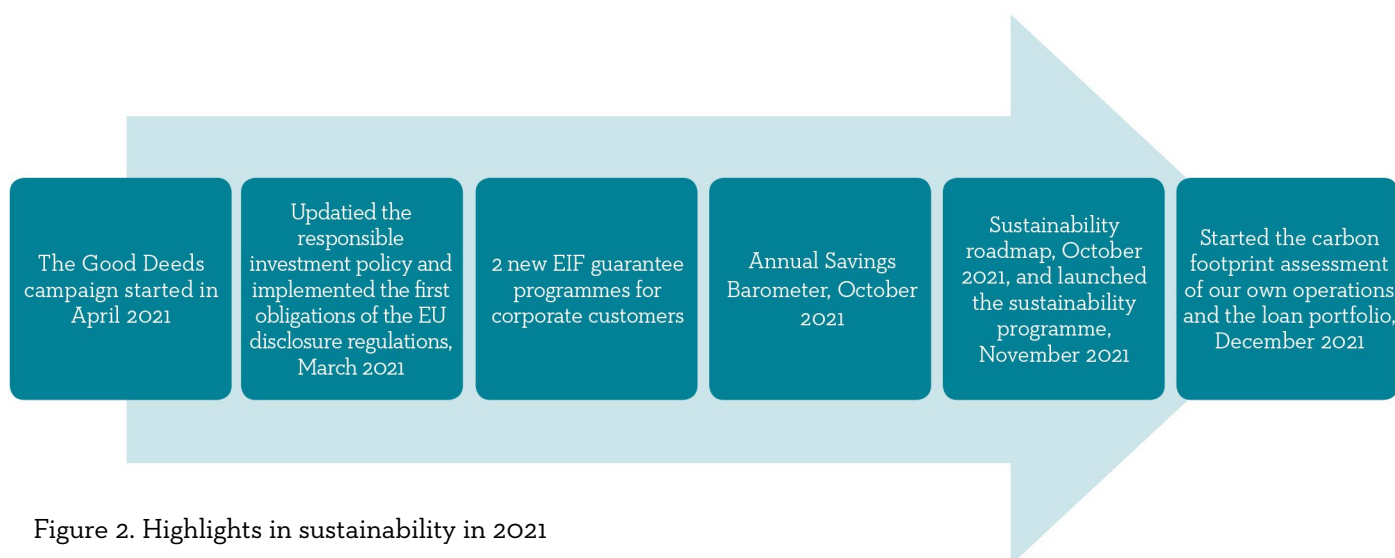


Figure 2. Highlights in sustainability in 2021





# THE SAVINGS BANKS GROUP, MEGATRENDS AND OPERATIONAL ENVIRONMENT

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# VALUES, PURPOSE AND HISTORY

Financial wellbeing has been an important element of Savings Bank operations ever since the first Finnish Savings Bank was established in 1822. In line with the Savings Bank ideology, the basic mission of Savings Banks has been to help the hardworking population of Finland prosper and take better care of its finances – and that is what we are still doing. Today, the mission and purpose of the Savings Banks Group is to responsibly promote the financial wellbeing and prosperity of its customers. We help our customers take care of their finances, prepare for a rainy day, save and prosper.

In our customer service, the emphasis is on expertise, convenience and having a human, personal touch in the way we serve all of our customers – in digital services, in our offices and on the phone. We want to provide our customers with the best combination of personal and digital services, which is evident in the excellent Savings Bank Experience that we are known for. The cornerstones of our operations are the Savings Banks Group's values – customer-drivenness, cooperation, responsibility and performance.





			
<p><b>Customer-drivenness</b></p> <p>We listen to and encounter customers in a unique way based on each customer's individual needs.</p>	<p><b>Cooperation</b></p> <p>Our cooperation with customers, personnel, Savings Banks and partners is open, genuine and conducive to growth. We constantly regenerate and reform our operations.</p>	<p><b>Responsibility</b></p> <p>We conduct our business professionally and reliably. We exist for the customer and the local community.</p>	<p><b>Performance</b></p> <p>Our profitability and growth ensure the development of customer services and the vitality of our operational environment.</p>

Figure 3. The Savings Banks Group's values

Our business operations are based on low-risk retail banking. In addition, we offer investment, insurance and real estate services. Our particular growth areas include small-business and entrepreneur customers and Asset Management Services.

# STRUCTURE

The Savings Banks Group is the oldest banking group in Finland. The Savings Banks Group comprises 17 Savings Banks forming the Savings Banks Amalgamation, the Savings Banks' Union Coop, which acts as the Central Institution, and the subsidiaries and associated companies owned by the Savings Banks. The member organisations of the Savings Banks Amalgamation form a financial entity as defined in the Act on the Amalgamation of Deposit Banks, in which the Savings Banks' Union Coop and its member credit institutions are jointly liable for each other's liabilities

and commitments. The coverage of the Savings Banks Group differs from that of the Savings Banks Amalgamation in that the Savings Banks Group also includes institutions other than credit and financial institutions or service companies. The most notable of these are Sb Life Insurance Ltd and Sp-Koti Oy. The Savings Bank Centre consists of Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Sp-Fund Management Company Ltd, Sb Life Insurance Ltd, Sp-Koti Oy, the Savings Banks Union Coop and Savings Bank Services Ltd.

## STRUCTURE OF THE SAVINGS BANKS GROUP

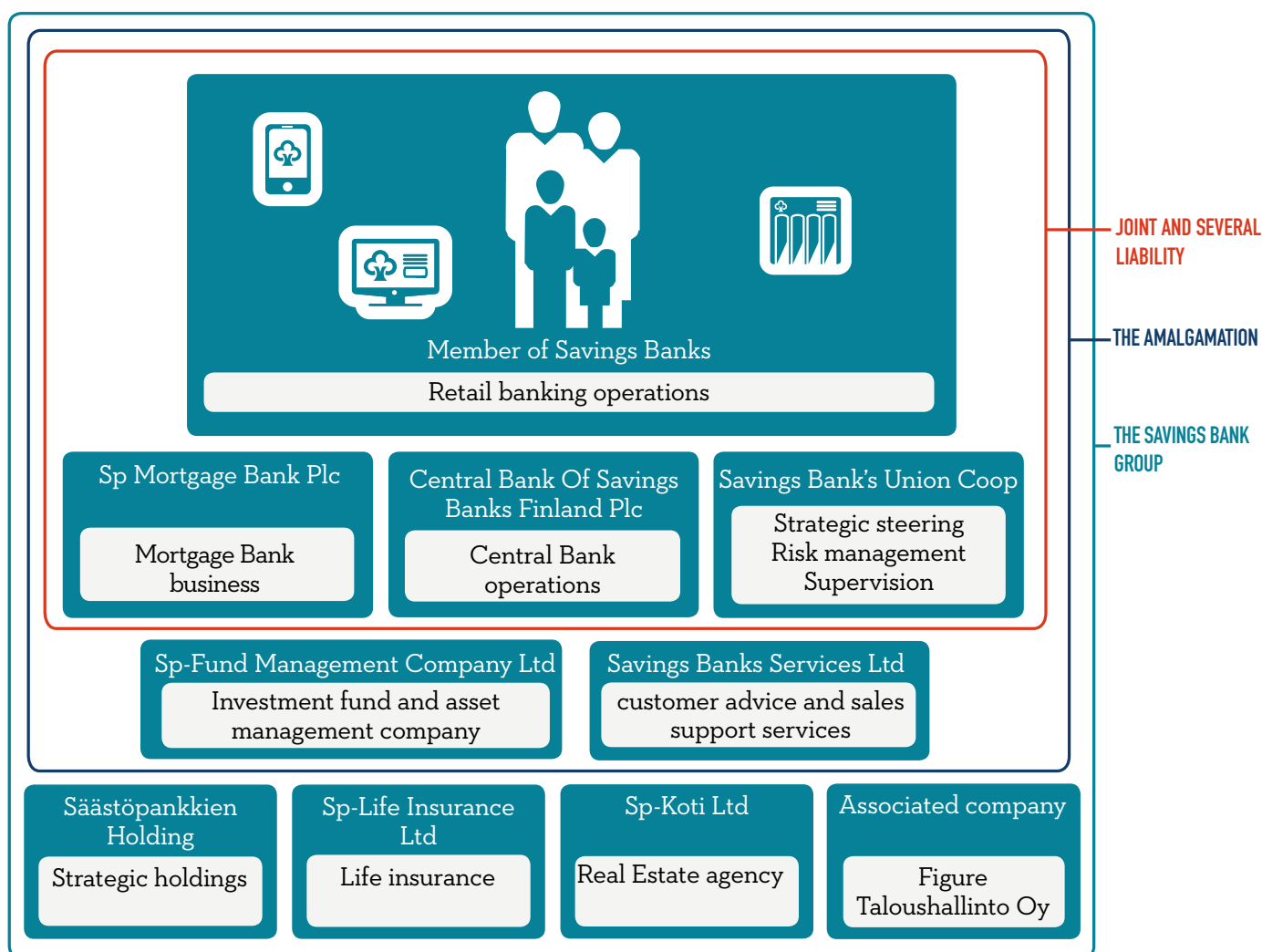


Figure 4. The structure of the Savings Banks Group





Figure 5. The Savings Banks Group has an extensive network of branches in Finland.

The Savings Banks are independent, regional and local banks. Together, the Savings Banks form a banking group that operates locally as well as nationally. The Savings Banks focus on retail banking, particularly services related to daily business, saving and investments, and lending services. The service and product range offered is complemented with the other financial services and products provided in cooperation with the service and product companies within the Savings Banks Group. The service and product companies within the Savings Banks Group support and promote the operations of the Group via producing centralised services or having responsibility for certain products. The most significant product companies of the Group are Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Sb Life Insurance Ltd, Sp-Fund Management Company Ltd, Savings Bank Services Oy and Sp-Koti Oy.

Eurajoki Savings Bank relinquished its membership of Savings Banks' Union Coop and the Savings Banks Amalgamation effective from 1 December 2021. In connection with this, Eurajoki Savings Bank transferred its entire business to Oma Savings Bank Plc. The business transfer took effect on 1 December 2021. According to the accounting principles confirmed by the Board of Directors of Savings Banks' Union Coop, Eurajoki Savings Bank's result for 2021 is included in the Savings Banks Group's result until the date of the demerger. As a result of the merger, the number of savings banks in the Savings Banks Amalgamation and the Savings Banks Group decreased from 18 to 17.

The governing bodies of Liedon Säästöpankki and

Mietoisten Säästöpankki have approved the acquisition of the banking business of Mietoisten Säästöpankki by Liedon Säästöpankki in accordance with the business transfer plan. The aim is to complete the business transaction in early 2022. These changes have no impact on the focus areas of the Savings Banks Group's sustainability. Further information about the structure of the Savings Banks Group can be found at [www.saastopankki.fi/saastopankkiryhma](http://www.saastopankki.fi/saastopankkiryhma).

The Savings Banks Group does not form a consolidated corporation or a consolidation group as defined in the Act on Credit Institutions because the Savings Banks' Union Coop and its member Savings Banks do not have control over each other as referred to in the general consolidation accounting principles, and therefore it is not possible to define a parent company for the Group. According to the Act on the Amalgamation of Deposit Banks, Savings Banks' Union Coop acting as the central institution of the Savings Banks Amalgamation is obligated to prepare consolidated financial statements for the Savings Banks Group. The Savings Banks' Union Coop's Board of Directors is responsible for preparing the financial statements.

The financial statements are prepared for the financial group consisting of the Savings Banks Group. All entities consolidated in the Savings Banks Group's financial statements are listed in Note 42 to the Savings Banks Group's financial statements.

The Savings Banks' Union Coop steers the operations of the Savings Banks Group and is the central institution responsible for the internal control framework. Savings Banks' Union Coop's registered office is in Helsinki and its registered address is Teollisuuskatu 33, 00510 Helsinki.



# ADMINISTRATION AND MANAGEMENT IN BRIEF

In the Savings Banks Group, the transparency and functionality of the roles and responsibilities in all governing bodies benefits all the stakeholders. The following is a description of the structure and functions of the Savings Banks Amalgamation and its principal parts as well as the functions and responsibilities of the main governing bodies.

## THE SAVINGS BANKS AMALGAMATION

The Savings Banks Amalgamation is a finance group formed by the Savings Banks and their central institution, the Savings Banks' Union Coop, and their subsidiaries and associated institutions. The scope of the Savings Banks Group differs from that of the Savings Banks Amalgamation in that the Savings Banks Group also includes institutions other than credit and financial institutions or service companies. The most notable of these are Sb Life Insurance and Sp-Koti.

## SAVINGS BANKS

Savings Banks are regional and local deposit banks operating in the retail banking sector, with the specific purpose of promoting savings. The Savings Banks focus on low-risk retail banking, particularly services related to daily business, saving and investments, and lending services. The product and service range covers all the main banking services for both private and business

customers. They are complemented by other financial sector services and products provided together with partners. In the Greater Helsinki area, a corresponding retail bank operation is carried out by Nooa Säästöpankki Oy owned by the Savings Banks.

The corporate structure of the Savings Banks is either that of a traditional savings bank or a savings bank limited company. The supreme decision-making power in the Savings Banks rests with the trustees, who are representatives of the depositors and possible equity capital shareholders. In savings bank limited companies, the supreme decision-making power is wielded at the General Meeting by the savings bank trusts, the Boards of which are similarly comprised of representatives of the depositors. The Trustees or the General Meeting elect the Board for the bank.

## SAVINGS BANKS' UNION COOP

The central institution of the Savings Banks Group is the Savings Banks' Union Coop. The basic mission of the central institution is to create the conditions for the Amalgamation's shared strategic goals to be attained. The central institution is responsible for the steering and oversight of the Savings Banks Amalgamation in accordance with the Act on the Amalgamation of Deposit Banks, as well as centralised development and service provision functions. The highest decision-making power in the central institution rests with the cooperative meeting

Figure 6. Savings Bank's decision-making system



and the Board of Supervisors elected by it. The operative decision-making power rests with the Board of Directors elected by the cooperative meeting. Savings Banks' Union Coop is owned by the central institution's member banks.

## SAVINGS BANKS' UNION COOPERATIVE MEETING

The agenda of the annual General Meeting includes the items listed in the central institution rules, including the central institution's income statement and balance sheet for the previous accounting period, approval of the Group's IFRS financial statements, selection of members for the Board of Supervisors and Board of Directors, and appointment of the auditor.

## SAVINGS BANKS' UNION COOP SUPERVISORY BOARD

The General Meeting of the cooperative elects the members of the Board of Supervisors and substitutes for each member for a term lasting until the next General Meeting of the cooperative. The Supervisory Board consists of 9-35 members.

The Supervisory Board had 17 members, each with a personal deputy. The chairman of the Supervisory Board was Antero Savolainen (chairman of the Board of Directors of Säästöpankki Optia). The deputy chairmen were Arto Seppänen (chairman of the Board of Directors of Someron Säästöpankki) and Björn West (chairman of the Board of Directors of Kvevlax Sparbank). The members of the Supervisory Board are primarily chairmen of the Boards of Directors of Savings Banks and their deputies are deputy chairmen of the Boards of Directors of Savings Banks.

The function of the Supervisory Board is to oversee the administration of the central institution, which is the responsibility of the Board of Directors and CEO, and to ensure that the operation of the central institution is conducted competently and diligently in accordance with the Cooperatives Act and for the benefit of the central institution and the Savings Banks Group. Among other things, the Supervisory Board approves the operating principles, strategy, solvency management principles and other general guidance principles of the Savings Banks Group based on the Board of Directors' proposal. The Board of Supervisors has approved an agenda that specifies the duties and meeting practices of the Board of Supervisors.

## BOARD OF DIRECTORS OF SAVINGS BANKS' UNION COOP

The general meeting elects the members of the Board of Directors for the term extending until the next ordinary general meeting. According to the rules of Savings Banks' Union Coop, the Board of Directors consists of six to nine members. The annual general meeting of the cooperative selects the members for the term of one year. The Chairman and the deputy Chairman are appointed in the organising meeting of the Board of Directors.

The Board of Directors is tasked with directing the operation of the central institution in accordance with the Cooperatives Act, the Act on the Amalgamation of Deposit Banks and these governance policies. The Board of Directors is responsible, among other things, for the strategy of the Savings Banks Group and development of its internal cooperation, it approves the agenda and budget of the central institution, prepares the matters to be proposed to the cooperative meeting and the Board of Supervisors, prepares and presents to the annual cooperative meeting the consolidated financial statement of the central institution and its member credit institutions, organises the internal controls of the Savings Banks Amalgamation, and selects and discharges the CEO and other principal officials of the central institution, as well as determines their remuneration and other benefits.

The Board of Directors has approved the principles of diversity, aimed at ensuring that the Board has, in order to perform its duties, sufficient and versatile competence and experience of the credit institution business and the risks involved. Both genders must be represented in the Board of Directors in accordance with the principles of diversity. In 2021, 33% of the Board members were women.

By a decision of the Savings Bank Union Coop's General Meeting on 11 March 2021, the members of the Board were Pirkko Ahonen (Chairperson), Jari Oivo (Vice Chairperson), Jaakko Ossa, Ulf Sjöblom, Tuula Heikkinen, Eero Laesterä, Katarina Segerstahl, Heikki Paasonen and Hannu Syvänen. The members of the Board are CEOs or Board members of Savings Banks, with the exception of Tuula Heikkinen, Eero Laesterä and Katarina Segerstahl, who are Board members independent of Savings Banks.

## COMMITTEES

The Board of Supervisors has appointed a Nomination Committee and a Remuneration Committee, and the Board of Directors has elected an Audit Committee and a Risk Committee. The Supervisory Board and the Board of Directors have approved the rules of procedure for the committees they each have appointed.

## CEO

The Board of Directors of Savings Banks' Union Coop elects the Central Institution's CEO and their deputy. The CEO is charged with the day-to-day governance of the central institution in accordance with the stipulations of the Cooperatives Act, implementation of the Savings Banks Group strategy in accordance with the directions and orders of the Board of Directors, preparation of matters to be proposed to the Board, and assisting the Board in preparing matters for presentation to the Board of Supervisors and the cooperative meeting.

Tomi Närhinen has been the CEO of Savings Banks' Union Coop since 1 September 2017.

# MANAGING SUSTAINABILITY

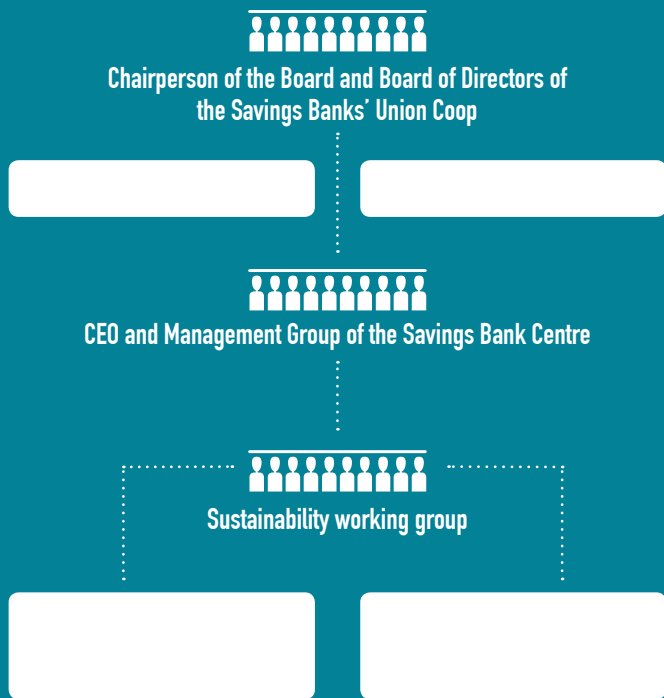
Corporate responsibility is part of the savings bank ideology, values and the mission of the Savings Banks Group's operations, which is to responsibly promote the financial wellbeing and prosperity of our customers. Corporate responsibility is therefore an integral part of our strategy and operations, both in the short and long term.

The Board of Directors for the Savings Banks' Union Coop has approved the Savings Banks Group's sustainability governance model, which defines the structures and responsibilities for the effective management of the Group's sustainability work. The governance model is examined in more detail in the following figure. Sustainability matters, such as economic, social and environmental responsibility and sustainability risks, will be reviewed two to three times a year in the future. They will be on the agenda of the Savings Banks' Union Coop Management Group and at least twice per year on the agenda of the Board of Directors for the Savings Banks' Union Coop. The Audit Committee presents responsibility matters to the Board of Directors of the Savings Banks' Union Coop for discussion, and the Risk Committee reviews and approves the estimates, targets and limits of ESG (environmental, social, governance) risks and opportunities once per year as part of other risk reviews.

Sustainability work is guided by the Group's sustainability programme and roadmap. The Savings

## Sustainability issues are included on the agenda of the Savings Banks' Union Coop's Management Group and Board of Directors

Banks Group wants to operate in an ethically sustainable manner observing the principles of good corporate governance, openness and the Savings Banks Group's Code of Conduct. The key management practices are specified in the Savings Banks Group's principles for reliable management and internal control. The activities of the Savings Banks Group comply with the provisions of current legislation, orders issued by the authorities, good banking practice regulations and trading instructions approved by Finance Finland, as well as the Savings Banks Group's principles for reliable management and internal control along with other internal guidelines, such as our sustainability policy. To increase awareness of sustainability and to engage the whole organisation in sustainability work, regular training sessions are organised on topical themes. For example, in 2021, investment advisors received online training on the EU's sustainable finance regulation.



The sustainability working group prepares and coordinates the updating and implementation of the sustainability strategy, the annual sustainability report, the non-financial information report and the sustainability programmes, policies and guidelines, and the assessment of ESG risks. The working group is led by a sustainability sponsor appointed from the Management Group of the Savings Banks' Union Coop, and the group includes sustainability experts from support functions and business units, as well as extensive expertise from different functions. The sustainability experts integrate sustainability into operations, participate in the preparation of the sustainability roadmap and projects, and support the organisation in terms of training.

The Board of the Savings Banks' Union Coop supervises the implementation of the sustainability strategy and roadmap and approves the sustainability strategy, annual sustainability report and non-financial information report of the Savings Banks Group and, if necessary, the sustainability programmes, policies and guidelines. The Management Group of the Savings Banks' Union Coop prepares and manages the implementation and the sustainability roadmap and steers the reporting on sustainability. The Board of Directors and the Management Group approve the sustainability policies, and the same applies to the policies of Savings Banks and product companies.

Savings banks integrate sustainability into their operations and participate in the implementation of the sustainability strategy and roadmap at the bank level, ensuring competence, training, resources and compliance with the guidelines. Stakeholder panels on sustainability will also be organised for savings banks in the future.

\* Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Sp-Fund Management Company Ltd, Sb Life Insurance Ltd, Sp-Koti Oy and Savings Bank Services Ltd. Savings banks serve as a source for developing sustainability expectations and needs.

Figure 7. Sustainability governance model of the Savings Banks Group



# STRATEGY AND CREATION OF ADDED VALUE

The Savings Banks Group defined its strategic priorities and targets as part of the Group strategy work in 2020. In our strategy, the customer is at the core of the Savings Banks Group's operations. Our purpose is to responsibly promote the financial wellbeing and prosperity of our customers. Our expertise enables a better life for our customers. Successful customer business lays the foundation for the success of the entire Savings Banks Group. Our superior competitive advantage - the Savings Bank Experience - is at the heart of our strategy. The Savings Banks Group has four strategic priorities, which are presented in more detail in the following figure on added value.

The Savings Banks Group wants to be a responsible operator who knows its customers and their needs and wants to develop with them as the operating environment develops. The operations of the Savings Banks Group are also affected by external forces. Examples include digitalisation, changes in customer behaviour, the ageing of the population and increased urbanisation, the transformation of work and working life, as well as slow economic growth, low interest rates and uncertainty in the investment market.

**Our superior competitive advantage  
- the Savings Bank Experience - is  
at the heart of our strategy.**

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## WE CREATE ADDED VALUE FOR OUR STAKEHOLDERS

We provide our customers with excellent customer experience and customer-drivenness while ensuring profitable and sustainably growing business and good governance. Our goal is to offer the best combination of personal and digital services. We know our customers and their needs. We have the ability to serve our customers and develop with them. The Savings Banks Group is also responsible for sustainable financing and products, the environment and the climate, and we support customers in their green transition and targets.

The Savings Banks Group also assumes responsibility for the wellbeing of its communities. We are a self-directed work community of highly competent professionals, with capacity for renewal, where we promote wellbeing at work, leadership, diversity and equality. We promote growth, wellbeing and financial skills in our communities, and savings banks distribute part of their profits to local communities as part of the Good Deeds campaign.

Our value creation model specifies the resources and assets we use to achieve our basic mission and strategy. The model also describes the outcome and impacts of our operations. Our most important assets are our cohesive and efficient team of top experts who are capable of renewal, our constantly evolving services and systems, as well as our financial capital and the strong values that are based on the savings bank ideology.

We strive to create value for our stakeholders by using our resources responsibly and efficiently. Our most important outcomes contribute to excellent customer experience, employee experience and expertise, strengthen solvency and the brand, attract new talent and customers, and promote a sustainable economy and local wellbeing.

# Creating added value for our stakeholders

Mission: We responsibly promote the financial wellbeing and prosperity of Finns. Our expertise enables a better life for our customers.

## UTILISED CAPITAL AND INPUTS

### Financial resources

- Balance sheet EUR 13,079 million
- Equity EUR 1,190 million and liabilities EUR 11,889 million
- Comparable operating profit EUR 73 million

### Intangible capital

- Responsible brand
- Responsible values in the Savings Bank ideology
- Growing knowledge capital and product development processes

### Social capital

- A self-directed and coherent work community of top talent with excellent capacity for renewal: 1,400 Savings Banks Group employees
- Expertise: approximately 200 training events
- Promoting leadership, wellbeing at work and equality in the work community
- Promoting growth, wellbeing and financial literacy in our local communities

### Natural resources

- Efficient use of natural resources, for example, reducing paper and energy consumption
- Eco-efficiency and climate friendliness

## Strategic priorities



## OUTPUTS AND IMPACTS

### Financial wellbeing of customers and local communities

- Number of A Moment with Your Personal Finances meetings approximately 55,000
- EPSI: excellent and above the industry average at 71.8 for corporate customers
- NPS: private customers 82 and corporate customers 84.8
- The Good Deeds campaign and charitable donations nearly EUR 800,000

### The best combination of personal and digital services

- High-quality services, award-winning funds and the development of sustainable financing solutions
- Diverse and functional service channels: Average customer service response time for private customers 50.5 seconds
- Secure digital services, information security and data protection
- Transparent and responsible communications and marketing

### Sustainable growth and operations

- 17 Savings Banks and product companies
- Net interest income EUR 166 million, CET1 19.5 per cent
- Income taxes paid EUR 17.0 million
- Share of women in the Board of Directors 33 per cent and in the Management Group 33 per cent

### Ecological footprint and handprint

- The carbon intensity of funds 209,8 t CO<sub>2e</sub>/million EUR. Carbon handprint of capital investments through the Ympäristö fund 38,224 t CO<sub>2e</sub>
- Footprint of our own offices 3,574,9 t CO<sub>2e</sub>

Figure 8. Creating added value for our stakeholders

# SUSTAINABILITY PROGRAMME AND ROADMAP AS GUIDELINES

The Board of Directors of the Savings Banks' Union Coop has approved the sustainability programme of the Savings Banks Group. Its five main themes serve as guidelines for our sustainability work. The five main themes are responsibility for the customer's financial wellbeing, community wellbeing, sustainable financing and products, sustainable growth and good governance, and ecological efficiency and climate. The programme also specifies the UN Sustainable Development Goals that are supported by the Group's sustainability work, which are 12 (responsible consumption), 8 (decent work and economic growth), 9 (sustainable industry, innovation and infrastructure), 16 (peace, justice and good governance) and 13 (climate action).

The programme is an important management tool for the implementation of sustainability. The sustainability programme will also serve as the basis for preparing strategic sustainability targets and indicators in the future.

The sustainability programme was drawn up on the basis of the sustainability roadmap and material sustainability themes, as approved by the Savings Banks' Union Coop Management Group and the steering groups of the Savings Banks Group. More information on material sustainability themes is in the section on materiality analysis. The sustainability roadmap is the Group's internal tool that determines the sustainability measures in the current four-year period.

The five main themes of the Savings Banks Group's sustainability programme serve as guidelines for our sustainability work.

## Savings Banks Group's Sustainability Programme



<p><b>CUSTOMER'S FINANCIAL WELLBEING</b></p> <p>We responsibly promote the financial wellbeing and prosperity of Finns. Our expertise enables a better life for our customers. We know our customers and their needs. We have the ability to serve our customers and develop with them. We ensure secure digitalisation, information security and data protection.</p>	<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p> 
<p><b>RESPONSIBILITY FOR THE WELLBEING OF THE COMMUNITY</b></p> <p>We are a self-directed work community of highly competent professionals, with capacity for renewal, where we promote wellbeing at work, leadership, diversity and equality. We promote growth, wellbeing and financial literacy in our communities. We promote responsibility in our partnerships.</p>	<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> 
<p><b>RESPONSIBILITY FOR SUSTAINABLE FINANCING AND PRODUCTS</b></p> <p>We finance and invest responsibly according to the customer's needs, developing sustainable financing and services. We support our customers in their green transition and targets.</p>	<p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p> 
<p><b>RESPONSIBILITY FOR SUSTAINABLE GROWTH AND GOOD GOVERNANCE</b></p> <p>We promote sustainable growth and sustainable economy. We operate transparently and in accordance with good governance and ethical principles. We prevent money laundering and corruption, assess and manage risks. Our marketing is responsible.</p>	<p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b></p> 
<p><b>RESPONSIBILITY FOR THE ENVIRONMENT AND THE CLIMATE</b></p> <p>We operate in an environmentally sustainable and climate-friendly way. We assess our footprint and promote eco-efficiency.</p>	<p><b>13 CLIMATE ACTION</b></p> 

Figure 9. The Savings Banks Group's sustainability programme and the chosen UN's Sustainable Development Goals (SDG)



# THE SAVINGS BANKS GROUP'S MATERIAL SUSTAINABILITY THEMES

The purpose of the materiality analysis of sustainability is to identify the key aspects of the Savings Banks Group and its stakeholders for the reporting of sustainability. The reporting of material matters in Savings Banks Group is based on the materiality analysis that was updated in connection with the sustainability report in 2021. We updated our materiality analysis because we wanted to hear the expectations of our stakeholders regarding sustainability and to analyse the impact of responsibility aspects on business.

Regarding stakeholders, the update of the materiality analysis was carried out with an extensive stakeholder survey that asked the respondents to assess the key themes related to our sustainability. A total of 286 representatives of private and corporate customers, the management of savings banks, employees, suppliers of goods and services and other external stakeholders and 15 representatives of the management of the Savings Banks Group responded to the online survey.

Sustainability was examined by comparing features of the Savings Banks Group's business with the commonly used definition of sustainable development in terms of economic, ecological and social responsibility questions. We also used general information on the financial sector as background information for identifying material issues.

We assessed the sustainability themes both from the perspective of the Savings Banks Group's social impact

and business operations, as well as from the stakeholders' perspective. The work resulted in a materiality matrix showing the most important themes highlighted by the Savings Banks Group and its stakeholders as well as their importance for the operations of the Savings Banks Group.

The Savings Banks Group's material sustainability themes are: sustainability in services, products and customer work, customer data protection and information security, understanding customer needs and developing expertise, wellbeing at work, equality and diversity, good leadership and skilled personnel, promoting the well-being, growth and financial literacy of the community, responsible and sustainable lending, responsible and sustainable investment, solvency and sustainable growth, sustainability in the principles and operating methods steering our business and climate change awareness and mitigation.

The most material issues of the Savings Banks Group are shown in the materiality matrix below, where the vertical axis describes the significance for stakeholders and the horizontal axis the current or potential impact on the Savings Banks Group and the Savings Banks Group's impact on society. The significance for stakeholders has been assessed as a whole, and the weight of individual stakeholders is not reflected in the matrix. The location of the impacts that are material for GRI reporting was determined by the Savings Banks Group. Themes classified as material were utilised when determining the contents of the report and are discussed in this report in the selected scope, based on their weight and materiality.

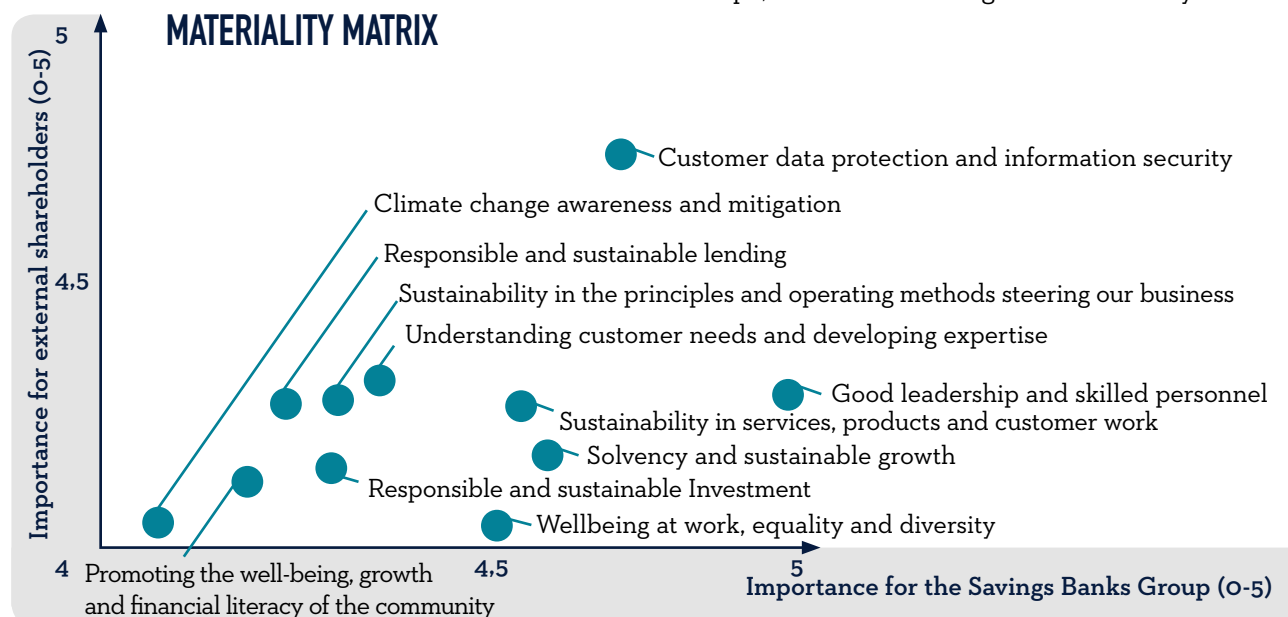


Figure 10. The Savings Banks Group's materiality matrix

The basic prerequisites of banking include financial responsibility and good governance, risk management and the customer's data protection and information

security. These lay the foundation for the Savings Banks Group's material sustainability themes and this foundation must be solid under all circumstances.

# THE UN'S SUSTAINABLE DEVELOPMENT GOALS GUIDE OUR OPERATIONS

The UN member states have agreed on Sustainable Development Goals (SDGs) and an action programme that serves as a guideline for global development efforts until 2030. There are 17 main goals in total. The Board of Directors and Management Group of the Savings Banks' Union Coop have approved the five UN SDGs that are most important for our sustainability work in the sustainability programme of the Savings Banks Group. These are numbers 12 (responsible consumption), 8 (decent work and economic growth), 9 (sustainable industry, innovation and infrastructure), 16 (peace, justice and good governance) and 13 (climate action).

These five Sustainable Development Goals are naturally linked to the Savings Banks Group's mission, which has remained unchanged for nearly 200 years to date. Today, our mission is to responsibly promote the financial

wellbeing and prosperity of our customers. A share of the savings banks' profit is redistributed to the local community. The role of the savings banks as a financier of small and medium-sized, locally operating companies has also increased substantially in the recent years. Our mission is to promote thrift and the financial wellbeing of our customers. We want to maintain a local presence and provide services that sustainably enhance the financial wellbeing of our customers in the long term.

The Board of Directors and Management Group of the Savings Banks' Union Coop have approved the five key UN SDGs in the sustainability programme.


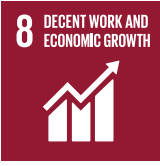


	SUSTAINABLE DEVELOPMENT GOAL (SDG)	THE SAVINGS BANKS GROUP'S ACTIONS SUPPORTING THE SDG
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> <li>• Suitability of products and services for the customer.</li> <li>• Observing sustainability in our investment activities as well.</li> </ul>
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> <li>• Financing for micro, small and medium-sized companies.</li> <li>• Promoting the financial wellbeing and prosperity of our customers.</li> <li>• Creating jobs through responsible investment.</li> </ul>
	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	<ul style="list-style-type: none"> <li>• Responsible investing, particularly impact investing through the Ympäristö special investment fund.</li> <li>• Supporting our customers in their green transition and targets.</li> </ul>
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> <li>• Responsible investing and its exclusion criteria and country analyses approaches as well as the assessment of ESG risks and factors.</li> </ul>
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> <li>• Responsible investing, particularly impact investing through the Ympäristö special investment fund, regular climate scenario analyses and stress tests of our equity and fixed income funds.</li> <li>• Analysing our carbon footprint in terms of funds, lending and our own operations.</li> <li>• Promoting eco-efficiency through investments and financing as well as in our value chain.</li> </ul>

Table 1. The Savings Banks Group's actions that support the UN Sustainable Development Goals

# STAKEHOLDERS AND COOPERATION

In line with the savings bank ideology, cooperation with stakeholders and stakeholder wellbeing are important for us. Discussions with and feedback from our stakeholders will help us find new areas for development and improve our sustainability and responsibility.

The stakeholders of Savings Banks Group are the groups that have a material effect on the Group and who are affected by the Group's operations. Our key stakeholders have been identified based on an internal analysis. We also updated the stakeholders in conjunction with the materiality analysis in 2021. The stakeholders are specified in the following figure. The internal analysis did not identify any new stakeholders.



Figure 12. Stakeholders of the Savings Banks Group

## STAKEHOLDER EXPECTATIONS AND MEETING THE EXPECTATIONS

We communicate actively with our stakeholders through various channels, keeping the dialogue open both locally and on the Group level.

The channels used include customer encounters, face-to-face and virtual meetings, workgroups, stakeholder and partner forums, surveys, studies and interviews,

meetings of the Trustees and Board of Directors, our own events, participation in stakeholder events, our own media and various digital channels. Some examples of the ways we work with stakeholders as well as stakeholder expectations and our response to them are described below.



STAKEHOLDERS' RESPONSIBILITY EXPECTATIONS	THE SAVINGS BANKS GROUP'S ACTIONS AND IDENTIFIED AREAS OF DEVELOPMENT
Sustainable growth, investment and financing. Sustainability criteria in the selection of target companies. Products that are suitable for stakeholder needs and comprehensive options for responsible investment.	In order to promote sustainable growth and financing, we carefully assess the performance of the companies that are included in our financing and investing. We support our customers in their green transition and targets. We assess and promote the share of green assets that are covered by the EU taxonomy on sustainable finance in our balance sheet and follow the EU's regulation on sustainable financing, the aim of which is to mobilise finance for sustainable growth. We follow the responsible investment policy and use them as the basis for assessing the companies' ESG factors and risks accurately. We offer responsible investment solutions and actively develop our investment and financing products to make them more responsible, taking into account customer needs. The Savings Banks' Asset Management is also a pioneer, especially in terms of impact investing through our Ympäristö special investment fund that focuses its investments on environmental innovations, for example.
Promoting good governance.	We follow good governance and ethical principles in our operations. We comply with, for example, the principles for reliable management and internal control, policies concerning conflicts of interest and the Code of Conduct. We prevent money laundering and corruption, assess and manage risks, in accordance with our principles and policies. Every year, our employees also carry out mandatory training related to, for example, the prevention of money laundering and corruption.
Climate, environment and environmental impact assessment in all operations. Commitment to climate change mitigation through responsible investment.	We promote environmentally sustainable and climate-friendly operations and eco-efficiency through concrete measures that are specified in the sustainability roadmap. We have promoted the assessment of the carbon footprint of our own operations and lending. Every six months, we report on the carbon intensities, carbon footprint trends, carbon risks and The Morningstar® Low Carbon Designations™, net impacts and positive environmental impacts of the Savings Banks' Asset Management funds. In addition, the Säästöpankki Ympäristö special investment fund reports on its impacts once per quarter. We aim to set climate guidelines and targets for the Savings Banks Group in the future.
Personal customer service, physical encounters, availability and accessibility of services according to the customer's needs. Taking responsibility also for customers who are unable to use digital services.	Allowing the customers choose the most suitable service channel and easy and flexible services are important for us. The Savings Banks Group has an extensive network of over 100 branches, through which the independent, local savings banks serve our customers personally throughout Finland. In addition, we can serve corporate customers on the customer's premises. We have identified the accessibility of our branches as an area we need to develop and will continue to work on it.
Training and supporting young people. Promotion of financial skills and the financial wellbeing of the community.	We offer student loans and support the financial and digital skills of young people and seniors locally in savings banks' communities with our partners. In 2021, we implemented several financial literacy webinars for young people and produced materials, such as the Nollabudjetti ja nuudelia financial webinar for students.

<p>Development of the customer's financial wellbeing, taking into account sustainability and digitalisation, as well as usability.</p>	<p>Our strategic aim is to provide customers with the best combination of digital and personal services regardless of the time and place. Our mobile app is our most frequently used electronic service. Therefore, mobile transactions are also an important element of our digital services that we develop continuously. The Savings Banks Group's customers also have access to online appointment booking, electronic archives, electronic housing transaction with the DIAS system, electronic health surveys as part of Sb Life Insurance Ltd's services and the opportunity to use Apple, Google, Fitbit and Garmin Pay applications. We have also piloted a digital process for becoming a new customer for private customers in some of our banks. In the Savings Banks Group, we strive to reduce paper consumption and promote a project on this theme with our sustainability roadmap. We aim to take sustainability into account in all our development.</p>
<p>Openness and transparency of responsibility work.</p>	<p>We report on sustainability matters as part of the Savings Banks Group's annual sustainability report and the non-financial information report that is part of Board of Directors' report. We also publish six-monthly reviews of responsible investment and the impact report of the Säästöpankki Ympäristö special investment fund four times a year. We also share content that promotes sustainability on social media, blog posts and videos.</p>
<p>Focus on material sustainability issues and concrete measures as part of the daily work of the savings bank employees.</p>	<p>We have analysed which responsibility themes are the most important to our stakeholders. We take into account the responses of our stakeholders when we update our materiality analysis. The results of the materiality analysis guide the focus areas of our sustainability work and future target setting. On our sustainability roadmap for 2021–2024, we have identified more than 60 sustainability actions that help us to make sustainability a part of the daily work of savings bank employees.</p>
<p>Ensuring a good atmosphere and wellbeing at work and professional skills.</p>	<p>Our strategic priority is to be a community of highly competent professionals with a strong capacity for renewal. We want to be a self-directed and coherent work community that promotes wellbeing at work, leadership, diversity and equality.</p>
<p>Promoting equality and diversity, both as an employer and through services, products and customer work.</p>	<p>We promote equality and diversity through our overall personnel policy with concrete and practical measures. Equal treatment of personnel starts with recruitment, where we ensure equal opportunities and equal treatment for all jobseekers. Our employees have equal opportunities to advance in their careers and we treat minorities or vulnerable groups equally in our work community. Our goal is to promote the expertise of our employees by taking into account their specific strengths. We monitor the gender distribution of our personnel, management and the Board of Directors. We treat our customers equally in customer service. For example, in the Savings Banks' Asset Management funds, we take into account social aspects and good governance by requiring the entities covered by the investments to comply with international standards. The norms we take into consideration are based on the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Declaration on Fundamental Principles and Rights at Work, for instance.</p>

Table 2. Stakeholder expectations and meeting the expectations

# OUR COMMITMENT TO EXTERNAL INITIATIVES

Sp-Fund Management Company Ltd signed the UN Principles of Responsible Investment (PRI) in 2014 and is also committed to taking environmental, social and governance-related factors into account in its investment activities. We submit annual responsible investment reports to PRI.

We are involved in the Climate Action 100+ investor initiative, CDP's climate change, water and deforestation initiatives, and the Science-Based Targets initiative (SBTi), which supports companies in setting science-based emission reduction targets. We also encourage companies to report more transparently on their environmental activities through CDP's Non Disclosure Campaign initiative regarding CDP's above-mentioned initiatives. The more the companies report, the better the overall picture and investment analysis of the operations of our investments. We are a signatory of the 2021 Global Investor Statement to Governments

on the Climate Crisis. The aim of this statement is to influence political decision-makers, for example, to take climate change into account in decision-making and support the mitigation of climate change.

For two years, we have reported from the point of view of our Asset Management within the TCFD (Task-Force on Climate-related Financial Disclosures) framework. We also encourage third-party funds to adopt TCFD reporting. TCFD is a voluntary framework intended to help companies understand and report the financial impacts of climate change on their operations. At the beginning of this year, we decided to support climate reporting according to the TCFD framework. These themes are covered in more detail in this sustainability report's section Responsible investing and ownership and Savings Banks' Asset Management's reporting to the TCFD framework.

Signatory of:



## MEMBERSHIPS IN ASSOCIATIONS

The Savings Banks Group wants to be an active operator and have an impact through the associations and organisations, for example, which it has joined as a member. Savings Banks' Union Coop, which acts as the central institution of the Savings Banks Group, is a member of two international savings bank organisations: the World Savings and Retail Banking Institute (WSBI) and the European Savings and Retail

Banking Group (ESBG). Savings Banks' Union Coop and Sp-Fund Management Company Ltd participate in the work of Executive Committees in Finance Finland. Sp-Fund Management Company Ltd is also a member of Finland's Sustainable Investment Forum (Finsif) and has joined in several sustainable finance initiatives, which are described in detail on pages 20, 37.



A woman with blonde hair pulled back, wearing a light blue high-neck top and a pleated skirt, stands against a teal background. The text "RESPONSIBILITY FOR THE CUSTOMER'S FINANCIAL WELLBEING" is overlaid in white, bold, uppercase letters. A green horizontal bar is positioned below the text.

# RESPONSIBILITY FOR THE CUSTOMER'S FINANCIAL WELLBEING

# WE ARE THE CUSTOMER'S FINANCIAL PARTNER

Improving the customers' financial wellbeing and customer satisfaction lie at the core of our responsible work with customers. The Savings Bank Experience is built through highly professional service, a human and respectful approach to customer encounters and usefulness so that the customers' transactions with Savings Bank are as smooth as possible.

The Savings Bank Experience continued to be a strong competitive asset and differentiating factor for us in 2021. Customers expected banks to provide both easy-to-use digital services and highly professional, human and personal face-to-face service. In line with our strategy, our aim is to provide customers with the best combination of digital and personal services and help them advance their financial wellbeing.

Our aim is to serve as financial partners to our customers. We want to support our customers both in the long-term planning of their finances as well as by providing in smooth daily banking services. A particular feature that applies to Savings Banks is that we take responsibility for promoting saving and financial wellbeing among the local population. For example, we only provide our customers with loans and credit that they can manage without straining their finances.

Our expertise and customer service are always based on the customer's needs, wishes and financial goals. Our specialists select the most suitable service package for the customer together with the customer and prepare a proposal for how the customer could achieve the individual goals. The purpose of all discussions is to find the most suitable, sustainable solution for the customer's finances and situation, while also observing any unexpected changes.

Our experts are tasked with building long-term partnerships with our customers in a way that allows us to bring clear benefits and added value to the customers through our expertise. Our customers see the results of our work concretely through improved financial wellbeing and a better life. In 2021, we held approximately 55,000 A Moment with Your Personal Finances discussions with private customers. We also launched financial discussions for corporate customers to support the financing solutions, and we will use them more comprehensively to analyse the financial situation of companies in the future.

## CUSTOMER SATISFACTION AS AN INDICATOR OF SUSTAINABILITY

Customer satisfaction is one of the most important indicators of sustainable operations for us in the Savings Banks Group. We monitor customer satisfaction continuously and try to respond quickly to any changes observed in customer satisfaction.

Customer satisfaction surveys indicate that we succeeded very well in the work with customers in 2021. Savings banks continuously measure the success of customer meetings. Following a meeting, customers are always asked whether they would recommend Savings Bank based on the customer service received. In 2021, the Net Promoter Score (NPS) for negotiations stood at 80.8%, which is excellent, and slightly higher than in the previous year (80.6%).

We achieved excellent results also in the EPSI Rating customer satisfaction and loyalty survey that included all of Finland's significant financial sector operators. Satisfaction with Savings Banks among both private and corporate customers exceeded the industry average by a clear margin. Private customers ranked Savings Banks 4th in the industry's customer satisfaction survey in 2021 and, among corporate customers, customer satisfaction was the second highest in the industry.

The Savings Bank Experience is built through highly professional service, a human and respectful approach to customer encounters and usefulness, including smooth services.

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Figure 12. Customer satisfaction 2021, private customers (EPSI Rating)



Figure 13. Customer satisfaction 2021, corporate customers (EPSI Rating)

# DIGITALISATION AND DIVERSE SERVICE CHANNELS

Our strategic aim is to provide customers with the best combination of digital and personal services regardless of the time and place. Through our financial wellbeing solutions and operating model, we want to provide a high-quality experience that is worthy of the customer's time. Allowing the customers to choose the most suitable service channel and easy, safe and flexible services are important for us.

The coronavirus pandemic continued in 2021, which highlighted the importance of safe and secure communication. The Savings Banks Group has an extensive network of over 100 branches, through which the independent, local Savings Banks serve our customers throughout Finland. In addition, we can serve corporate customers on the customer's premises. During the year, we took into account the recommended measures to prevent spreading the coronavirus in personal encounters with customers. The security of digitalisation is also of utmost importance to us. In 2021, the Finnish financial sector was the target of several phishing messages and online fraud attempts. We actively react to these incidents and keep our customers informed. We are constantly working hard to ensure that the digital transactions of our customers are secure. For example, we offer our customers an authentication application and recommend using it.

In addition to face-to-face service, we invest in the continuous development of our digital services and promote an information society. Savings banks actively utilise online meetings, for example, as well as phone and mobile authentication for the strong authentication of customers. The security of our mobile application is excellent, and the application is the most widely used Savings Bank service channel. Mobile transactions are also an important element of our digital services that we develop continuously.

Demand for digital services has increased over the long term. The coronavirus pandemic has also accelerated the trend and the digital development of operators. Expert meetings on digital channels and, for example, the electronic signing of documents increased significantly in 2021. The Savings Banks Group's customers also have an online appointment booking system for both online meetings and appointments at our offices. In 2021, the percentage of online meetings multiplied from the previous year. Almost all of our active customers have an online service agreement and, for example, 56 per cent of the fund subscriptions were made on online channels.

We have also piloted a digital process for becoming a new customer for private customers in some of our banks. In the Savings Banks Group, we strive to reduce paper consumption and promote a project on this theme with our sustainability roadmap. We have an electronic archive where the customer can view the documents they have signed. The Savings Banks Group's customers can also make electronic housing transactions in the DIAS system, electronic health surveys as part of Sb Life Insurance Ltd's services and use Apple, Google, Fitbit and Garmin Pay applications.

We have also developed the self-service functions of our day-to-day operations to make them easier to use. In spring 2021, we launched the chatbot Miljo on our website to help our customers, and our goal is to integrate it into our online banking system and mobile solutions in 2022. We strive to promote the digital and financial skills of senior citizens and young people with our partner network, locally and at individual banks.

We also take into account the usability, ease of use and opportunities of digital solutions in our product and service development. We have built a digital process for card credit and unsecured consumer credit and automated processes. We have promoted the development of software robotics, for example, in collateral management and loan document creation, freeing our experts working time to support the financial wellbeing of our customers more effectively. We will continue to invest in the development of digital services in order to provide the best possible service for our customers. We will continue, for example, to automate our loan processes and develop the accessibility of our digital services and offices.

**The security of our mobile application is excellent, and the application is the most widely used Savings Bank service channel.**

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## ELECTRONIC SIGNING

Customers appreciate functional and flexible digital services that make their daily lives easier. The electronic signature of the Savings Banks Group enables the customer to sign contracts and other documents when and where it suits them - without visiting the bank.

The electronic signing service is easy and secure to use. The signing service uses document identifiers for the signed documents. The service is available for customers of all banks who use the Savings Bank's services: The customer can log in with the online banking credentials of any

Finnish bank. The electronic signature process is easy to use even when multiple signatures are required. The service became available on the mobile application in 2021.

The number of users of the electronic signature service provided by the Savings Banks Group grew steadily in 2021. As the demand for digital services and solutions that increase the flexibility of transactions grows, electronic signatures are expected to become an established part of the daily lives of customers.

# CUSTOMER DATA PROTECTION AND INFORMATION SECURITY

Ensuring a high level of data protection and data security is paramount in all operations of the Savings Banks Group as we operate in a sector requiring particularly high confidence. Data protection is a part of customer-oriented operations. The data of all savings banks and their customers is covered by, for example, banking secrecy, insurance secrecy or corresponding duty to secrecy regardless of whether the customer is a private or a corporate one. The Savings Banks Group complies with the EU General Data Protection Regulation (GDPR) and other data protection legislation in its operations. In addition, in terms of data protection, we participate in data protection cooperation in the financial industry, such as the Finnish Financial Services Association's data protection working groups and the Financial Services Data Protection Forum.

## DATA PROTECTION WITH REGARD TO CUSTOMERS AND OTHER STAKEHOLDERS

The purpose of data protection is to protect personal information and ensure the right to privacy of individuals and their rights related to the processing of personal data. Fulfilling the legislative data protection requirements and safeguarding the data protection rights of staff and other stakeholders are of crucial importance in the Savings Banks Group. This includes, among other things, following good data processing practice. We listen to expectations of our stakeholder groups with regard to the development of data protection work, primarily in the form of feedback received. Such expectations may include, for example, clear communications and efficient operations.

We provide relevant information on the public processing and use of personal data, including on our website. The

documents available on the website allow our customers and other stakeholders to, for example, check the purposes for which their data is collected and processed and in which cases the Group can divulge it. Changes in the processing of personal data are informed as required by law.

Each savings bank and entity is primarily responsible for responding to the contacts of their customers. A customer of the Savings Bank or an entity may contact the data protection officer whose contact details can be found on the Savings Banks Group's website and in the privacy policy of each Savings Bank and entity, for example.

Personal data breaches are taken seriously. They are processed and reported to customers, other data subjects and the Data Protection Ombudsman, as required by data protection legislation. We track, monitor and supervise the use of our information networks and systems, and any identified deviations are processed immediately and notified to the parties required by regulation. The personal data breaches that have occurred so far have mainly been isolated cases caused by human error. We have avoided serious data breaches and, for example, phishing attempts against our employees.

## DATA PROTECTION POLICIES AND DIVISION OF RESPONSIBILITIES IN THE SAVINGS BANKS GROUP

The central institution of the Savings Banks Amalgamation (Savings Banks' Union Coop) has appointed an independent data protection officer who acts as the data protection officer of the entire Savings Banks Group. Their duties include, for instance, monitoring the observation and fulfilment of requirements set out in the GDPR and data

protection legislation and providing information and advice to savings banks and entities of the Savings Banks Group, the central institution of the amalgamation and their employees and management on their obligations under data protection legislation. The data protection officer reports any risks and areas of development primarily to the Board of Directors of the central institution in accordance with the annual clock, as necessary.

A data protection organisation led by the data protection officer has been set up to support the data protection officer's work. The data protection organisation comprises the persons in charge of data protection of the savings banks and companies as well as representatives of the central institution's risk control, human resources and information management departments. Every employee of savings banks is responsible for observing the data protection rules and instructions according to their roles, including the duty to report any observations or issues.

Our operations are steered by the data protection requirement governance principles approved by the amalgamation's central institution, implemented by the Boards of Directors of each savings bank and entity. The executive and top management of the savings banks, entities belonging to Savings Banks Group and the central institution have managerial responsibility for the realisation of data protection. The Savings Banks Group employs appropriate technical, organisational and administrative procedures to protect all data in our possession against loss, misuse, unauthorised use, disclosure, modification and destruction.

In addition, the position and duties of the data protection officer are specified in the data protection officer policy, which has been approved by the amalgamation's central institution and implemented by the Boards of Directors of each savings bank and entity. The data protection officer policy is based on the binding provisions of the GDPR and the guidelines of data protection authorities.

## FOCUS AREAS OF DATA PROTECTION EFFORTS IN 2021

We develop and maintain our data protection processes and operational models to ensure the rights and freedoms of our customers and other stakeholder groups in the processing of personal data. In 2021, we organised training on data protection for the new employees of the Savings Bank Centre, and we require all employees to complete mandatory online training annually.

In addition, all our employees and executives must participate in targeted data protection training. Targeted training or briefings will be arranged as necessary on new data protection guidelines. Data protection is also a separate section in the induction training programme of new employees of the Savings Bank Centre. Successful data protection efforts also require the continuous maintenance of data protection expertise in the executive and top management of the central institution, banks and entities. The members of Boards of the central institution, savings banks and entities have also received data protection training. The approved data

protection principles and guidelines are available to all employees of the Savings Banks Group. We also take data protection into account in annual planning and the annual clock.

The data protection officer's operations have been particularly focused on giving advice and instructions for the central institution and companies in different areas, such as projects impacting the entire Savings Banks Group and agreements related to the processing of personal data. In the same context, the data protection officer has also partially served as a supervisor, in accordance with the GDPR. Furthermore, the data protection officer has received a couple of customer enquiries about the processing of personal data. The data protection officer has also received complaints from customers, although the number of complaints has been very low. Furthermore, attention has been paid to data protection issues in the internal audits of savings banks and companies as a part of their own audit actions. The internal audit service reports on data protection issues to the data protection officer.

## INFORMATION SECURITY

Information security and the provision of secure services to customers are the foundation for successful banking. The year 2021 was an exceptional year in terms of information security as customers of Finnish banks were extensively subject to phishing and cheating attempts related to online banking credentials. It is possible that the situation will continue to be similar in the coming years, too.

The Savings Banks Group has developed the security of its services and IT systems on a long-term basis. Different cyber threats and changes in the activities of cybercriminals require that security in its various forms is one of the focus areas in our operational development in the future as well. In addition, the changing operational environment requires increasing investment in guiding, supporting and educating customers in the safe use of digital services. During 2021, we have carried out this work independently as well as been involved in the joint campaign of the financial sector, the Finnish Transport and Communications Agency Traficom's National Cyber Security Centre, the Consumers' Union of Finland, the police, the Digital and Population Data Services Agency, Kela and Microsoft, which aimed at increasing people's awareness of information security threats and how to prepare for them.

The Savings Banks Group will implement a data security management system that is compliant with the ISO/IEC 27001 standard. We actively ensure, through both contractual terms and audits, that our service providers and subcontractors use corresponding standards of information security. In addition, regular security reviews, vulnerability assessments and information security testing are used to ensure the level of information security as part of system and service development and service production. We use well-known and reliable partners to carry out audits and data security testing.





**RESPONSIBILITY FOR  
THE WELLBEING  
OF THE COMMUNITY**



# WE WANT TO TAKE RESPONSIBILITY FOR LOCAL ACTORS AND THE WELLBEING OF PEOPLE

Local savings banks and savings bank trusts donate a part of their profit and trust assets annually to promote the wellbeing of Finns instead of paying dividends. Our responsible approach and the promotion of regional wellbeing are reflected in the Savings Banks Group in the form of the annual Good Deeds campaign, for example, through which we support local vitality. In this campaign, the local Savings Banks decide the charities they want to donate to in their own region, based on suggestions made by the local citizens and an advisory vote. Over the years, we have witnessed many great stories and deeds, big and small, through our donations.

The 2021 Good Deeds campaign saw Savings Banks and trusts donate almost EUR 800,000 to more than 500 charities.

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## GOOD DEEDS CAMPAIGN

The 2021 Good Deeds campaign started in February when project proposals were submitted and voted on. By the end of March, 1,283 local projects needing help were proposed, receiving 133,329 individual votes.

The 2021 Good Deeds campaign saw Savings Banks and trusts donate almost EUR 800,000 to more than 500 charities. Donations supported, for instance, numerous sports clubs, organisations focusing on the prevention of exclusion, the wellbeing of young people and the elderly, 4H associations, art and culture projects and many animal protection associations.

In 2021, the coronavirus pandemic continued to be featured in the proposals for and selection of charities. And, as in previous years, the number of votes received was not the only criterion for eligibility; it was possible to receive support even based on a lower number of votes.

For example, in *Southwest Finland*, the Savings Bank supported several recreational and sports clubs, as many activities had been suspended and restarting the activities required a lot of resources and money. The suspension of recreational activities affected children and young people, in particular. In the *Pirkanmaa and Satakunta regions*, the support of the Savings Bank was diverse, such as maintaining and developing common recreational and sports facilities, taking care of animal welfare and preventing social exclusion through the organisation of meaningful activities.





# SUPPORT FOR THE OPERATING CONDITIONS OF CORPORATE CUSTOMERS

The Savings Banks Group received two new European Investment Fund guarantee programmes in 2021 to strengthen the general prerequisites of its business financing.

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The Savings Banks Group strongly supports entrepreneurship and wants to promote the building and development of an entrepreneurial environment and conditions in Finnish society. To this end, the Savings Banks Group and its savings banks actively and proactively participate in social discussions and decision-making. The Savings Banks Group supports the conditions for its corporate customers' success by monitoring trends and changes in the general operating environment, assessing the impact of identified changes on the operating conditions of companies, and providing information on the changes and concrete solution alternatives to entrepreneurs.

For example, during the coronavirus pandemic, the Savings Banks Group implemented the Will to Renew programme in cooperation with its partner LocalTapiola. The purpose of the programme was to encourage companies to renew their business by

providing expert advice and a range of new concrete tools for the development of their company. Savings banks have also implemented numerous webinars in recent years to improve the general conditions for the success of companies and entrepreneurs in cooperation with LocalTapiola.

As part of its sustainability, the Savings Banks Group applied for and received two new European Investment Fund guarantee programmes in 2021 to strengthen the general prerequisites of its business financing. These guarantee programmes, similarly to the extensive utilisation of Finnvera's guarantee programmes in corporate financing, and the granting of individual instalment-free periods in order to strengthen liquidity, also served as concrete support for the general operating prerequisites of corporate customers of Savings Banks in 2021.

In accordance with the operating model that is based on long-term customer relationships, Savings Banks also support companies and entrepreneurs in their daily lives at all times, during a pandemic and in economic expansion and decline. Our specialists are ready to assist entrepreneurs with all financial challenges, threats and opportunities and act as financial partners of entrepreneurs regardless of company size. We also organise various kinds of events, briefings and [webinars](#) for companies and entrepreneurs and provide them with comprehensive, updated information about financing, saving, investments, payment transactions and other aspects of financial management.

## SUPPORT FOR SCIENTIFIC RESEARCH

We value support for research and continuous development. Founded in 1968, Savings Banks Research Foundation is a non-profit corporation aimed at supporting scientific research. The Research Foundation supports financial, social and legal research and publishing activities related to the

money markets, the demand for banking services, housing, saving and investment by awarding annual scholarships and research grants. In 2021, the Savings Banks Research Foundation granted scholarships to university researchers and research projects totalling EUR 98,500.

# INCREASING FINANCIAL LITERACY AND KNOWLEDGE IN SOCIETY

In order to understand the status of financial wellbeing in Finland, we collect data annually with our extensive Savings Barometer.

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The promotion of saving and financial wellbeing has been at the core of Savings Banks' strategy for 200 years. We work on this in our daily meetings with customers as well as in various development projects.

We implement sustainability through deeds. Continuous financial education and good learning materials are needed in the changing world. As a social influencer, Savings Banks Group wishes to do its part and help people of all ages take care of their finances and build their financial future on a sound basis, based on correct information and systematically. We believe that everyone has a chance for a more prosperous future, even if there is still some way to go. We focus on personal advice and the creation of digital content for various situations and needs in life, related to finances.

In order to understand the status of financial wellbeing in Finland, we collect data annually with our extensive [Savings Barometer](#). This information is important for us to focus efforts on areas where there is most room for improvement.

In 2021, we implemented a lot of content for [young people](#), with the aim of turning their monetary confusion into monetary understanding. We cooperated with influencers to raise young people's awareness of, for example, defaults and indebtedness, to explain absurd money concepts in plain, easy-to-understand language, and to encourage open discussion on money among young people. During the year, we organised several [webinars](#) on various themes, such as the Nollabudjetti ja nuudelia financial webinar for students.

Another aim is to encourage people in Finland to consider their personal financial wellbeing by taking the tests available on our website:

- Financial wellbeing test:  
[www.saastopankki.fi/testaa-taloutesi](http://www.saastopankki.fi/testaa-taloutesi)
- My financial safety checklist:  
<https://q.surveypal.com/tarkastuslista/O>

Local Savings Banks carry out a wide range of activities to promote the financial wellbeing of people of all ages. Below are some examples of what we did in 2021.

- Since 2019, Nooa Savings Bank has offered overall financial coaching to the customers of all banks. The financial coaching concept covers professional advice, blogs, webinars and free tools for financial management and investment.  
[www.saastopankki.fi/talouden-valmennus](http://www.saastopankki.fi/talouden-valmennus).
- In 2021, Nooa Savings Bank provided financial coaching to the players of the Helsinki Seagulls basketball club. The aim was to improve the professional athletes' financial skills and prepare them for the future, and to make financial expertise part of the occupational wellbeing culture of companies.  
[www.saastopankki.fi/tyohyvivointi](http://www.saastopankki.fi/tyohyvivointi)
- In 2021, as in previous years, Aito Säästöpankki has continued to visit secondary schools in its operating area, educating young people on how to manage their personal finances and, for example, make investments. Aito Säästöpankki has also offered athletes at Tampere Sports Academy the opportunity to engage in financial coaching for personal finances.  
[www.saastopankki.fi/aito/omantaloudenvallmentaja](http://www.saastopankki.fi/aito/omantaloudenvallmentaja)
- In 2021, as in previous years, Someron Säästöpankki invested in financial skills for all ages. For example, the bank organised informal discussion sessions with the Salo local branch of the Finnish Pensioners' Federation on the topics of banking services, saving and the authorisation to supervise one's interests. In addition to financial matters, the health and ability to function of members of the Salo local branch of the Finnish Pensioners' Federation were supported through gym training.
- Säästöpankki Optia organised "Guidance for everyday banking services" events (for example, for senior citizens), in which banking services that make everyday life easier, such as payment cards and online and mobile banks, as well as savings bank services, were introduced to small groups.
- In 2021, as in previous years, Säästöpankki Sinetti participated in developing the financial skills of young people. In cooperation with educational institutions in the field, the bank organised investment courses that covered not only investing and saving, but also economic issues in general, over-indebtedness, payday loan companies, and loan and payment services.

# EMPLOYEE EXPERIENCE AND WELLBEING AND LEADERSHIP IN A CHANGING WORKING LIFE

The Savings Banks Group's strategy and shared values guide all our operations. Our aim is to responsibly promote the financial wellbeing and prosperity of people in Finland, and with our expertise, we enable our customers to live a better life. The work of all Savings Bank employees is important in order for us to achieve our strategic goals. We will develop our way of working and resolutely build a common corporate culture that will enable us to succeed even better in the future. We want to be an attractive work community that every Savings Bank employee can be proud of and where highly competent professionals want to work.

We want to develop our expertise, especially in coaching and leadership that promotes the ability to renew. Providing financial coaching to customers and customer-oriented business development that utilises the opportunities offered by technology are at the core of our expertise. We want to be an industry leader in the internal sharing of competence and in applying best practices to daily operations to achieve the desired results. Satisfied, competent and wellbeing employees are the prerequisite for our success.

We provide managers with the tools to identify personal strengths and areas of development, as well as the opportunity to renew their leadership and coaching skills. We also develop leadership annually through the Savings Banks Group's personnel survey, training and regular coaching discussions. We interact openly to ensure that everyone receives feedback to support their own development.

The Board of Directors of the Savings Banks' Union Coop approves the policies concerning personnel, the purpose of which is to ensure its reliability, professional competence and sufficient human resources. The member entities of the Savings Banks Group draw up their individual HR management policies in accordance with the guidelines and are responsible for implementing them in practice.

## SAVINGS BANKS GROUP'S PERSONNEL

The Savings Banks Group's employees work in the 17 independent Savings Banks around Finland and in the Savings Bank Centre of seven (7) companies. The Group has approximately 110 branches and locations from Helsinki to Rovaniemi and from Närpiö to Joensuu. At the end of 2021, the total number of personnel in the Savings Banks Group was 1,419 (1,418).

The Savings Banks Group observes two different collective agreements. The Savings Banks and Sp-Fund Management Company Ltd, Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Savings Banks Services Ltd and Savings Banks' Union Coop are covered by the collective agreement for the financial sector, which is universally valid, while Sb Life Insurance Ltd is covered by the universally binding collective agreement for the insurance sector. Collective agreements are agreements between an employee organisation and the employer or an employers' organisation on the terms and conditions of employment in the sector, such as wages, working hours, holidays and other benefits. Approximately 90 per cent of the total number of employees are covered by a collective bargaining agreement. The use of leased workforce was very low at the Savings Banks Group level. The Salary Committee of the Savings Banks Group meets annually and discusses, among other things, the principles of group-level salary policy, monitors the development of salaries and the qualification classification, and promotes the effectiveness of the salary discussion system. The committee acts as a cooperation network, including representatives of both the employees and the employer.

In addition to the collective agreements for the financial and insurance sector, we comply with Finnish labour law regulations regarding the implementation of organisational changes and the period of advance notice, as well as national legislation, under which 100 per cent of employees have the freedom of association and right to organise. We also comply with the Act on Co-operation within Undertakings, according to which the employer is obliged to inform and negotiate with employee representatives before making any reorganization decisions regarding the business that will affect the position of the employees. In accordance with the Act, employees must be informed in the event of business change within one week. At the start of the co-operation negotiations, the employee representatives shall be given a written proposal for negotiations. In 2021, we had employer-employee negotiation councils in banks and companies with at least 100 employees.

Total number of employees by employment type and gender	Women	Men	Total	
Permanent	979	306	1285	91 %
Fixed-term	103	30	133	9 %
<b>Total</b>	<b>1066</b>	<b>325</b>	<b>1418</b>	

Table 3. Total number of the Savings Banks Group's permanent and temporary employees in 2021

Total number of employees by employment type and gender	Women		Men		Total	
full-time	965	68 %	312	22 %	1277	90 %
part-time	117	8 %	24	2 %	141	10 %
<b>Total</b>	<b>1082</b>		<b>336</b>		<b>1418</b>	
Women	1082	76 %				
Men	336	24 %				
<b>Total</b>	<b>1418</b>	<b>100 %</b>				

Table 4. Total number of the Savings Banks Group's full-time and part-time employees in 2021

## PERSONNEL SURVEY

In 2021, we conducted the Savings Banks Group's joint personnel survey, "Our Savings Bank", designed on the basis of the Group's strategy. The objective of the personnel survey is to monitor the execution of the strategy and give employees the opportunity to voice their views, which will be used in the development of operations both locally and at the Group level. The response rate of the personnel survey has been high from one year to the next. In 2021, 84.4 per cent of Savings Bank employees took the survey and the average score for the survey as a whole was good at 3.35 (scale 1-4). According to the results, Savings Bank employees are eager to recommend the Group as an employer and they are proud to be part of the organisation. The results of 2021 also indicate that among our personnel, customer orientation is more clearly the foundation of our operations and guides our practical work more strongly.

As part of the annual personnel survey, we piloted a Group-level quarterly survey during the financial year: the "As a single team" metric was realised as two separate surveys. The aim of the "As a single team" metric is to measure the execution of our strategic must win battle "Strengthen group management, internal cooperation and coherent culture". In the pilot phase, the purpose of the metric is to open the lines of discussion and thus strengthen our working as a coherent team. Once the discussion has been opened, we will be able to define common measures that promote our joint actions and unity as a coherent team.

The Salary Committee of the Savings Banks Group includes representatives of both employees and the employer, and it promotes the effectiveness of the salary discussion system.

## PERSONNEL AND COMPETENCE DEVELOPMENT

Our success in the customer business and the digital transformation requires everyone to continuously maintain and develop their own expertise and work as a coherent team. We also support employee mobility and competence development in the Savings Banks Group by creating various models and practices to support the sharing of expertise. The use of job rotation in the Savings Banks Group has given employees the opportunity to work in various projects and substitute positions.

In 2021, the Savings Banks Group's training offering focused on remote work and online learning, in line with the strong remote work recommendation. We conducted about 200 training sessions and events during the year. This number includes longer training programmes for



employees and management, shorter internal remote training activities, brief information sessions and training focused on current issues in various business functions. In addition to developing substance knowledge, we continued to increase our competencies in areas such as change management, supervisory work, corporate customer business and project work.

We support opportunities for staff mobility and diverse competence development. We create various models and practices to support the sharing of expertise. Vacancies for fixed-term positions as well as positions with an indefinite term are always posted in our internal application channels before external recruitment channels are used. Through job rotation within the Savings Banks Group, we enable an extensive sharing of expertise and allow employees to work in various projects and substitute positions.

We want every employee to be the best expert in their work. That is why everyone must have the opportunity – and the responsibility – to continuously develop their competence. Our success in the transformation of our industry requires everyone to continuously maintain and develop their personal expertise.

All Savings Banks Group employees (100%) are included in annual development discussions and performance appraisals. The focus of these reviews is on communicating the Group's strategy as well as managing competence and performance. During the discussions, the employee's performance is reviewed and actions related to competence development are discussed.

We monitor the fulfilment of competence and wellbeing regularly and comprehensively by various means: in performance appraisal and coaching sessions, in occupational health surveys, through the results of the personnel survey and the development actions specified as a result, and by means of other continuous feedback channels.

## OCCUPATIONAL HEALTH, SAFETY AND WELLBEING

Satisfied employees with a high level of wellbeing, well looked after by their employer, are the foundation and key resource underlying all of our operations. We work in close cooperation with pension insurance companies and occupational health care partners to maintain work capacity and wellbeing. In the past five (5) years, sickness-related absences represented 3% of total working hours.

Employee wellbeing is our intent and we support it through various means. We offer sports and cultural benefits, support the maintenance of working capacity with checks on ergonomics and massage benefits, and make working life flexibility possible, among other

things, through different time models. Our modern tools facilitate a location-independent way of working.

The Savings Banks Group complies with the Occupational Safety and Health Act and is committed to promote awareness of health and safety issues, to prevent occupational disease and work accidents, to promote wellbeing and ergonomics, and to reduce absenteeism. Occupational health and safety issues are monitored internally and in cooperation with external partners.

The Savings Banks Group has comprehensive occupational safety activities that covers all employees and regional occupational safety organisations, and it carries out workplace audits and monitoring at the local level, including both risk assessments and the basic workplace surveys specified in the Occupational Safety and Health Act, as required by the Act. Workplace surveys are carried out regularly, for example, when working conditions change or when new operations begin. Occupational safety and health liaison officers participate as experts in the processing of occupational safety discussions at the workplace. Training focused on current topics is organised for the representatives annually. The representatives selected by the employees represent the personnel and act as ambassadors promoting wellbeing at work and improving awareness of essential information towards the joint negotiation committee, the supervisors and employees. HR Director in the Management Group of the Savings Banks' Union Coop and, at some Savings Banks, the CEO, have the managerial responsibility for occupational health and safety activities, as determined by bank-specific policy.

The Savings Bank Group is committed, together with external partners, to promoting awareness of health and safety issues, preventing work-related illnesses and work accidents, promoting well-being and ergonomics, and reducing absenteeism.

## LEADERSHIP, DIVERSITY AND EQUALITY

We offer equal opportunities for all in everyday life and our approach is based on equality. We offer our employees an environment where learning and development are valued. Our success is based on competent and committed personnel and goal-directed leadership through shared responsibility in an open and interactive work culture. Every individual bears the responsibility relevant to their role for the success of their community.

We are monitoring the development of diversity by looking at the gender distribution of our staff and management. Women account for 76% and men for 24% of all employees. In 2021, women accounted for 33% and men for 67% of senior managers in the Savings Banks' Union Coop. A total of 100 per cent of the Savings Bank Centre Management Group and Board were representatives of the Finnish local community. In 2021, the average age of employees was 42.7 (42.7) years.

The Savings Banks Group assessment is that the risk of human rights violations regarding its own personnel is minor.

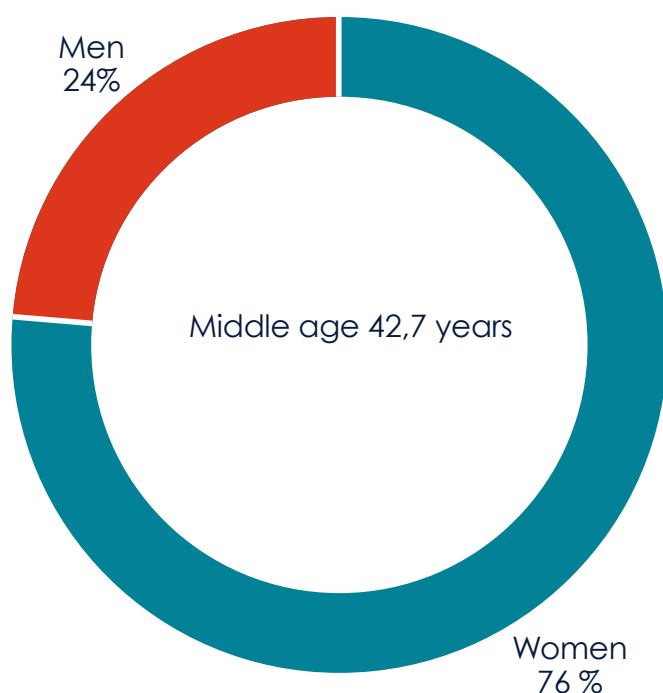


Figure 14. The Savings Banks Group's personnel - gender distribution and average age

## Remote and hybrid work

Our way of working has changed with the coronavirus pandemic, and hybrid work is now an integral part of our daily life in the jobs where it is possible. Successful hybrid work requires continuous open discussion and a clear shared strategy and goals. Modern tools and premises, as well as flexible working time models, ensure the smoothness of our employees' work.

For example the Savings Bank Centre has flexibly adapted its operating methods to support remote and hybrid work. We have developed and supported managerial work by various means, for example, by providing coaching for remote management. The recommendation on remote work has been in force in accordance with regional recommendations and in those roles where remote work is possible. In this way, we have minimised the risks of contact and ensured a safe working environment in roles where presence on the premises is essential. The Savings Bank Centre has started to take measures for a controlled return to the workplace, and we have encouraged activities and teams to reflect on how we want to do hybrid work in the future.



# RESPONSIBILITY FOR SUSTAINABLE FINANCING AND PRODUCTS

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# THE EU SUSTAINABLE FINANCE REGULATION

In 2018, the European Commission published the Sustainable Finance Action Plan (SFAP), which aims to steer financial markets towards sustainable development goals. In recent years, the EU has been working on legislation to define sustainable financing. The basic pillars of the regulatory framework are the sustainability classification system (taxonomy), disclosure obligations and sustainable investment products. The EU Sustainable Finance Action Plan has entered the regulatory implementation phase, and the first obligations of the disclosure regulation and the taxonomy regulation have entered into force.

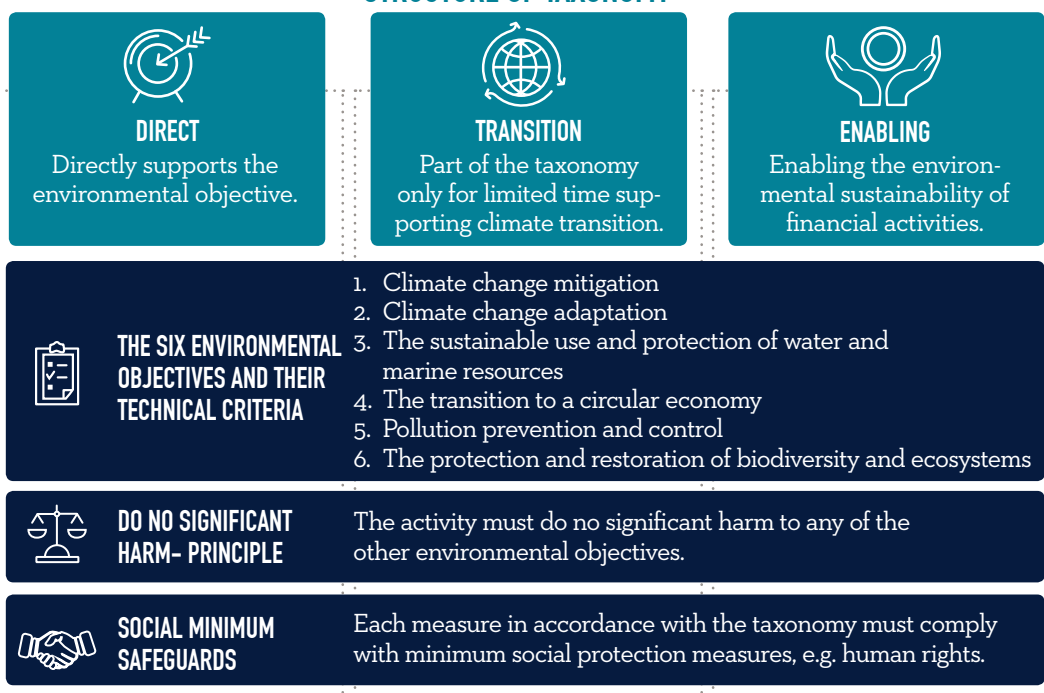
The EU taxonomy is a sustainable financing classification system for environmentally sustainable economic activities. Its aim is to provide companies, investors and political decision-makers of the Member States with uniform definitions and help and direct financing in a sustainable manner. Taxonomy-eligible activities must promote to at least one of the six sustainability objectives that are related to climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control as well as the protection and restoration of biodiversity and ecosystems. In addition, the activity must not cause any significant harm to the achievement of other objectives in line with the DNSH (Do No Significant Harm) principle. The taxonomy also requires minimum safeguards for social responsibility, i.e., respect for human rights and the principles of working life and good governance. The taxonomy obliges the Savings Banks Group to report on the extent to which we finance

The taxonomy obliges the Savings Banks Group to report on the extent to which we finance activities that are covered by the taxonomy.

activities that are covered by the taxonomy. When we offer sustainable investment products, we must also specify the share of our investments that meets the taxonomy criteria. The reporting obligation is the only mandatory element of the taxonomy. We will explain our taxonomy reporting in more detail as part of the reporting of non-financial information in the Savings Banks Group's financial statements bulletin for 2021.

With regard to the disclosure regulation and the taxonomy regulation, we published, among other things, on our website and in our fund brochures how we take sustainability factors and risks into account in our investment activities. If the investment does not cover the EU criteria for environmentally sustainable economic activities, we will also indicate this in the Sp-Fund Management Company brochure. We monitor the development of the EU sustainable finance regulation and we are also preparing for updates to the Markets in Financial Instruments and Solvency Directives, among other things.

## STRUCTURE OF TAXONOMY



Source: Green Deal Office



# RESPONSIBLE INVESTING AND OWNERSHIP

Taking ESG factors into account helps manage the risks related to investment targets and identify opportunities.

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Savings Banks' Asset Management is committed to taking the environment, social responsibility and good corporate governance into account in its investment activities. These factors are referred to as ESG (environmental, social, governance). Our approaches to responsible investing include taking into account ESG factors and risks, norm-based screening, exclusion, active ownership and influencing as well as thematic impact investing and positive screening.

We believe that responsible investing promotes the achievement of a good long-term return. Taking ESG factors into account helps manage the risks related to investee companies and identify opportunities. Sustainability factors and the related regulation may have substantial financial impacts. Renewable energy sources and steps towards a green transition offer great opportunities for some companies. Not all companies can win in this competition. We also want to contribute to the shift towards better sustainability in business and in society as a whole.

Savings Banks' Asset Management (Sp-Fund Management Company Ltd) has signed the United Nations' Principles for Responsible Investing (PRI) in 2014 and is committed to following these principles and to report annually to PRI on the realisation of responsible investments. We are also a member of Finland's Sustainable Investment Forum (FINSIF).

We are also an investor signatory of CDP's climate change, water and deforestation initiatives and the Science-Based Targets initiative (SBTi), which supports companies in setting science-based emission reduction targets. We also encourage companies to report more transparently on their environmental activities through CDP's Non-Disclosure Campaign initiative regarding CDP's above-mentioned sustainable initiatives. We are a member of the Climate Action 100+ investor initiative that aims to influence more than one hundred




companies with the highest emissions in various industries. We are a signatory of the 2021 Global Investor Statement to Governments on the Climate Crisis. The aim of this statement is to influence political decision-makers, for example, to take climate change into account in decision-making and support the mitigation of climate change. The statement encourages governments to cooperate more closely with investors to ensure that investments are targeted sustainably.

The second half of the year was a time of active development in Savings Banks' Asset Management. We updated our Responsible Investment Policy and developed the integration of sustainability into our investment processes. We acquired new ESG tools, updated the third-party sustainability assessment and prepared an ESG action plan for the coming years. We made preparations for meeting requirement of the EU's sustainable finance regulation, covering, for example, the disclosure regulation and the obligation to classify sustainable investments according to the EU taxonomy.

Towards the end of 2021, we launched a partnership with The Upright Project to assess the net impacts of our funds. The cooperation is a continuation of a project that assessed the net impacts of ten Savings Bank equity and fixed income funds. The Upright Project Model utilises scientific articles and artificial intelligence to model the net impact of individual companies through their products and services. The net impact was measured in terms of the environment, health, society and knowledge creation and sharing. The net impact of Savings Bank's funds was positive. The positive net impact ratio means that on average, our funds have more positive than negative effects. The main positive net impacts were related to society, such as tax payments, job creation and social infrastructure. From an overall point of view, focusing on environmental issues (e.g. through existing investor initiatives) will generate the highest added value to net impact.

In addition to the net impact assessment, we cooperated with The Upright Project to find out how our funds' investee companies support the UN Sustainable Development Goals (SDGs) that guide global development efforts up to 2030. Our funds support, in particular, the following SDGs: 8 (decent work and economic growth), 9 (sustainable industry, innovation and infrastructure), and 11 (sustainable cities and communities).

● Misaligned ● Strongly misaligned ● Strongly aligned ● Aligned

UN SUSTAINABLE DEVELOPMENT GOAL	% OF REVENUE MISALIGNED	% OF REVENUE ALIGNED
<b>Top aligned</b>  8 - Decent Work and Economic Growth		20.3 %
 9 - Industry, Innovation and Infrastructure	2.7 %	12.7 %
 11 - Sustainable Cities and Communities	0.6 %	6.0 %

Sources: The Upright Project

Figure 15. Support for the UN Sustainable Development Goals in the funds we manage

During the year, we increased awareness of responsible investing in the Savings Banks Group. We held regular joint meetings between the investment and asset management functions. We presented responsible investing and its practical realisation at savings bank events and web seminars, where possible.

We publish the sustainability review of Savings Banks' Asset Management every six months. The review illustrates our actions in the field of sustainable

investment and publishes information about the sustainability indicators of our funds. The fund-specific details include the ESG scores and ratings as well as carbon footprints, among other things. We also indicate which of our funds have received Morningstar's Low Carbon designation and talk about the positive environmental impacts and carbon risks of our funds' investments. For example, at the end of 2021, nine of our funds had Morningstar's Low Carbon designation. The review is available on our website.



Low Carbon

As many as nine of our funds had Morningstar's Low Carbon designation.

## MANAGEMENT AND ORGANISATION OF SUSTAINABILITY IN INVESTMENTS

Sustainability is an integral part of our investments, and the application of responsibility principles has been integrated into the investment process. The Managing Director of Sp-Fund Management Company Ltd has managerial responsibility for the sustainability of investments and the investments as a whole. Each portfolio manager is responsible for following and applying the responsible investment policy in practice. The Head of ESG develops, trains and coordinates responsible investment in the various asset types and reports on the realisation of sustainability in investment operations. The Board of Directors of Sp-Fund Management Company Ltd regularly approves the principles of sustainable investing and monitors the realisation of sustainability.

## RESPONSIBLE INVESTMENT APPROACHES AT SAVINGS BANKS' ASSET MANAGEMENT

Savings Banks' Asset Management takes sustainability into account in its investment activities. We adhere to the responsible investment policy in all funds we manage. Implementation takes place through different approaches and varies slightly between asset classes. Our approaches include taking into account ESG factors and risks, monitoring compliance with international standards and agreements, thematic impact investing, exclusion and active ownership, which we explain in more detail on page 42.

## TAKING ESG FACTORS AND RISKS INTO ACCOUNT

At Savings Banks' Asset Management, applying the principles of sustainable investing has been directly integrated into the investment process, which means that ESG factors and risks are evaluated and taken into consideration as part of investment decisions and analyses. Portfolio managers evaluate the material risks and opportunities related to each investee company's sustainability as part of the other analysis of investments.

Sustainability is one of the criteria in the choice of partners. With regard to external fund investments, we aim to find partners whose investment philosophy and approach correspond to our choices. In the selection of asset managers for our external funds, we favour operators who have signed the UN Principles for Responsible Investment. At the end of 2021, all external asset managers utilised by us had signed these principles. Furthermore, we only invest in funds whose management company is located in a country party to OECD's AEOI agreement, or the agreement on the automatic exchange of tax information, or in the case of the US, to the FATCA agreement similar to the AEOI.

Sp-Fund Management Company uses tools developed by external service providers as valuation methods. The tools enable identifying and examining a wide range of sustainability risks and factors in the investment decision process. The methods and tools used to identify the risks vary depending on the asset class and the effective regulation on sustainability risks.

In addition to using an external service provider, our assessment of the sustainability of investee companies is based on sustainability reports, news and information obtained from non-governmental organizations and other public sources.

## MONITORING OF INTERNATIONAL STANDARDS AND CONVENTIONS

We monitor how our direct investments comply with international standards and conventions. The norms and conventions we take into consideration are based on the principles of the UN Global Compact, which is based on the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption. When observing a grievance, Sp-Fund Management Company decides on the measures and the company's possibilities and willingness to rectify the factors underlying the grievance systematically within six months. We may contact the company either directly or through a service provider in order to gain more information and to influence their actions. The company's actions in violation of the Global Compact principles may lead to abandoning the investment. Such cases are always processed on a case-by-case basis. We regularly review all of our direct equity investments and corporate bonds with regard to infringements against norms. We use an external service provider's tool in our monitoring activities.

**ESG factors and risks are evaluated and taken into consideration as part of our investment decisions and analyses.**

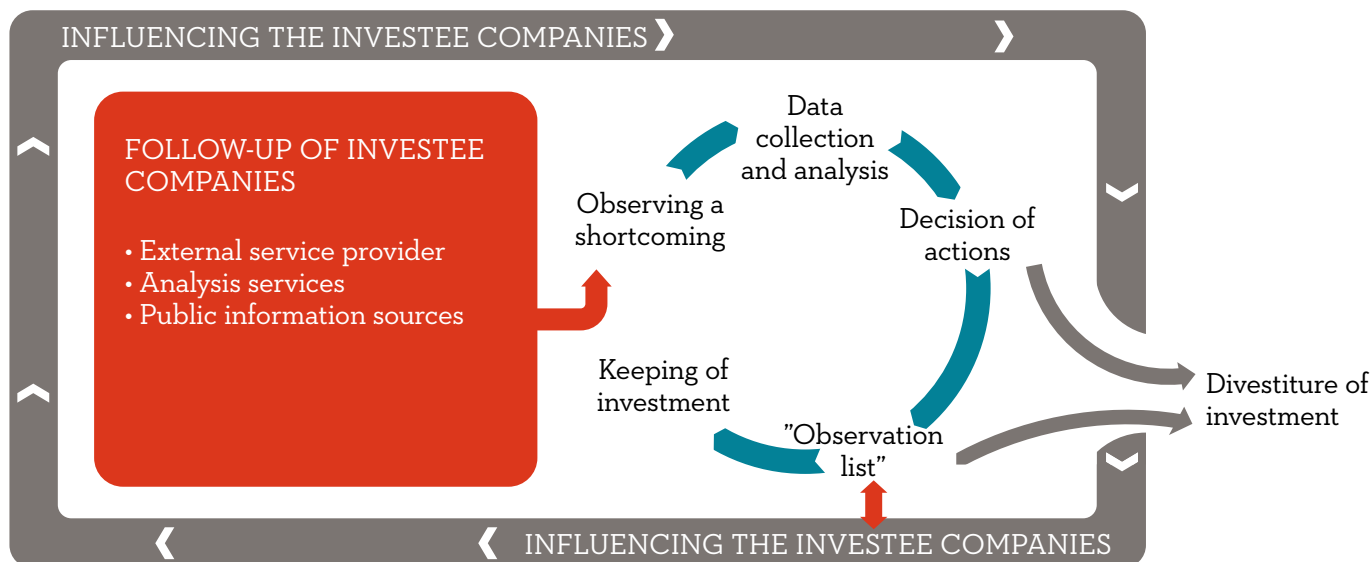


Figure 16. Monitoring of investment options

## THEME INVESTMENTS AND IMPACT

Some investors want to choose investee companies that match their values to a higher extent. In addition to profits, investors seek to obtain positive, measurable impacts from their investments.

Säästöpankki Ympäristö is a special investment fund whose investments focus on the mitigation of climate change and on environmental innovation. At the end of 2021, the fund capital totalled EUR 25.3 million, which corresponds to 0.6 per cent of the total capital of Savings Banks' Asset Management funds. More information on this fund is available in the Environmental Responsibility section of this report.

## EXCLUSION

We exclude from our direct investments any companies that manufacture, sell or market controversial weapons that are prohibited by international agreements. Controversial weapons refer to weapons such as land mines, cluster bombs, biological and chemical weapons and, in some cases, nuclear weapons. In cases of dual use, we use discretion to determine the share of the target company's turnover (up to 5%) and try to assess the actual primary use, for example, by analysing available information or by discussing with the company.

We have excluded coal users and producers from our direct investments. The exclusion concerns mining companies with more than 25% of revenue generated by coal used for energy production or with high production volumes of energy coal (over 30%). With regard to electricity companies, exclusion concerns companies that use significant amounts of coal as

fuel (over 30% of total production). An exception can be made for such a company if it can present credible plans or plans that support the goals of the Paris agreement for the reduction of its coal use and climate impacts (for example, Science Based Target). Furthermore, the exclusion from the Ympäristö special investment fund concerns mining companies with more than 5% of revenue generated by coal used for energy production or with high production volumes of energy coal (over 30% of production). However, in the case of companies that are material for the green transition, we make the investment decision on a case-by-case basis. We also make climate policies at the level of the Savings Banks Group.

We are selective and careful in our approach to companies that produce peat for energy use, operate in the cannabis manufacturing industry, offer gambling or high-interest pay-day credits as their main business, manufacture, subcontract or distribute war supplies or have been proven to use child labour (for example, by Finnwatch).

In addition, we do not invest directly in tobacco or adult entertainment producers or in companies that repeatedly violate international standards and agreements and do not actively demonstrate that they are remedying the shortcomings in their operations.

When assessing investments in government bonds, we assess the target comprehensively, taking into account various ESG factors. These include, for example, political methods, administrative strength, social and human rights development and willingness to reform. If a country has weaknesses in several factors and a political unwillingness to reform, it may become excluded from our investments.

## CLIMATE CHANGE MITIGATION IN INVESTMENT OPERATIONS

Climate change is one of the most crucial factors affecting the sustainable future. Climate change related risks and environmental regulation may also have significant economic impacts, particularly in certain industries or with regard to the geographic location.

Climate change and the wellbeing of the environment are themes that have also taken a central position in political discussion. These themes are reflected in the strategic goals and business plans of companies. The acceleration of climate change has led to legislative changes, thereby changing the operational environment of companies substantially. Environmental matters have become an important competitive factor for companies and a source of revenue for investors. New technologies are created regularly and old production models are developed to respond to the challenges of sustainable development and the climate change. The pioneers in each sector often have first mover advantage in the changing operational environment.

At the UN Climate Change Conference (COP 26) in Glasgow in autumn 2021, the participating countries committed to accelerating the decarbonisation process and abandoning inefficient fossil fuel subsidies. Many countries announced their carbon neutrality targets and more than 100 countries pledged to reduce their methane emissions, including the US and the EU. The meeting gave rise to expectations, but it also created new ways of

working on climate change through funding, uniform reporting practices and clarification of emission market mechanisms. Investors should also prepare for the impacts of climate change in terms of risk management and seeking a better risk/reward ratio. On the other hand, the mitigation of the climate change and adjusting to the change offer new investment opportunities for investors as well as other potential opportunities to utilise.

Towards the end of the year, we updated the climate scenario analyses and stress tests of our equity and fixed income funds. In our investment operations, we consider the climate effects of the companies included in our funds. We have excluded certain sectors due to the financial impacts related to the climate change. Furthermore, we utilise various key figures that help us increase the transparency of the environmental effects and carbon risk of our funds.

Read more about the way we work in the Environmental Responsibility section of this report.

We updated the climate scenario analyses and stress tests of our equity and interest funds.

## Impact investing

One of the competitive advantages of Savings Banks' Asset Management is its leading role in impact investment through our Ympäristö special investment fund. The aim of the Säästöpankki Ympäristö special investment fund is to invest about a quarter of the fund's assets in initiatives or projects that have a clear theme of promoting environmental wellbeing, such as the construction of wind farms. When selecting direct equity investments for the fund, we ensure that part of the company's turnover must come from environmentally friendly business. The companies must also meet other environmental criteria. The investments consist of direct equity investments, environmental equity and ETF funds, private equity funds, direct green bonds and cash.

The environmental investment megatrends remain strong. For example, the results of the COP26 Glasgow Climate Conference have been important for environmental investors. Time is running out if we want to limit the average increase in temperature to less than 1.5 degrees. Several countries announced their carbon neutrality targets at the COP26 conference. Reducing the use of coal was one of the agreed objectives. The objective of reducing methane emissions by 30% by 2030 was also announced before the conference.

The Breakthrough Agenda set targets for reducing emissions in sectors with high emissions: energy production, transport, steel production, hydrogen production and agriculture. Political objectives and regulation continue to affect many sectors, specify green transition investments and increase investment flows. Under the COP26 framework, private sector investors also pledged to increase investments in the green transition.

As climate and energy issues become more important, the green transition will create specific business opportunities for some companies. We strive to find investment opportunities and build our portfolios in such a way that they promote sustainability without compromising returns. The fund's return in the fourth quarter of 2021 was +5.7%. The overall return since the fund's beginning is 96.6%. The impacts of the Ympäristö special investment fund are also important. Capital investment in solar and wind energy alone will reduce emissions through renewable energy by 35,000 tonnes of CO<sub>2</sub> during the investment period. This equals approximately 35,000 return flights from Helsinki to London for families of three.





## ACTIVE OWNERSHIP IS A KEY PART OF SUSTAINABILITY

We are an active owner, which means, among other things, that we participate in the Annual General Meetings of the companies we have invested in and engage in dialogue with them. In particular, we monitor the development of the companies whose shares are included in our portfolios. The aim is to increase openness, transparency and sustainability in the operations of the target companies. Where necessary, we maintain contact with the companies either directly or through a service provider and aim to exercise influence in order to ensure that the companies take action in response to grievances and promote a responsible way of operating. We seek to discuss matters related to sustainability in our meetings with companies and to emphasize their importance.

Savings Banks' Asset Management puts its ownership policy into practice by participating in the Annual General Meetings of the companies its funds invest in, in accordance with the principles of ownership steering. We decide on participation in General Meetings based on their agendas, an assessment of the extent to which the fund management company can exercise influence in an individual meeting, the relative size of our holdings in the funds and whether an issue of social importance is included on the agenda.

In 2021, we discussed with 241 companies at company meetings. Savings Bank funds participated in 21 general meetings in Finland during the year. Säästöpankki Kotimaa participated in 21 meetings, Säästöpankki Itämeri in 18, Säästöpankki Pienyhtiöt in 16, Säästöpankki Korkopulus in 12, Säästöpankki Ympäristö in two, Säästöpankki Osake Maaailma in one and Säästöpankki Kiinteistöosake Eurooppa in one. At the general meetings, we supported the proposals of the boards of directors. We also want to develop sustainable investment and make it more wide-spread. We have given lectures about sustainable investment in various events, such as intra-group events and customer events and other events. We have also supported awareness of responsible investment by participating in academic research, for example, with Oxford Economics.

In 2021, we discussed with 241 companies at company meetings.



# SUSTAINABLE FINANCING

We also take sustainable development into account in financing, and we want to support our customers in the green transition.

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Our sustainable lending aims at promoting customers' financial wellbeing by financing profitable and ethically acceptable projects that are within the customer's ability to pay back the debt. We know our responsibility for preventing money laundering and terrorist financing. We do not contribute to arrangements to circumvent legislation or regulation. We also strive to ensure that we prevent the customer from becoming over-indebted or ending up in financial difficulties as a result of an incorrect estimate of the ability to pay back debts. Our goal is, by means of mapping, to identify the credit products of the Savings Banks Group or our partners that are suitable for the customer and their project.

The Savings Banks Group's lending is based on the Act on Credit Institutions, the Consumer Protection Act, the Financial Supervisory Authority's guidelines and regulations as well as other regulations on good lending practice. In accordance with the Savings Bank Group strategy approved in the Board of Directors of the amalgamation, the business operations of the Group are based on low-risk retail banking, and the risk-taking of the Group is moderate. The Board of Directors of the Savings Banks Group's central institution controls and manages the lending of savings banks, by means of the Savings Banks Group's Group-level credit risk strategy, credit management guidelines and credit guidelines that are based on the regulations and guidelines of the authorities. Each savings bank confirms its bank-level instructions based on these. In 2021, we integrated ESG issues into our credit risk strategy and credit management guidelines. We also developed the integration of sustainability into our financial processes and will continue this work in the coming years. Our sustainability roadmap for 2022-2024 includes several development projects related to loan products and the financing process.

We also take sustainable development into account in financing, and we want to support our customers in the green transition. We take climate change factors into account in our operations and aim to reduce the strain on the climate that we cause. For example, at the end of 2021, we started preparations for the calculation of the CO<sub>2</sub> emissions of our loan portfolios. In 2021, we also assessed the EU taxonomy eligibility of our balance sheet.

## FINANCING FOR PRIVATE CUSTOMERS

When granting a loan, the customer's creditworthiness is calculated on the basis of the information available. We also carefully assess the value of the required collaterals. We try to consider the financial security of the customer and the possibilities for success.

As a part of sustainable lending, we consider the interest rate risks in assessing the customer's repayment ability, offer interest rate hedging products suitable for the customer and encourage the customer to prepare for unexpected events and future acquisitions with continuous saving solutions. Sustainable lending also includes explaining the risks so that the customer understands them, as understanding the risks of the project supports the customer's decision process. At the same time, we strengthen the customer's financial literacy in our role as a financial coach.

Our responsible way of operating also includes assisting the customer if their ability to pay back the loan has become compromised. When granting a loan, we emphasise the importance of contacting us in case the customer ends up in difficulty making payments. We are often able to find solutions in cooperation with the customer that help the customer overcome the difficult situation.

## FINANCING OF CORPORATE CUSTOMERS

In corporate lending, the savings banks target reputable micro and small businesses, self-employed entrepreneurs and forestry and agricultural customers as well as public sector operators that are mainly located within the operating area of each savings bank. The Savings Banks Group does not accept as customers or finance any companies that offer payday loans or issue virtual currencies. We provide financing for companies operating in the operating areas of savings banks, thereby promoting employment in the region and enabling the growth and development of local economy for our part. Savings Banks mainly operate locally, and it is the local expertise of the Savings Banks that gives us good opportunities to assess the sustainability of the operations of companies.

Suomen Asiakastieto Oy's service related to sustainable lending of credit is used in the corporate sector of the Savings Banks Group. This service is constructed on the basis of the Group's needs, and it supports the credit process of small and medium-sized corporate customers. The service is used for checking, among other things, whether the company has been convicted of crime or whether it has been sanctioned by means of any penalty fees.

# RESPONSIBLE PRODUCT GOVERNANCE

The shared product governance principles of the Savings Banks Amalgamation are described in the product governance principles. Product governance is a comprehensive product lifecycle management process that includes product development, approval of new products and monitoring of existing products. The purpose of product governance is, among other things, to ensure that the interests of customers and the management of conflicts of interest are taken into account at each stage of a product's lifecycle.

Responsibility and sustainability factors are also taken into account in product governance. Sustainability factors refer to issues relating to the environment, society and employees, respect for human rights and the fight against corruption and bribery. The purpose of responsible product governance is, among other things, to ensure that the sustainability factors of the product correspond to the sustainability targets and preferences of the target customer group. For example, the entire portfolio of Savings Banks' Asset Management meets the responsible investing policy of Sp-Fund Management Company Ltd, and we always take ESG factors (i.e. Environmental, Social and Governance factors) into account in our investment process. ESG factors are also included in our credit risk strategy and credit management guidelines.

The Management Group members who have managerial responsibility for lending products and their sustainability are the Director of Private Customer Business and the Director of Corporate Customer Business at the Savings Banks' Union Coop. The Managing Director of Sp-Fund Management Company Ltd has managerial responsibility for the products of Savings Banks' Asset Management and their sustainability, reporting to the Board of Directors of Sp-Fund Management Company. The CEO of Sb Life Insurance has managerial responsibility for the Sb Life Insurance products and their sustainability, and they report to the Sb Life Insurance Board.

We share information on our products openly and responsibly. For example, we report carefully on the success of all our investment products and publish risk details and ratings on our website. Our customers are also informed of the success and risk ratings are also communicated to as part of the investment advice process. In addition, we use product suitability analysis in targeting products to customers.

Every six months, a responsible investment review is released for all the funds that we manage, where we

report publicly on the success, risks and impacts of the funds based on our ESG tools and our comprehensive review. Savings Banks' Asset Management continuously assesses and monitors the risks and possibilities related to the environment, society and good governance, including societal impacts and risks. We also regularly train our personnel on the sustainability of our products.

## TOOLS AND MECHANISMS FOR CUSTOMER FEEDBACK AND COMPLAINTS

The Savings Banks Group wants to provide an excellent customer experience and is committed to listening to its customers' feedback and possible complaints. Customers can give feedback by using the form on the website, in the online bank, by telephone or in person at a branch. Our customer service and sales teams have the tools and mechanisms required to collect and analyse customer feedback and to take corrective action.

We handle all customer feedback in a uniform and fair manner, in accordance with the procedures and principles specified in the Amalgamation's guidelines on the handling of customer complaints and feedback. The Risk Management and Compliance function is responsible for the guidelines. Customer complaints and feedback are processed and documented promptly and carefully, in accordance with the guidelines. Acute cases are corrected immediately, and in other cases, the customer receives a response without undue delay over the channel of the customer's choice. The executive directors receive regular summaries of the complaints and feedback. The Compliance function also regularly monitors customer complaints and feedback.

Customer complaints and feedback are used in the continuous development of operations. We record the development ideas we receive from customers in the system of the savings bank in question and assign them to a designated person in the bank who will evaluate the development idea and, if necessary, initiate action to develop the bank's service or products. If the bank finds that a development idea is feasible but cannot decide on the implementation itself, the development idea will be sent to the Savings Bank Centre's product manager in charge of the product sector. Our aim is to develop customer satisfaction, and we monitor and report on our customer satisfaction metrics on a regular basis.



**RESPONSIBILITY FOR  
SUSTAINABLE GROWTH  
AND GOOD GOVERNANCE**

# FINANCIALLY SOUND AND RELIABLE SAVINGS BANKS GROUP

To maintain financial responsibility, all entities in the Savings Banks Group have to ensure their capital adequacy and liquidity even in poor economic conditions.

Financial responsibility refers to good profitability, capital adequacy and liquidity, good governance and responsible leadership. We want to ensure that our customers and partners are able to rely on our judgement and sense of responsibility in all circumstances.

To maintain financial responsibility, all entities in the Savings Banks Group have to ensure their capital adequacy and liquidity even in poor economic conditions. We ensure solvency management through a process aimed at evaluating that the volume and quality of capital are adequate with regard to the nature of operations, extent and versatility of the bank and the Savings Banks Amalgamation and to cover all operational risks and risks related to the operational environment. The management of solvency is described in more detail in Note 5 to the financial statements of Savings Banks Group, "Risk management and capital adequacy management policies of the group".

Our business operations are based on low-risk retail banking. This means that we focus particularly on households and families of active age as well as small and medium-sized enterprises, including agricultural entrepreneurs, and on providing the services they need.

MILLION EUROS	2021	2020	2019	2018	2017
Profit before tax	89.9	66.7	94.8	36.4	88.2
Total operating revenue	327.6	306.6	321.4	234.7	282.2
Total operating expenses	-236.2	-220.2	-219.1	-197.7	-182.7
Cost to income ratio (%)	72.1	71.8	68.2	84.3	64.7
Solvency ratio (%)	19.5	19.1	19.1	18.2	19.1
Income taxes paid	17.1	14.6	20.7	5.8	16.3

Table 5. The most important incomes and expenses of the Savings Banks Group



## TOTAL OPERATING REVENUE 2021

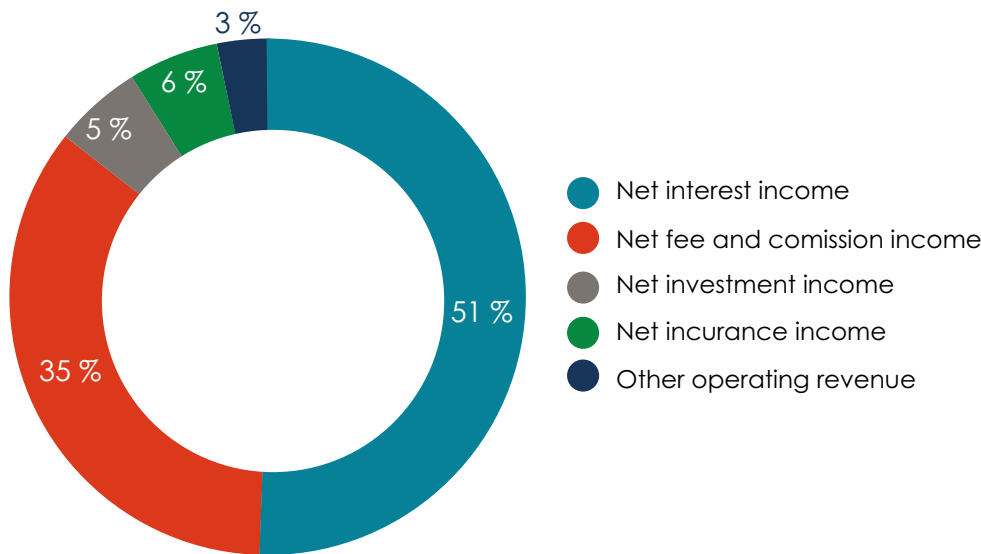


Figure 17. Total operating revenue 2021

Net interest income is the most important income item of the Savings Banks Group. Net interest income is the difference between interest income and interest expenses. The majority of interest income comes from lending. Interest expenses incur from items used for the financing of lending and the liquidity management of the Savings Banks Group.

Net fee and commission income is the second largest income item of the Savings Banks Group. The Savings Banks Group receives fee income from, among other things, lending, payment transactions and asset management, such as the fund management fees. The fees paid for payment transactions are the most important fee expense item for the Savings Banks Group.

## TOTAL OPERATING EXPENSES 2021

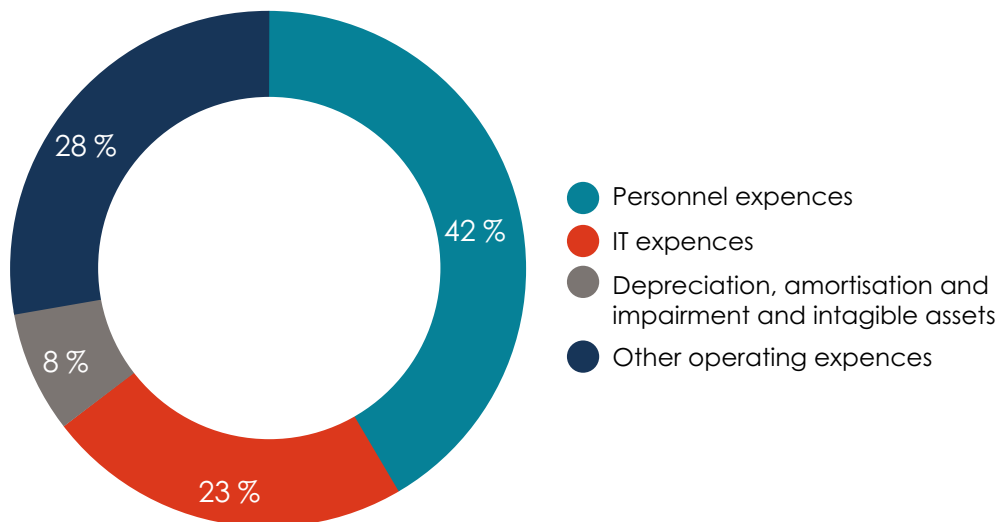


Figure 18. Total operating expenses 2021

Personnel expenses are the biggest expense item of the Savings Banks Group. We employ approximately 1,400 financial and service professionals around Finland. The second-largest expense item, IT expenses, includes development costs and continuing service costs as well as IT equipment.

We use the profit for the promotion of local wellbeing by means of donations as well as dividends paid to savings bank trusts. Savings bank trusts own the savings bank companies of the Savings Banks Group and, in their part, make donations for the promotion of local wellbeing. The remainder of the Savings Banks Group's profit is used for the development of the Group operations and ensuring of capital adequacy.

# TAX FOOTPRINT

We also take a responsible attitude towards the economy of Finland and Finnish towns. All companies in the Savings Banks Group pay all of their taxes directly to Finland. They do not participate in controversial tax planning practices. The local presence of savings banks is also reflected in the payment of taxes as savings banks are an important taxpayer in many Finnish municipalities. In 2021, we paid a total of EUR 17.0 million in income taxes. In addition to income taxes, the companies in the Savings Banks Group also pay property taxes and other parafiscal taxes as

well as indirect taxes, such as value added taxes. The provision and sales of financial services are exempt from value added tax and therefore do not result in the responsibility to pay value added tax. On the other hand, no deductions can be made for the procurements made, and the value added tax of procurements is an expense of the Savings Banks Group. In addition to salary expenses, we pay the mandatory and voluntary insurance fees and the legally required social insurance fees used for the personnel, for the financing of the Finnish social insurance system.

# ETHICS AND INTEGRITY

Our Code of Conduct is aimed at ensuring that the Savings Banks Group operates responsibly, ethically and in compliance with laws as well as orders and guidelines issued by the authorities. In 2021, we updated our Code of Conduct and introduced annual online training to ensure that all Savings Banks Group employees know the Code of Conduct and adhere to it. So far, no sustainability indicators to be monitored have been set for this mandatory training. Our aim is to specify the set of indicators to be monitored with regard to the material sustainability themes in 2022.

The Code of Conduct is complemented by our principles on managing conflicts of interest. A conflict of interest refers to a situation where the interests of a customer conflict with those of Savings Bank or a company belonging to the Savings Banks Group, its management or personnel representative or another customer. We actively identify and prevent conflicts of interest that may affect the interests of the customer. If a conflict of interest cannot be prevented, we will also clearly inform the customer of its existence.

## ANTI-CORRUPTION AND BRIBERY

The Savings Banks Group does not condone corruption in any form, neither in business activities nor in business partnerships. The entities belonging to the Savings Banks Group do not condone the receiving or giving of gifts, hospitality or services that could be interpreted as bribery or an attempt to influence business. All employees are required to exercise very careful discretion in receiving gifts from or giving gifts to customers, partners or other people they interact with in their work.

In 2021, we introduced a new AML monitoring tool with scenarios for continuous monitoring.

In 2021, the Savings Banks Group did not report on cases of corruption or identify significant risks related to corruption or bribery in the operational risk assessment.

## CUSTOMER DUE DILIGENCE AND PREVENTING MONEY LAUNDERING AND TERRORIST FINANCING

The principles for risk management related to money laundering and terrorist financing describe the general principles, procedures and key risk management processes used by the Savings Banks Group in identifying, assessing, controlling and limiting risks. In addition, the operations are guided, in particular, by the customer due diligence policy that covers both private and corporate customers and the policy of preventing money laundering and terrorist financing. The risk control and compliance function of the central institution is responsible for the independent monitoring and regular reporting of money laundering and terrorist financing risks to the central institution's senior management, the Board of Directors' Risk Committee and the Board of Directors of the central institution.

We follow customer due diligence procedures on a risk-based basis throughout the customer relationship.

Information of the customers is collected and customer relationships and the use of services by customers are monitored to ensure that each customer's activities correspond to the experience and information the bank has about the customer relationship. The customer's information is carefully documented in the bank's systems and kept up to date throughout the customer relationship. Our aim is to manage the risks associated with customer relationships and detect abnormal behaviour, as well as to prevent abuse and criminal activity. In 2021, we introduced a new AML monitoring tool with scenarios for continuous monitoring. Suspicious transactions are reported to the Financial Intelligence Unit in compliance with the legal requirements.

All employees in the Savings Banks Group are required to complete a mandatory annual online training programme on customer due diligence and the prevention of money laundering and terrorist financing. We monitor the completion of this training. So far, no sustainability indicators to be monitored have been set for the mandatory

customer due diligence training. Our aim is to specify the set of indicators to be monitored with regard to the material sustainability themes in 2022.

## WHISTLEBLOWING

The Savings Banks Group values an environment that encourages open exchange of information. We have established a special independent whistleblowing channel that is open 24/7 and available in all the languages of the Savings Banks Group for the anonymous reporting of breaches of regulations and policies. The reports are processed by the Chief Risk Officer and the Internal Audit Director and their headings are also reported to the management. Our whistleblowing system and its possible development needs will be evaluated during 2022 as the Finnish act on the protection of whistleblowers enters into force. In 2021, we did not receive any whistleblowing notifications.

# RISK MANAGEMENT

Risk management and internal control are part of our daily operations, and each employee is responsible for them within their area of sustainability. Efficient risk management is based on open dialogue, asking questions and expressing different perspectives to support decision-making.

The central institution is in charge of amalgamation-level risk management and the management of capital adequacy as well as the adequacy of the risk management system and keeping it up-to-date. The central institution provides the amalgamation's member entities with guidelines on risk management, reliable administration and internal control as well as guidelines for compliance with uniform financial statement policies. Furthermore, the central institution supervises the member organisations to ensure the use of the amalgamation's shared operating principles as well as the appropriate procedures in their customer relationships.

The Amalgamation's control system, i.e. internal control, consists of control carried out by the central institution's Board of Supervisors and the Board of Directors, control carried out by independent functions on the basis of annual planning and risk assessment, and business operations' control of their own activities.

The supreme control body of the Savings Banks Amalgamation is the Board of Supervisors, tasked with overseeing the administration of the central institution, which is the responsibility of the Board of Directors and the CEO, and ensuring that the operation of the central institution is conducted competently and diligently in accordance with the Cooperatives Act and for the benefit of the central institution and the Amalgamation.

Board of Directors of the Central Institution has managerial responsibility for organising the internal control of the Savings Banks Amalgamation. The Audit Committee supports the Board of Directors in ensuring that the Savings Banks Group employs adequate internal controls, internal audit systems and audit procedures. The Risk Committee assists the Board of Directors in matters concerning risk



Figure 19. Risk management and internal control organisation strategies and taking risk and monitoring that the Savings Banks Group complies with the risk strategies as approved by the Board of Directors of Savings Banks' Union Coop.

The Savings Banks Amalgamation follows a control model based on "three lines of defence". The three lines of defence consist of the internal control of business operations, supervision by independent audit functions and internal audit.

The purpose of the business-independent risk control and compliance functions is to ensure efficient and comprehensive risk management and internal control. Independent risk control monitors that the risk management of the Savings Banks Group is at a sufficient level in relation to the quality, scope, diversity and risks of the business. The Compliance function is responsible for ensuring that the Savings Banks Group complies with laws, instructions and regulations issued by the authorities and the Group's internal guidelines.

**Internal control**

- Supervision of own business operations
- Implementation of guidelines and ensuring operating in line with the guidelines
- Daily risk management

**Independent monitoring functions**

- Monitoring of risks and compliance
- Supervision by the data protection officer
- The supervision is based on risk assessment, regulatory requirements and annual plan approved by the Board of Directors

**Internal inspection**

- Supervision of business and non-business functions
- Based on the annual plan approved by the Board of Directors

Figure 20. The supervision model of three lines of defence



# RESPONSIBILITY FOR THE ENVIRONMENT AND THE CLIMATE

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# ENVIRONMENTAL RESPONSIBILITY

As a responsible Finnish banking group, the Savings Banks Group recognizes its role in promoting environmental sustainability. Due to the nature of the business, the direct environmental impacts and risks of the Savings Bank's own operations are relatively small and our direct impact on climate change is minor. Environmental risks, including the climate change, may also have an indirect impact on our operations through the impacts on our customers or stakeholders.

The investments made by Sp-Fund Management Company Ltd and corporate financing by Savings Bank may involve indirect environmental impacts. The Savings Banks Group takes sustainability risks into account as part of investment decisions and advice. Climate change related risks and environmental regulation may also have significant economic impacts, particularly in certain industries or with regard to the geographic location. We actively monitor the development of EU legislation on sustainable financing.

Sp-Fund Management Company Ltd aims to evaluate the impacts of sustainable development and climate change on investee companies. With regard to Savings Banks' Asset Management, we report on climate risks in line with the Task Force on Climate-related Financial Disclosures framework. We continuously develop the reporting and monitoring of the environmental aspects of investments, including the carbon footprint and carbon risk. Particularly through sustainable investment, Sp-Fund Management Company Ltd has a significant opportunity to promote eco-efficiency with its investment decisions. Savings Banks' Asset Management offers several funds that promote environmental matters. For example, the Säästöpankki Ympäristö special investment fund promotes the sustainable use of environment, and its investments focus on areas such as environmental innovations. Our investment activities take ESG (environmental, social, governance) issues into consideration, which includes an assessment of environmental impacts.



# ECOLOGICAL AND CLIMATE FOOTPRINT AND HANDPRINT

We aim to improve the assessment of our ecological and climate footprint and promote eco-efficiency. At the Savings Banks Group, we want to take care of the environment in our daily operations. We encourage employees to eco-efficient practices, like using public transport and replacing business trips and meetings with telephone and video conferences. With our digital services, we also attempt to reduce our customers' need to travel to branches for their banking. We thereby provide our customers with the opportunity to do their banking from home, which reduces the need to travel by car, for example, and therefore reduces the carbon footprint. We also strive to reduce the use of paper and use electronic archives. For example, we promote projects related to reducing the use of paper, assessing

the carbon footprint of own operations and determining the carbon footprint of the loan portfolio. Calculating the carbon footprint is a central indicator used for the management of climate risks.

69% of CO<sub>2</sub> emissions in the Savings Banks Group Scope 2 comes from district heat, 25% from electrical energy and the rest from fuels, fuel oils, electric cars and biomass combustion. Some of the Savings Banks Group's premises utilise renewable energy and solar panels. In addition, e.g. The Vallila property in Helsinki (Vallilla 33 Business Park) has charging possibilities for electric cars for motorists and a bike park for commuting cycling. In the following table we will take a closer look at the Savings Banks Group's CO<sub>2</sub> emissions and intensity indicators.

<b>CO<sub>2</sub> emissions, tonnes CO<sub>2</sub>e</b>	<b>2021</b>
Scope 1 (direct emissions)	150,7
Scope 2 (indirect emissions through energy consumption, market-based)	3 345,8
<b>Emission intensity (scope 2, market-based)</b>	<b>2021</b>
tonnes CO <sub>2</sub> e/FTE	2,4
tonnes CO <sub>2</sub> e/operating revenue	10,2

Table 6. CO<sub>2</sub> emissions from the Savings Banks Group's own operations **CARBON HANDPRINT AND POSITIVE**

## ENVIRONMENTAL IMPACTS




Funds managed by the Savings Banks' Asset Management may also have positive impacts that help to mitigate climate change. The estimated emissions reduction through capital investment in solar and wind energy through the Säästöpankki Ympäristö special investment fund is approximately 35,000 tonnes of CO<sub>2</sub> during the investment period. This equals approximately 35,000 return flights from Helsinki to London for families of three. Säästöpankki Ympäristö special investment fund also makes capital investments in a biorefinery. Renewable biodiesel that uses crude fatty acids as raw material has 80–90% lower CO<sub>2</sub> emissions than fossil diesel, which corresponds to approximately 200,000 tonnes of CO<sub>2</sub> emissions per year, based on the estimated production capacity of the plant in question. This reduction, in turn, equals the annual CO<sub>2</sub> emissions of approximately 70,000 diesel cars. The estimated emissions reduction for this biorefinery during the Säästöpankki Ympäristö investment period is 9,139 tonnes of CO<sub>2</sub>.

We also report on the positive environmental impacts of the funds we manage in the biannual Responsible Investment Review published by Savings Banks Asset Management. These are based on the environmental solutions contained in the funds' investments, which are described in the table below.

The estimated emissions reduction through capital investment in solar and wind energy through the Säästöpankki Ympäristö special investment fund is approximately 35,000 tonnes of CO<sub>2</sub> during the investment period. This equals approximately 35,000 return flights from Helsinki to London for families of three.

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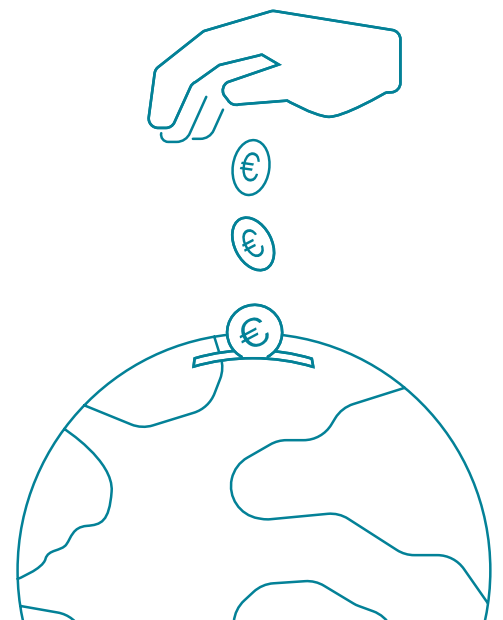


	 <b>SHARE OF ENVIRONMENTAL SOLUTIONS (%)</b>	 <b>COVERAGE (%)</b>
Säästöpankki Aasia	0	81
Säästöpankki Amerikka	7.4	97
Säästöpankki Eurooppa	28.8	69
Säästöpankki High Yield	1.5	55
Säästöpankki Itämeri	3.4	58
Säästöpankki Kantti	6.3	81
Säästöpankki Kehittyvät Markkinat	11.2	92
Säästöpankki Kiinteistöosake Eurooppa	28.8	69
Säästöpankki Korke Plus	6.6	53
Säästöpankki Kotimaa	4.2	68
Säästöpankki Maltti	2.9	50
Säästöpankki Osake Maailma	8.5	92
Säästöpankki Osakepainoinen	4.0	62
Säästöpankki Ryhti	4.6	66
Säästöpankki Tasapainoinen	3.1	51
Säästöpankki Tuottohakuinen	5.2	78
Säästöpankki Yrityslaina	3.7	78

Source Morningstar

Environmental solutions describe the companies in the fund whose turnover originated from, for example, renewable energy or products and services that support renewable energy, energy efficiency, energy-efficient buildings and low-carbon transport. We publish the figure if the coverage is more than 50 per cent of the fund's holdings. Information on the Säästöpankki Ympäristö special investment fund are reported in the quarterly impact report.

Table 7. Positive environmental impacts of the funds





# SAVINGS BANKS' ASSET MANAGEMENT'S REPORTING TO THE TCFD FRAMEWORK

TCFD (Task Force Climate-related Financial Disclosures) is a voluntary framework intended to help companies understand and report the financial impacts of climate change on their operations. According to the TCFD recommendations, companies should report on four areas: governance, strategy, risk management as well as metrics and targets. The reporting of climate risks increases transparency and allows investors, for example, to analyse the companies in more depth.

## GOVERNANCE AND STRATEGY

Savings Banks' Asset Management is committed to taking the environment, social responsibility and good corporate governance into account in its investment activities. Aspects related to climate change are a part of responsible investment. The Board of Directors of Sp-Fund Management Company Ltd regularly approves the responsible investing policy and monitors the realisation of responsibility. In addition, ESG risks, such as climate risks, are discussed annually in the Risk Committee of the Board of the Savings Banks' Union Coop, which we will explain in more detail on page 11.

The goal of Savings Banks' Asset Management is to increase the transparency of responsible investments in its funds. We publish the responsible investment review of Savings Banks' Asset Management every six months. The review illustrates our actions in the field of responsible investment and publishes information about the sustainability indicators of our funds. The fund-specific details include the ESG scores and ratings, among other things. The report also contains various kinds of metrics used to identify factors related to climate change and the carbon risk. In addition to the carbon footprint, we indicate which of our funds have received Morningstar's Low Carbon designation and give an account of the positive environmental impacts of the investments of our funds. The review is available on our [website](#).

## RISK MANAGEMENT

The management of sustainability aspects, including the monitoring of climate matters, is an integrated part of portfolio management at Savings Banks' Asset Management. We utilise data about the sustainability of investee companies provided by external service providers also with regard to risks and opportunities related to climate change.

We monitor how the companies included in our direct investments comply with international standards and conventions. Environmental matters are included in this monitoring. We exclude companies that repeatedly violate international norms when we do not see any opportunities to successfully impact their operations.

We have excluded coal users and producers from our direct investments. The exclusion concerns mining companies with more than 25% of revenue generated by coal used for energy production or with high production volumes of energy coal (over 30% of production). With regard to electricity companies, exclusion concerns companies that use significant amounts of coal as fuel (over 30% of total production). An exception can be made for such a company if it can present credible plans or plans that support the goals of the Paris agreement for the reduction of its coal use and climate impacts (for example, Science Based Target).

We have also identified opportunities related to sustainable development and the mitigation of climate change. Säästöpankki Ympäristö is a special investment fund whose investments focus on the prevention of climate change and on environmental innovation. Exclusion from the Ympäristö special investment fund concerns mining companies with more than 5% of revenue generated by coal used for energy production or with high production volumes of energy coal (over 30% of production). However, in the case of companies that are material for the green transition, we make the investment decision on a case-by-case basis.

## RISK AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

The Management Group of the Savings Banks' Union Coop approved the sustainability roadmap in 2021. We also define the approach on climate issues at the level of the Savings Banks Group. In addition, we promote

the regular assessment and handling of ESG risks in the future through our roadmap. Risks and opportunities related to climate change can include:

CLIMATE RISKS	CLIMATE OPPORTUNITIES
<p><b>Physical risks:</b> A short-term physical risk can be, for example, the increase of extreme weather phenomena. A storm, flood or heavy rain can cause property damage in real estate investments, for example. Long-term physical risks include, for example, the consequences of permanent, long-term changes in weather conditions, such as increased cooling costs caused by hot periods, rent reductions or the changing of tenants, or rising insurance premiums in flood areas. These risks are managed by considering the location of property investments at the time of the purchase decision, providing adequate insurance cover and proactive property maintenance, and ensuring that the properties are sufficiently prepared to face long-term changes in weather conditions.</p>	<p><b>Business opportunities:</b> By offering sustainable products, we address our customers' evolving and increasing needs.</p>
<p><b>Market risk:</b> Market risks are related to changes in customer preferences towards more sustainable products and services and their growing expectations in terms of impact. We manage these risks by developing sustainable products and services with more impact.</p>	<p><b>Resource efficiency:</b> Reducing energy and water consumption in real estate investments related to the target funds of the funds we manage will bring savings and improve revenue opportunities. In our investments, we prefer funds that take eco-efficiency into account.</p>
<p><b>Reputational risks:</b> Reputational risks could be related, for example, to the poor ESG performance of funds in responsible investment tools and assessments. This risk is managed by working actively to develop ESG ratings and including ESG factors and risks in all investment decision processes.</p>	<p><b>Use of renewable energy:</b> By identifying investee companies that perform well in the green transition and renewable energy solutions, we can benefit from the growth potential of companies making the transition in the funds we manage.</p>
<p><b>Legal risks:</b> Savings Banks' Asset Management complies with environmental and climate legislation and has not been subject to any related legal measures.</p>	
<p><b>Regulatory risks:</b> Regulatory risks relate, for example, to climate policy and rising energy costs, the EU regulation on sustainable financing and possible changes in its interpretations. These risks are managed by monitoring and developing practices in line with the latest regulations and by carefully studying the investee companies.</p>	
<p><b>Technology risks:</b> The technology risks associated with climate change relate, for example, to funds that invest in technology. These risks are managed by a careful analysis of the investee companies.</p>	

Table 8. Climate risks and opportunities

Our aim is to influence the companies we invest in through active ownership. We participate in different international cooperation initiatives with other investors. We are an investor signatory of CDP's (former Carbon Disclosure Project) climate change, water and deforestation initiatives and the Science-Based Targets initiative (SBTi), which supports companies in setting science-based emission reduction targets. We also encourage companies to report more transparently on their environmental activities through CDP's Non-Disclosure Campaign initiative regarding CDP's above-mentioned initiatives. CDP is an organisation that collects company-specific information on, among other things, the prevention of climate change, water consumption and greenhouse gas emissions. We belong to the Climate Action 100+ investor initiative that aims to influence more than one hundred companies with the highest emissions in various industries. We are a signatory of the 2021 Global Investor Statement to Governments on the Climate Crisis. The aim of this statement is to influence political decision-makers, for example, to take climate change into account in decision-making and support the mitigation of climate




change. The statement encourages governments to cooperate more closely with investors to ensure that investments are targeted sustainably.

## INDICATORS AND GOALS

We measure sustainability with various indicators and want to develop it in the future. Carbon dioxide intensity is one way of evaluating the climate effects and transparency of investments.

## CARBON FOOTPRINTS OF THE FUNDS

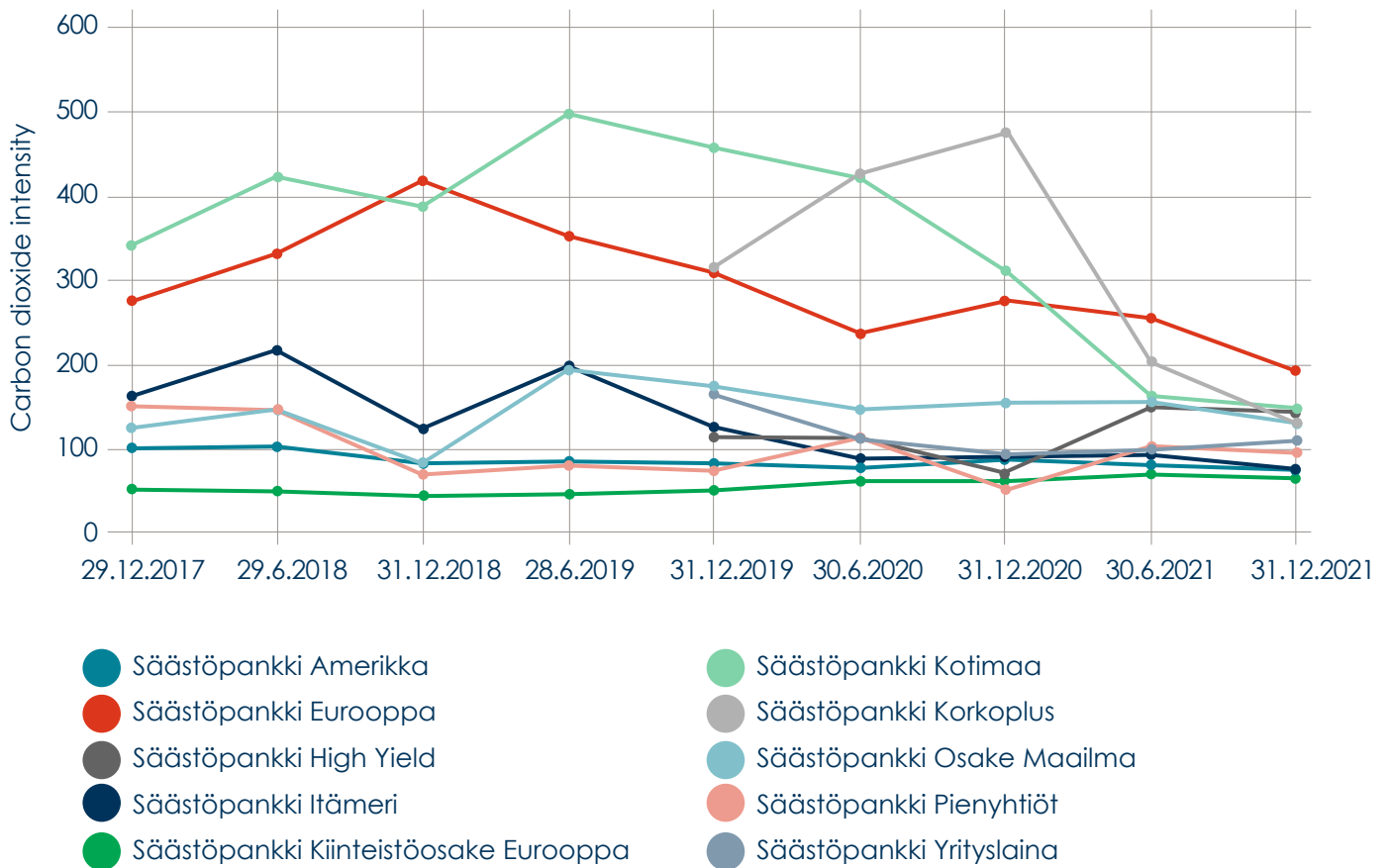
Carbon dioxide intensity figure is calculated every six months to the Savings Bank funds including direct investments in equity and corporate bonds. We publish the figure if the coverage is more than 50 per cent of the fund's holdings. We encourage our target companies to report their greenhouse emissions and operations to curb climate change.

	 <b>CARBON INTENSITY</b> (t CO <sub>2</sub> /revenue million. USD)	 <b>COVERAGE (%)</b>
Säästöpankki Amerikka	77,1	91
Säästöpankki Eurooppa	194,9	91
Säästöpankki High Yield	144,2	61
Säästöpankki Itämeri	75,7	79
Säästöpankki Kiinteistöosake Eurooppa	66,5	93
Säästöpankki Kotimaa	148,8	87
Säästöpankki Korkopetus	131,5	55
Säästöpankki Osake Maailma	129,6	88
Säästöpankki Pienyhtiöt	94,4	48
Säästöpankki Yrityslaina	110,0	72

Sources: Sp-Fund Management Company Ltd, MSCI ESG Research LLC.

Table 9. The carbon footprints of Savings Bank funds on 31 December 2021.

## THE DEVELOPMENT OF THE SAVINGS BANK FUNDS' CARBON FOOTPRINTS



Sources: Sp-Fund Management Company Ltd, MSCI ESG Research LLC.

Figure 22. The development of the Savings Bank funds' carbon footprints

## CARBON FOOTPRINT CALCULATION OF THE INVESTMENTS

The carbon dioxide intensity used in the calculation of the carbon footprint as recommended by the TCFD describes the carbon emissions of the fund in proportion to the revenue of holdings. In the calculation, the emissions of individual holdings are divided by the company's revenue. The company-specific carbon dioxide intensity figures are weighted by the company's share in the fund, and the weighted figures are summed. Greenhouse emissions are reported as carbon dioxide tonnes and the revenue in million US dollars (t CO<sub>2</sub>e/USD million).

The direct greenhouse emissions (scope 1) and indirect emissions (scope 2) are included in the calculation of key figures. Direct greenhouse emissions are emissions from the company's own sources or sources controlled by the company, such as energy produced by the company itself. Indirect emissions include the emissions of energy

bought by the company, mostly the emissions from the production of bought electricity.

CO<sub>2</sub> equivalents describing the combined climate warming effect of different greenhouse gases are used in the calculation of emissions. Company-specific emission figures are based on the latest available information.

The weighting of the fund's holdings affects the fund's carbon footprint substantially. A fund's carbon footprint may vary greatly as a result of acquisitions and sales of holdings. Emissions vary greatly between the various sectors, and the sector structure of the target market also affects the carbon footprint. The emission calculations are based on figures reported by companies as well as sector-specific estimates. Information of some companies is therefore not available.



## CLIMATE SCENARIO ANALYSES AND STRESS TESTS FOR OUR FIXED INCOME AND EQUITY FUNDS

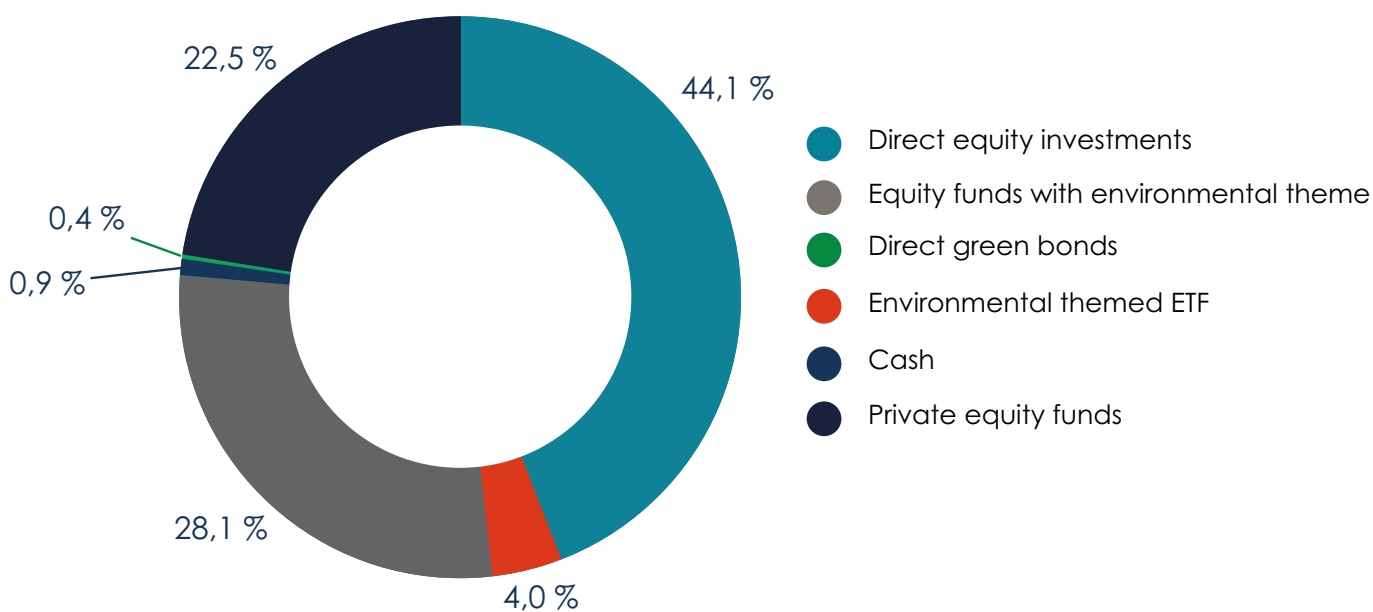
Towards the end of 2021, we updated the climate scenario analyses and stress tests of our equity and fixed income funds for the third time. The scenario analyses were performed according to 2 degree Investing Initiative's PACTA method. The PACTA method analyses the most significant climate gas releasers of specific sectors and the relationships of the outlooks of such companies to IEA's sustainable development scenario. Likewise, the stress tests were performed using the tool developed by 2 degree Investing Initiative. The tool calculates any changes in the portfolio value with regard to three climate scenarios specified by the Bank of England.

## SÄÄSTÖPANKKI YMPÄRISTÖ SPECIAL INVESTMENT FUND

The special investment fund Säästöpankki Ympäristö became operational on 31 December 2018. The fund's investments focus on the prevention of climate change and environmental innovation. At the end of 2021, the fund capital totalled EUR 25.3 million, which corresponds to 0.6 per cent of the total capital of Savings Banks' Asset Management funds.

The investments consist of direct equity investments, environmental equity and ETF funds, private equity funds, direct green bonds and cash. Direct equity investments are made in companies promoting environmentally sustainable production. Capital investments are made in projects promoting environmental characteristics, such as sustainable energy. The figure below shows the distribution of the Säästöpankki Ympäristö special investment fund's investments in more detail on 31 December 2021.

### ALLOCATION OF INVESTMENTS



Source: Sp-Fund Management Company Ltd.

Figure 23. Distribution of the Säästöpankki Ympäristö special investment fund's investments on 31 December 2021.

The investee companies of the fund will primarily be selected so that they promote the responsible use of the environment, such as the circular economy, cleantech, renewable energy and energy efficiency,

sustainable use of water and waste management or the preservation of natural capital. The first of the figures below shows the environmental solutions of direct equity investment by revenue on 31 December 2021.

ENVIRONMENTAL SOLUTIONS	%
Clean tech	6.7
Preservation of natural capital	3.0
Low emission solutions and the circular economy	2.1
Mitigation of climate change	7.7
Energy efficiency	2.8
Renewable energy and alternative fuels	22.9
Sustainable and responsible use of water	0.1
Sustainable agriculture	0.7
Energy efficient buildings	0.0

Figure 24. Positive environmental impacts of the direct equity investments of the Säästöpankki Ympäristö special investment fund on 31 December 2021.

The Sustainable Development Goals were approved in the UN General Assembly in 2015. This sustainable development programme is valid until 2030 (Agenda 2030). The goals are universal, i.e. they belong to all of us. The objective of sustainable development is to end extreme poverty and aim at sustainable development. This can be done by observing the nature, the people, human rights and the economic perspective equally. There are 17 main goals in total. We have analyzed the Säästöpankki Ympäristö fund's private equity investments to see which SDG they promote. These investments promote the following Sustainable Development Goals, specifically SDG 13, which aims at sustainable climate action.

Capital investments affect the following SDGs:

- 7. Affordable and clean energy
- 8. Decent work and economic growth
- 9. Sustainable industry, innovation and infrastructure
- 11. Sustainable cities and communities
- 13. Climate actions
- 14. Life underwater

Source: Sp-Fund Management Company Ltd, Taaleri, Upright Ltd.



Säästöpankki Ympäristö special investment fund reports quarterly on issues related to sustainability and impacts. The report is available on our [website](#).

# SCOPE AND FOCUS OF REPORTING

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This is the fourth sustainability report of the Savings Banks Group. The purpose of the report is to provide a comprehensive description of the Group's sustainability in its developing operating environment. With regard to reporting principles, the report corresponds to the Core level of the GRI (Global Reporting Initiative) Standards guidelines. The content reported in accordance with the GRI guidelines is listed in the GRI Content Index.

The sustainability report of the Savings Banks Group covers the information for 2021 in accordance with the Group structure and financial reporting principles. The Savings Banks Group's sustainability report is published electronically in separate Finnish and English versions. The sustainability report is not subject to external assurance.

The report is published annually. The data in the report relate to the financial year 1 January-31 December 2021, unless otherwise stated. The previous sustainability report was published on 19 May 2021. The GRI index lists the GRI standard indicators used by the Savings Banks Group and the corresponding SASB (Sustainability Accounting Standards Board) themes and indicates where the data can be found. In addition, the end of the report contains a description of the activities of the Savings Banks' Asset Management according to the TCFD (Task Force on Climate-related Financial Disclosures) reporting framework.

The sustainability report is available for download at [www.saastopankki.fi](http://www.saastopankki.fi) and any questions about the report can be addressed to [sustainability@saastopankki.fi](mailto:sustainability@saastopankki.fi). The next sustainability report will be published in spring 2023.

## SCOPE AND FOCUS OF REPORTING

### ENTITIES CONSOLIDATED IN THE SAVINGS BANKS GROUP'S FINANCIAL STATEMENTS

The entities consolidated in Savings Banks Group's financial statements are listed in Note 42 to Savings Banks Group's financial statements: Entities consolidated in the Savings Banks Group's financial statements.

### IDENTIFYING THE CONTENTS OF THE REPORT AND BOUNDARIES OF SUBJECTS DISCUSSED

Our sustainability reporting mainly follows the same calculation boundaries as the Group's financial reporting. The financial responsibility key figures cover all operations and are based on the Savings Banks Group's accounting and approved financial statements for 2021. The key figures related to the personnel cover all employees and are obtained from the Savings Banks Group's human resources systems. The reporting of environmental responsibility covers all locations, unless otherwise stated.

The assessment of vehicle emissions is based on both measured and estimated data. Vehicle fuels and electric cars electricity consumption has been used in accordance with the Climate Panel's and SYKE emission factors. Estimates based on average consumption and annual average commuting kilometres have been used for missing propulsion consumption. Data based on both measurement and

gross area-based assessment and average consumption have been used in the reporting of the electricity and heat consumption of the premises and its emissions. For the measured data, primary use has been made of the individual emission factors of energy or, in the alternative, the average electricity emission factor in Finland (Fingrid 2021) or the district heat emission factor (Motiva2022). The estimated data are based on a study of the average area-based consumption of office space (Energy saving activities and development of energy use, City of Helsinki 2016). For heating emissions, the emission factor for fuel oil was Neste tempera and, in the case of wood burning, Statistics Finland's fuel classification.

The carbon footprint of listed stock holdings in the Savings Bank funds are calculated with the MSCI ESG Research LLC tool, and it includes the funds where the indicator covers more than 50% of the fund's assets. The methodology applied in the calculation of the carbon footprints of investments is described in section Sustainable investing and ownership.

Of the reported data, especially scope 1 and 2 carbon footprint emissions and their creation mechanisms, charity, ethical activity, information security and data protection, and other material themes, expect for wellbeing at work, equality and diversity, also have an impact outside the Savings Banks Group.



# DESCRIPTION OF SUSTAINABILITY MANAGEMENT APPROACH

Themes	Responsibility for the customer's financial wellbeing
Approaches and indicators	<p>GRI 102 Stakeholder engagement</p> <p>GRI 201 Direct economic value generated and distributed</p> <p>GRI 102 Customer loyalty and satisfaction</p> <p>GRI 103 Flexible service and diverse channels</p> <p>GRI 103 Benefitting from new digital opportunities</p> <p>GRI 103 Promoting financial literacy</p> <p>GRI 417 Responsible marketing</p> <p>GRI 103 Participation in the development of the information society</p> <p>GRI 418 Customer privacy</p>
Policies and commitments	<p>The Savings Banks Group's sustainability programme and roadmap for 2021–2024</p> <p>Code of Conduct</p> <p>Handling of customer complaints and feedback</p> <p>Principles for the management of data protection requirements</p> <p>Data protection officer and the data protection organisation policy</p>
Objectives	<p>1. Profitable and sustainably growing customer business. This can be achieved by differentiating ourselves from other operators with an excellent customer experience and customer-drivenness.</p> <p>2. The best combination of personal and digital services.</p>
Resources and responsibilities	<p>The Directors for private and corporate customer businesses and the CEOs of companies offering products and services to customers are responsible for the development and implementation of sales processes, policies and tools for their businesses. The Directors for private and corporate customer businesses report directly to the CEO in the Management Group of the Savings Bank Centre and the CEOs of companies report to the Boards of companies.</p>
Measures	<p>The Savings Banks Group actively developed customer encounters through the "A Moment with Your Personal Finances"- discussions and personal services through diverse channels. For example, the Savings Banks Group developed digital services such as the mobile app and launched the chat robot Miljo and Apple, Google, Fitbit and Garmin Pay apps and promoted the use of online appointment booking, electronic signing, electronic health survey in risk life insurance products and electronic archiving. The Savings Banks Group also launched new products, such as unsecured consumer credit, to promote the financial wellbeing of customers.</p>
	Responsibility for the wellbeing of the community
Approaches and indicators	<p>GRI 103, 401, 404 Skilled personnel and good management</p> <p>GRI 402, 403, 405 Wellbeing at work, equality and diversity</p> <p>FS16 Improving financial literacy</p>

Policies and commitments	<p>Remuneration principles and policy</p> <p>Code of Conduct</p> <p>Whistleblowing</p> <p>The Savings Banks Group's sustainability programme and roadmap for 2021–2024</p> <p>Early support model</p> <p>"Towards a stronger team spirit" operating model</p> <p>"Towards better performance" operating model</p>
Objectives	<p>1. A cohesive and efficient team.</p> <p>2. A community of highly competent professionals with a strong capacity for renewal.</p>
Resources and responsibilities	<p>The banks and entities of the Savings Banks Group have appointed persons who are responsible for occupational health and safety issues, the development and implementation of personnel policies, development programmes and measures. The Savings Banks' Union Coop's Chief Legal Officer has managerial responsibility for updating the Board's diversity principles.</p>
Measures	<p>We shared information about the coronavirus to employees, followed safety recommendations and offered solutions for safe and flexible working. We offered comprehensive health and wellbeing services with IF, as well as break workouts for employees working remotely. We conducted about 200 training sessions and events remotely. This number includes longer training programmes for employees and management, shorter internal remote training activities, brief information sessions and training focused on current issues in various business functions. In addition to developing substance knowledge, we continued to increase our competencies in areas such as change management, supervisory work, corporate customer business and project work. We also carried out a personnel survey and piloted the One Team indicator.</p>

### Responsibility for sustainable financing and products

Approaches and indicators	<p>GRI 103 Sustainable finance and lending</p> <p>GRI 103 Sustainable investment and asset management</p> <p>FS10 Interaction with investee companies</p>
Policies and commitments	<p>The Savings Banks Group's sustainability programme and roadmap for 2021–2024</p> <p>The Savings Banks Group's group-level credit risk strategy, credit management guidelines and credit guidelines. Each savings bank confirms its bank-level instructions based on these.</p> <p>Sp-Fund Management Company's Responsible Investment Policy</p> <p>The UN Principles for Responsible Investment (PRI)</p> <p>Sp-Fund Management Company's owner policy</p> <p>Investor initiatives, which are described in more detail in the Memberships section.</p>
Objectives	<p>Profitable and sustainably growing customer business.</p>

Resources and responsibilities	The Directors for private and corporate customer businesses and the CEOs of companies offering products and services to customers are responsible for the development and implementation of sales processes, policies and tools for their businesses. The Directors for private and corporate customer businesses report directly to the CEO in the Management Group of the Savings Bank Centre and the CEOs of companies report to the Boards of companies. In addition, support functions and business sustainability experts promote financial and investment sustainability.
Measures	We updated our Responsible Investment Policy and integrated ESG factors into our credit risk strategy and credit management guidelines and developed the integration of sustainability into our investment and financing processes. For example, regarding our funds, we continued our climate scenario and stress tests, launched a regular assessment of net impacts and support for the UN Sustainable Development Goals, updated our third-party sustainability assessment and prepared an ESG action plan for the coming years. We also made preparations for the EU's sustainable finance regulation, covering, for example, the disclosure regulation and the obligation to classify sustainable investments according to the EU taxonomy. We also assessed the taxonomy eligibility of our balance sheet.

Themes	Responsibility for sustainable growth and good governance
Approaches and indicators	GRI 102 Transparent management and Code of Conduct GRI 205 Prevention of money laundering and corruption GRI 201 Transparent reporting and payment of taxes GRI 103 Solvency
Policies and commitments	The Savings Banks Group's sustainability programme and roadmap for 2021–2024 Principles for reliable management and internal control Code of Conduct Principles for the management of conflicts of interest Whistleblowing Insider register Staff trading instructions Operational principles for the compliance function Operational principles for the risk control function Operational principles for the internal audit function Preventing money laundering and terrorism financing
Objectives	Our principles of reliable governance are aimed at ensuring that the Savings Banks Group operates responsibly, ethically and in compliance with laws as well as orders and guidelines issued by the authorities.
Resources and responsibilities	The Director of Risk Management and Compliance has managerial responsibility for compliance and deviation reporting, the development and implementation of Risk Management and Compliance processes, policies and tools. The Director of Risk Management and Compliance reports directly to the CEO in the Management Group of the Savings Bank Centre.

Measures	In 2021, we updated our Code of Conduct and introduced online training to ensure that the employees know the Code and adhere to it. We introduced a new AML monitoring tool with scenarios for continuous monitoring.
	<b>Responsibility for the environment and the climate</b>
Approaches and indicators	GRI 305 Climate-smart services for customers GRI 302, GRI 305 Minimising one's own environmental footprint
Policies and commitments	The Savings Banks Group's sustainability programme and roadmap for 2021–2024 The UN Sustainable Development Goals Responsible investment Policy Savings Banks Group's sustainability policy Investor initiatives, which are described in more detail in the Memberships section
Objectives	We operate in an environmentally sustainable and climate-friendly way. We assess our footprint and promote eco-efficiency.
Resources and responsibilities	The Director of Private Customer Business in the Savings Banks' Union Coop leads the Sustainability Working Group and the sustainability experts at the support functions and business units participate in the preparation of the sustainability roadmap and in projects, and support the organisation with regard to sustainability training related to, among other things, the environment and climate.
Measures	We prepared a sustainability roadmap for the Savings Bank Group for 2021–2024. We also launched a sustainability programme and environmental and climate-related measures, such as assessing the carbon footprint of our operations and lending. We continued our climate scenario and stress tests, launched a regular assessment of net impacts and support for the UN Sustainable Development Goals.



# GRI INDEX OF THE SAVINGS BANKS GROUP

# GRI INDEX OF THE SAVINGS BANKS GROUP

This report references the GRI Standards 2016

\*The report refers to the GRI referenced guideline and the sections reported on the standards are marked in cases where the entire content of the standard is not reported.

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Savings Bank