

Savings Banks Group's

SUSTAINABILITY REPORT 2022



Savings Bank

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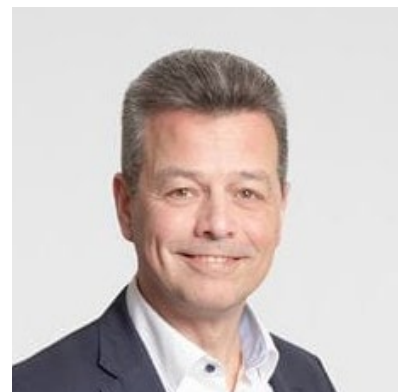
CEO FOREWORD

Responsibility is an important part of the over 200-year-old savings bank ideology and our related values, as well as our 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 supports our competitiveness and diverse value creation for our stakeholders. It was also one of the main themes of our anniversary year in 2022.

Our most important sustainability priorities during the past year were to develop our customer experience, digital solutions and services, the management of remote work, working as one efficient team as part of our organisational reform, preparing for the EU's sustainable finance regulations, and developing our reporting and data collection related to sustainability. In 2022, the continuing COVID-19 pandemic highlighted the importance of having a self-directed work community and being able to serve customers across multiple channels and develop in line with the customers' needs.

In 2022, we made significant progress with our sustainability efforts and created a sustainability strategy. Its 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 the climate. We set targets in the sustainability strategy for example for supporting local microenterprises and SMEs, as well as for promoting sustainable products. We will measure our progress towards these targets in terms of the introduction of a sustainable corporate loan or guarantee product in 2023, for example. With regard to the climate, our goal is - operating environment permitting - to make our investments, housing loans, residential property loans and commercial property loans carbon neutral by 2050, and to set climate-supporting ESG criteria for 30 per cent of our corporate loans in our financing activities in selected sectors by 2035. We also aim to make our operating locations carbon positive with regard to selected emission sources by 2035. More information on our other sustainability targets and performance indicators is provided elsewhere in this report.

The strategic priority of our business is to provide customers with the best combination of digital and personal services. We achieved good scores in the EPSI Rating customer satisfaction survey in 2022. Based on the survey, Savings Bank's private customers are clearly more satisfied than the industry average. Savings Bank ranked fourth in the survey with satisfaction scores of 74.9 for private customers and 71.4 for corporate customers. We were also ranked in the top three in our industry in the EPSI Rating sustainability index.



Karri Alameri
CEO

Our sustainability efforts are also reflected in the promotion of regional wellbeing and vitality. For example, in our annual Good Deeds campaign, our local Savings Banks decide on the charities they wish to donate to in their respective region, based on suggestions made by the local citizens and an advisory vote. In 2022, donations totaled more than 1.5 million euros. The wellbeing of children and young people was particularly highlighted in the donations. Donations were also made to help Ukraine.

We developed our sustainability actively in 2022. We continued the systematic management of our sustainability work. We updated our sustainability governance model, sustainability roadmap for 2022-2024, our materiality analysis of sustainability and our sustainability policy. At the product level, we engaged in development efforts and, in the Savings Banks' asset management operations, we improved the sustainability classification of 12 of our funds to light green in accordance with Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). Over 90 per cent of the funds we manage are now classified as light green. We also integrated the assessment of our customers' sustainability preferences into our investment and insurance advisory processes and tools, and we published precontractual product templates sustainability in compliance with the SFDR. We updated our Responsible Investment Policy and began the process of updating the ESG factors and criteria pertaining to responsible and sustainable lending. In the area of payment solutions, we launched a payment card made from ocean plastic.

We also prepared for the EU's sustainable finance regulations with regard to the future obligations stipulated by the SFDR, the EU Taxonomy Regulation and the Solvency Directive. We upgraded our sustainability

reporting to correspond to the Core level of the Global Reporting Initiative (GRI). In this report, we take our first steps towards fulfilling the obligations of the Corporate Sustainability Reporting Directive (CSRD) with regard to our updated materiality analysis and reporting content. We also published our first taxonomy disclosures in the Board of Directors' report of the Savings Banks Group in 2022.

Through sustainable investment and financing, the Savings Banks Group is involved in building a more responsible society and a more sustainable future. The UN COP 27 climate change conference and the COP 15 biodiversity conference held in autumn 2022 underscored the importance of environmental issues. The ongoing green transition, energy crisis, tightening energy efficiency regulations and investments in energy efficiency and renewable energy sources create significant business opportunities for some corporate customers. 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 sustainable growth in the customer business.

During the year, we identified the development of sustainability data collection as a key development area and started a project to systematically manage data collection. In the Savings Banks Group's first sustainability panel, we also identified opportunities to reduce paper consumption, for example. We will continue to act in these areas in the future. The banking sector and its sustainability efforts will be challenged to develop in the future by, among other things, increased and stricter regulation in areas such as sustainable financing, and obligations for collecting data throughout the value chain for the purpose of reporting on corporate responsibility.

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.

Karri Alameri
CEO, Savings Banks' Union Coop

SAVINGS BANKS GROUP

Established in

1822

Over

430 000

customers

100

Branches

more than 1250

employees throughout Finland

Balance sheet value

13,78 mrd* eur

Credit Rating

Central Bank of Savings Banks Finland Plc's long-term credit rating A- and its short-term credit rating A-2 (S&P)

Donations as part of the Good Deeds campaign more than

1.5 million eur

101 meetings with investee companies

in the Savings Banks Asset Management

EPSI Rating sustainability index:

3rd place in Finland

70.3 private customers and 65.8 corporate customers.



Low Carbon

10 of our funds have the Morningstar® Low Carbon Designation™

Customer satisfaction

NPS 81,6

* Lieto Savings Bank decided to exit from the Savings Banks Group effective from February 2023. Due to the exit, the Savings Banks Group's figures are presented separately for continuing operations and discontinued operations. More information on the exit is provided in the Savings Banks Group's 2022 financial statements.

Figure 1. Savings Banks Group in figures



SAVINGS BANKS GROUP, STRATEGY AND MANAGING SUSTAINABILITY

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 our customers – in digital services, in our offices and on the phone. We want to provide our customers with the best combination of in-person 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.

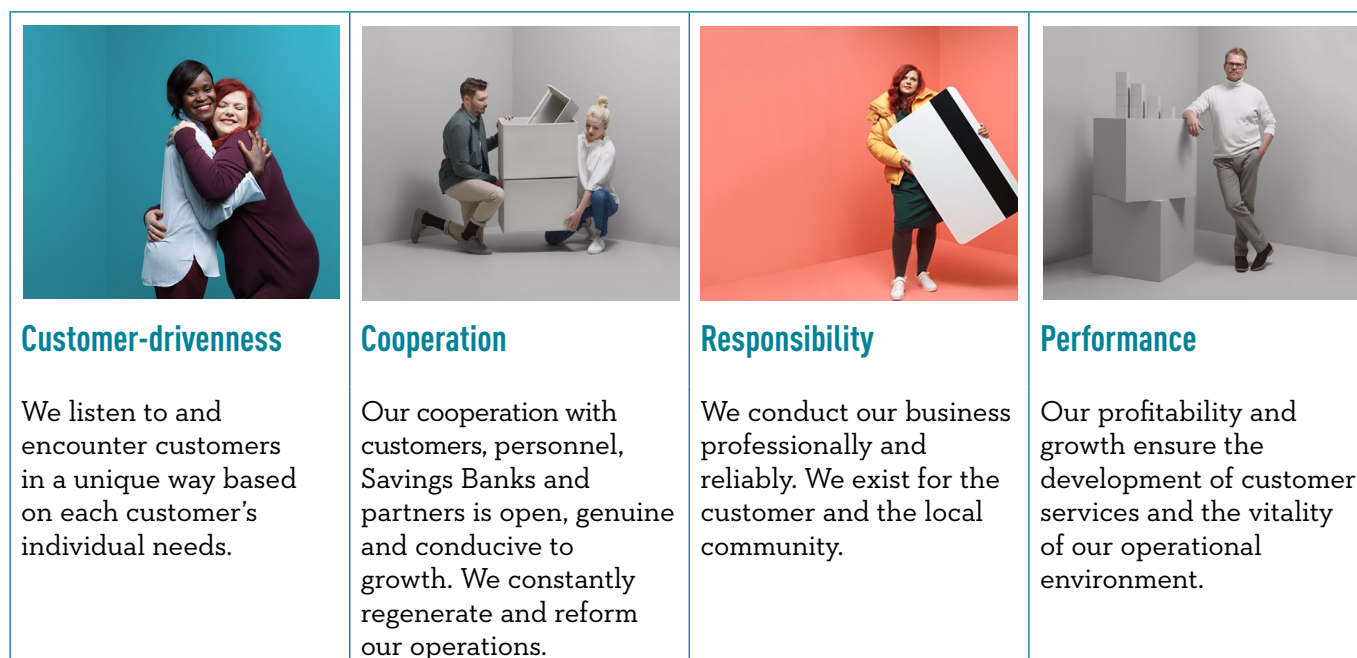


Figure 2. The Savings Banks Group’s values

The Savings Banks are independent, regional and local banks. Together, the Savings Banks form a banking group that operates locally as well as nationally. Our business operations are based on low-risk retail banking. In addition, we offer investment, insurance and real estate services. Our range of products and services covers all of the main banking services for both private and corporate customers. Our particular growth areas include small-business and entrepreneur customers and Asset Management Services.

THE STRUCTURE OF THE SAVINGS BANKS GROUP

The Savings Banks Group is the oldest banking group in Finland. The Savings Banks Group comprises 15 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 Amalgamation comprises the Savings Banks' Union Coop which acts as the central institution of the Amalgamation, 15 Savings

Banks, Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc and the companies within the consolidation groups of the above-mentioned entities, as well as Sp-Fund Management Company Ltd. 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. More information on the structure of the Savings Banks Group is available on our website at www.saastopankki.fi/en/savingsbanksgroup.

STRUCTURE OF THE SAVINGS BANKS GROUP

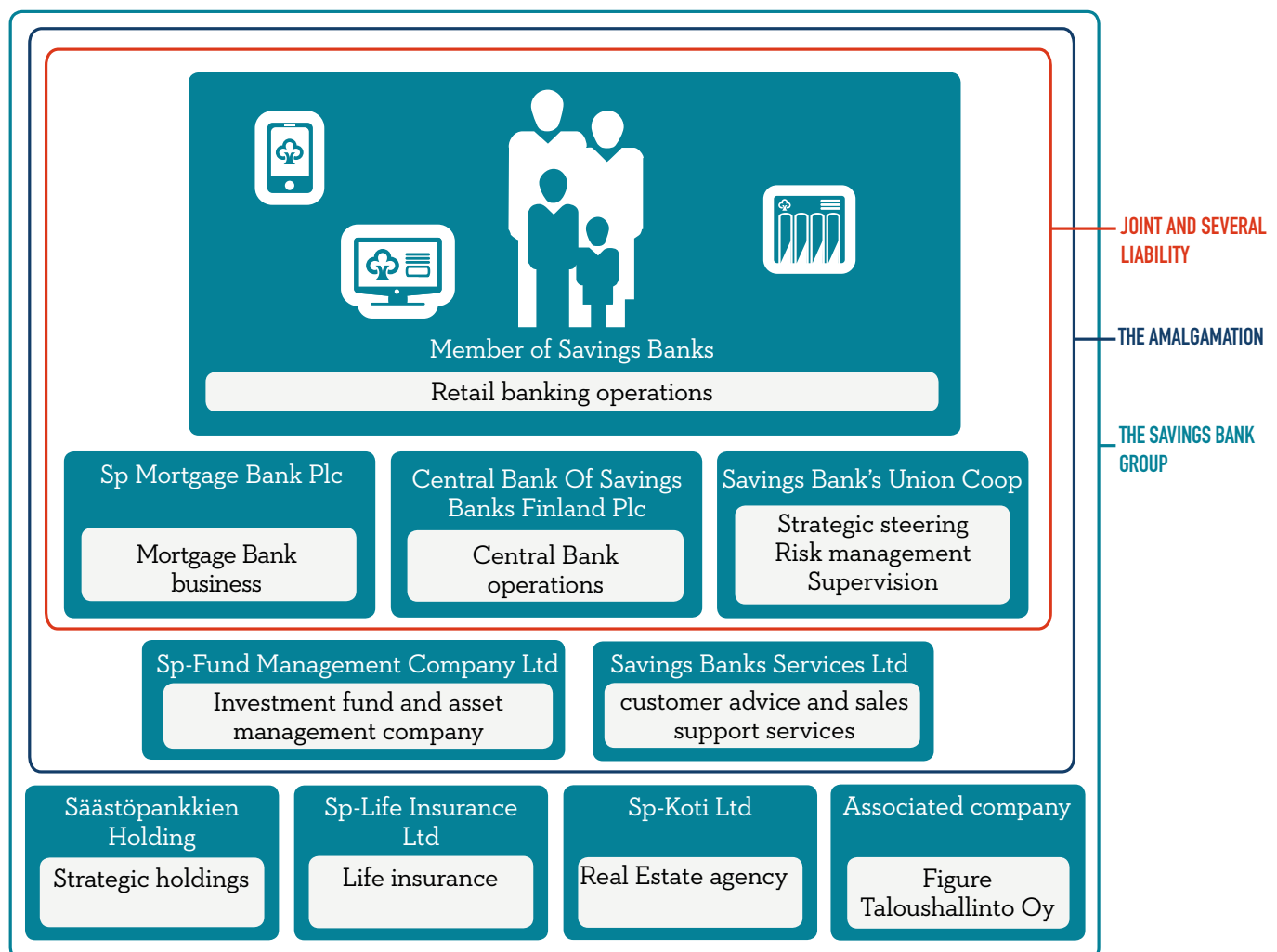


Figure 3. Structure of the Savings Banks Group

In the Savings Banks Group, the transparency and functionality of the roles and responsibilities in all governing bodies benefits all the stakeholders. More information on the governance and management

of the Savings Banks Group is provided in chapter Governance principles of the Savings Banks Group of this sustainability report, in the Board of Directors' report and on our website at www.saastopankki.fi/en.

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 of 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 sustainability governance model is examined in more detail in the following figure. Sustainability issues, such as economic, social and environmental responsibility and sustainability risks, are to be discussed two to three times a year on the agenda of the Savings Banks' Union Coop's Management Group and at least twice a year on the agenda of the Board of Directors of the Savings Banks' Union Coop. The Audit Committee presents sustainability matters to the Board of Directors of the Savings Banks' Union Coop for approval, 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-related concerns can be communicated to the management, the Audit Committee and the Board of Directors as necessary.

Our sustainability efforts are guided by the Savings Banks Group's sustainability strategy, sustainability policy and sustainability roadmap. The Savings 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

Our sustainability efforts are guided by the Savings Banks Group's sustainability strategy, sustainability policy and sustainability roadmap.

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.

To increase sustainability awareness and engage the whole organisation in sustainability work, regular training sessions are arranged on compliance issues and on topical themes. For example, in 2022, the employees responsible for investment advice were provided with online training concerning the customers' sustainability preferences as part of investment and insurance advisory services, as well as the precontractual product templates for investment products pursuant to the EU SFDR. Similar training activities were also organised for the distribution partners for the funds we manage. The Head of Group Sustainability & ESG and business-level sustainability specialists also support our senior management regarding sustainability awareness. Sustainability issues were on the Board of Directors' agenda four times in 2022. The theme of sustainability was also featured in our training days for administrative personnel and the training on current topics for business-level management in 2022.



The Head of Group Sustainability & ESG is in charge of corporate responsibility performance. This includes managing and coordinating sustainability, sustainability-related projects and communication as a whole, and taking ownership of operational responsibility for these areas. The Head of Group Sustainability & ESG is in charge of the Savings Bank Centre's sustainability working group and reports to the person designated as the sponsor for sustainability in the Management Group. The sustainability working group includes sustainability specialists from the Group's support functions and business units, representing broad expertise in various functions.

The Head of Group Sustainability & ESG and the sustainability working group draft and coordinate the

sustainability strategy, the annual sustainability report, the statement of non-financial information and the updating and implementation of sustainability programmes, policies and guidelines, as well as the assessment of ESG risks. The sustainability specialists integrate sustainability into operations, participate in the preparation of the sustainability roadmap and projects, and support the organisation in training activities.

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 4. Sustainability governance model of the Savings Banks Group

In 2022, we integrated ESG (environmental, social and governance) risks into our remuneration principles. In 2022, we piloted the use of sustainability indicators in the remuneration of portfolio managers in our

asset management operations. To improve the impact of sustainability, we are planning to expand the use of sustainability indicators first to the CEO and the Management Group and subsequently to other areas of our organisation over several stages.

STRATEGY AND CREATION OF ADDED VALUE

In our strategy, the customer is at the core of the Savings Banks Group's operations.

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.

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 in-person 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 the green transition and with their 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 an excellent customer and employee experience, and they also 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 13.779 million*
- Equity EUR 1.177 million and liabilities EUR 12.602 million

Intangible capital

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

Social capital

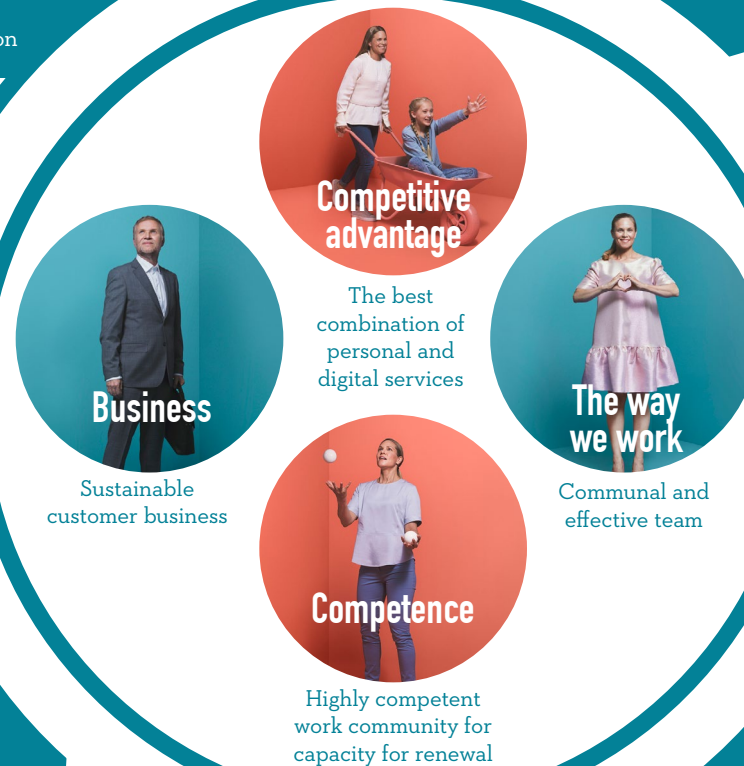
- A self-directed and coherent work community of top talent with excellent capacity for renewal: More than 1,250 Savings Banks Group employees
- Expertise: approximately 200 training events
- Promoting leadership, wellbeing at work and equality in the work community
- Promoting growth, wellbeing and 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

* Lieto Savings Bank decided to exit from the Savings Banks Group effective from February 2023. Due to the exit, the Savings Banks Group's figures are presented separately for continuing operations and discontinued operations. More information on the exit is provided in the Savings Banks Group's 2022 financial statements.

Strategic priorities



OUTPUTS AND IMPACTS

Financial wellbeing of customers and local communities

- Number of A Moment with Your Personal Finances meetings approximately 42 000
- EPSI: excellent and above the industry average (71.7) in all categories.
- NPS (Net Promoter Score) 81,6
- The Good Deeds campaign and charitable donations more than EUR 1,5 million

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 1,31 minutes
- Secure digital services, information security and data protection
- Transparent and responsible communications and marketing

Sustainable growth and operations

- 15 Savings Banks and product companies
- Net interest income EUR 170 million, CET1 18.7 per cent
- Income taxes paid EUR 17.0 million

Ecological footprint and handprint

- The carbon intensity of funds 99.4 t CO₂e/million EUR. Carbon handprint of capital investments through the Ympäristö fund 44.139t CO₂e
- Footprint of our own offices 3.575t CO₂e

Figure 5. Creating added value for our stakeholders

THE SAVINGS BANKS GROUP'S FIRST SUSTAINABILITY PANEL

Sustainability was one of the themes of the Savings Banks Group's 200th anniversary year in 2022. To celebrate the anniversary, we organised the Savings Banks Group's first sustainability panel with representatives of the steering groups of the private customer business and the corporate customer business. The panel involved nearly 50 people brainstorming ideas for developing and promoting sustainability in our products and services, as well as the renewal of our Good Deeds charity programme.

The work of the sustainability panel culminated in the collaborative reviewing and refining of the strategic targets and performance indicators set for the sustainability programme. Based on that work, the

Board of Directors of the Savings Banks' Union Coop approved the Savings Banks Group's sustainability strategy in December 2022. The Management Group of the Savings Banks' Union Coop also approved the updates to our Good Deeds programme based on the sustainability panel's proposals.

The sustainability panel is one of our new internal channels of influence for the development of sustainability. It enables us to establish deeper internal stakeholder insight in addition to our annual sustainability survey and day-to-day interaction. Our aim is to make the sustainability panel an annual event that will inspire our businesses to engage in brainstorming and the collaborative development of sustainability.

SUSTAINABILITY PROGRAMME UPDATED INTO SUSTAINABILITY STRATEGY

In spring 2022, the Savings Banks Group adopted a new sustainability programme and set strategic sustainability targets at the end of the year to turn the sustainability programme into a sustainability strategy. The five main themes of the sustainability strategy are responsibility for the customer's financial wellbeing, responsibility for the wellbeing of the community, responsibility for sustainable financing and products, responsibility for sustainable growth and good governance, and responsibility for the environment and the climate. The sustainability strategy also specifies the UN Sustainable Development Goals that are supported by the Savings Banks Group's sustainability efforts.

The main themes of the sustainability strategy are based on the Savings Banks Group's key sustainability themes and sustainability roadmap, which sets out the Group's sustainability actions and their schedule for 2022-2024. Our material themes of sustainability are discussed in more detail in the materiality analysis section of this report. The actions outlined in the roadmap and our sustainability policy were updated in autumn 2022. Our sustainability policy defines the scope and basic principles of the Savings Banks Group's sustainability efforts.

In spring 2022, the Savings Banks Group adopted a new sustainability programme and set strategic sustainability targets at the end of the year to turn the sustainability programme into a sustainability strategy.

Launch of sustainability programme and sustainability governance model in February 2022

Good Deeds campaign started in April 2022

The update of the Responsible Investment Policy was launched in July 2022 and the update of the principles for responsible and sustainable lending began in September 2022

Allocating human resources to sustainability: Head of Group Sustainability & ESG appointed in August 2022 and ESG Analyst in November 2022

Annual Savings Barometer in October 2022

Green Office system development kick-off event and participation in the Down a Degree campaign in October 2022

Updating the sustainability roadmap and policy, and organising the Savings Banks Group's first sustainability panel in November 2022

Turning the sustainability programme into a sustainability strategy and applying for membership in the UN Global Compact in December 2022

Figure 6. Highlights in sustainability in 2022

Savings Banks Group's Sustainability Strategy

<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>RESPONSIBILITY FOR THE CUSTOMER'S FINANCIAL WELLBEING 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>GOAL: With our financial well-being solutions, we promote a positive Savings Bank experience and secure digital transactions. KPIs: The Net Promoter Score (NPS) for customer meetings at the locations, online and in phone meetings*: target 80 and resolution rate by phone target 85.</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>RESPONSIBILITY FOR THE WELLBEING OF THE COMMUNITY 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>GOAL: We develop the management culture and employee experience of our working community. We commit to preventing discrimination and harassment. We support local micro and SME entrepreneurs. We promote sustainability in our partnerships. KPIs: Introduction of a sustainable corporate guarantee or loan during 2023. The KPI for the working community will be set during 2023 based on a new personnel survey.</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>RESPONSIBILITY FOR SUSTAINABLE FINANCING AND PRODUCTS 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>GOAL: We plan to increase the ratio of green assets and sustainable investments. KPIs: Share of investments aligned with selected UN Sustainable Development Goals in the selected Savings Bank's funds and insurance products at a minimum level of 25%**.</p>
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p>RESPONSIBILITY FOR SUSTAINABLE GROWTH AND GOOD GOVERNANCE 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>GOAL: We maintain good solvency while growing and we act ethically. KPIs: CET 1 (Common Equity Tier 1) describing the core capital at least 18.0%. 95-100% of regularly followed Compliance trainings completed.</p>
<p>13 CLIMATE ACTION</p> 	<p>RESPONSIBILITY FOR THE ENVIRONMENT AND THE CLIMATE We operate in an environmentally sustainable and climate-friendly way. We assess our footprint and promote eco-efficiency.</p>	<p>GOAL: We reduce our ecological footprint and increase positive environmental effects in our own operations and in our value chain. Operating environment permitting: 1) Carbon neutrality of investment by 2050 at the latest. *** 2) In financing, climate-supporting ESG criteria will be set for 30% of corporate loans (€) in selected sectors, by 2035 at the latest. For housing loans, residential and commercial real estate loans, we aim for carbon neutrality by 2050 at the latest. **** 3) Carbon positivity***** of the branches' own operations (scope 1-2) by 2035 at the latest. KPIs: The percentage share of companies committed to Science-Based targets and Paris Agreement alignment will increase in assets under management by Sp Fund Management Company by 2026, operating environment permitting. Own activity: The carbon footprint of the electricity consumption of the locations -50 % (compared to 2021) by the end of 2030 at the latest.</p>

Figure 7. The Savings Banks Group's sustainability strategy and the UN Sustainable Development Goals (SDG)

* Does not include centralized customer service.*

** At least 85% of the selected Savings Bank's funds and the 'Varainhoitajan parhaat' products and 'Varainhoitovakuutus' Insurance products. Does not include insurance portfolios or insurance envelopes. The goal will be updated, if necessary, during 2023.

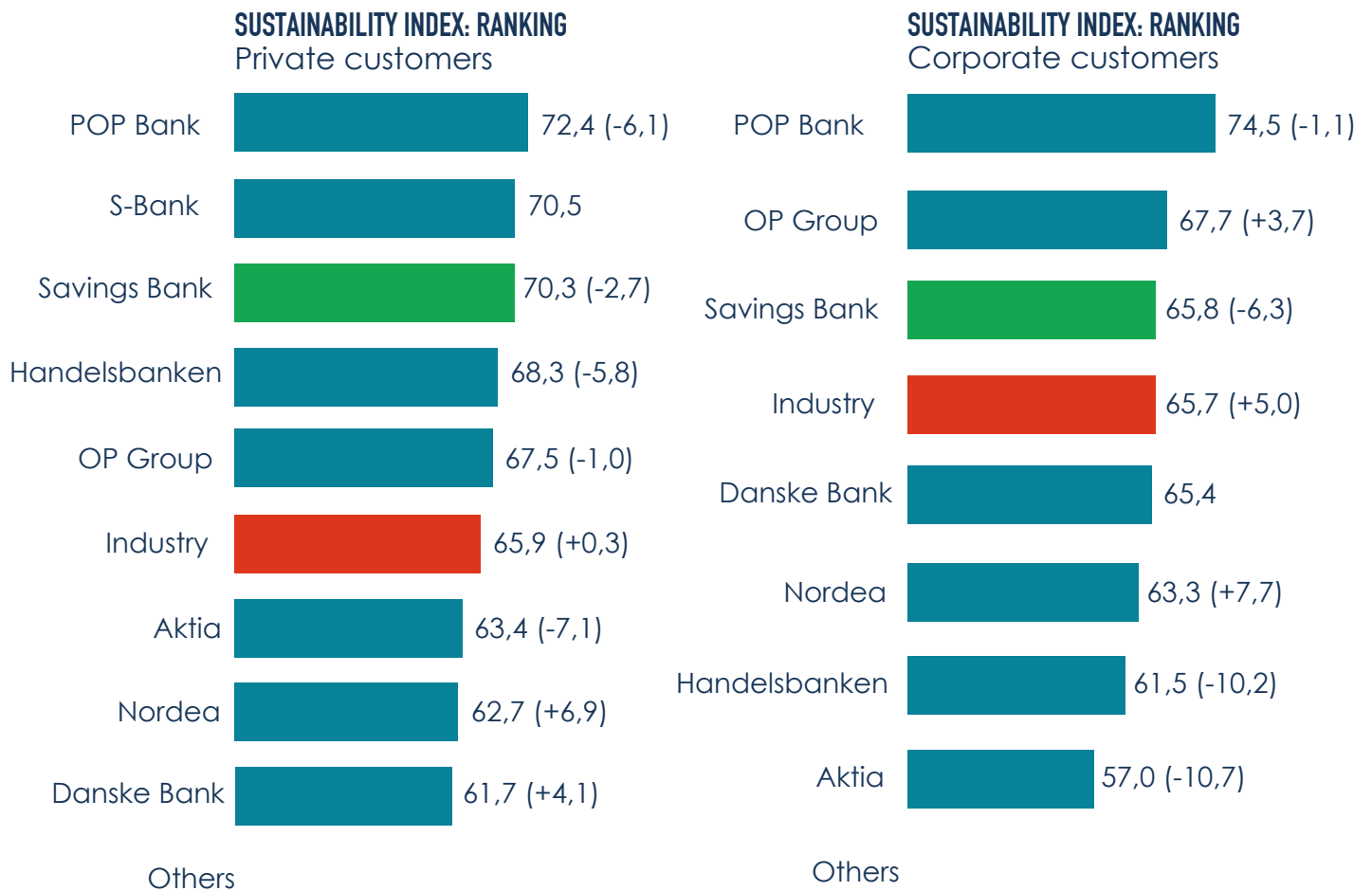
*** Scope 1-2 (energy and fuels).

**** Does not include other housing-secured loans related to housing loans, residential and commercial real estate loans.

***** Carbon positivity means that more carbon dioxide is removed from the atmosphere than is emitted.

In 2022, we were ranked third in our industry in Finland in the EPSI Rating sustainability index survey in both the private customer category and the corporate customer category. The purpose of our sustainability strategy is to strengthen the Savings

Banks Group's positioning as a sustainable operator in the financial sector. At the same time, the strategy aims to enhance our positive impacts and reduce our negative impacts on the environment and society through our products, services, processes and partnerships, for example.



Picture 8. EPSI Rating Sustainability Index, private customers and corporate customers

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 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 the material aspects of the Savings Banks Group's sustainability is based on a materiality analysis that was updated in connection with the Group's sustainability reporting in 2022. We updated our materiality analysis because we wanted to gain insight into our stakeholders' expectations concerning sustainability and analyse the sustainability themes that are material with regard to the impacts of our business operations. The outcome was a materiality matrix that illustrates the themes highlighted by the Savings Banks Group and its stakeholders as being the most material in the operations of the Savings Banks Group.

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 responsibility. A total of 4,807 representatives of private and corporate customers, the management of savings banks, employees, suppliers of goods and services and other external stakeholders and representatives of the management of the Savings Banks Group responded to the online survey.

Corporate responsibility was examined by assessing the features of the Savings Banks Group's business with regard to issues of economic, ecological and social responsibility. The background information we used in identifying the material issues also included general information concerning the financial sector, such as the Sustainability Accounting Standards Board's assessment of financially significant sustainability themes in the financial sector. Together with the Management Group of the Savings Bank Centre, we also carried out a materiality

review of the impacts of the sustainability themes and their financial materiality. The financially material themes were found to be largely consistent with the themes that are material in terms of impacts.

The Savings Banks Group's material sustainability themes are as follows:

- Responsible and sustainable finance: lending, investment and solutions
- Responsible marketing
- Customer data protection, information security and physical security
- Customer satisfaction, understanding of customer needs and expertise
- Wellbeing at work, equality and diversity
- Good leadership, corporate culture and highly competent personnel
- Promoting wellbeing, growth and financial literacy in the community
- Solvency and sustainable growth
- Sustainability in the principles and operating methods steering our business
- Climate change mitigation and adaptation

The most material issues of the Savings Banks Group are shown in the next materiality matrix below, where the vertical axis describes the materiality of the impact on external stakeholders and the horizontal axis describes the materiality of the current or potential impact on the Savings Banks Group and the Savings Banks and its operating environment. 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 (Global Reporting Initiative) 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.

We also surveyed our stakeholders' views regarding the positive and negative impacts of the sustainability themes. While no negative impacts were identified in the analysis, the material themes associated with the least positive impacts were related to climate change mitigation and adaptation, as well as wellbeing at work, equality and diversity.

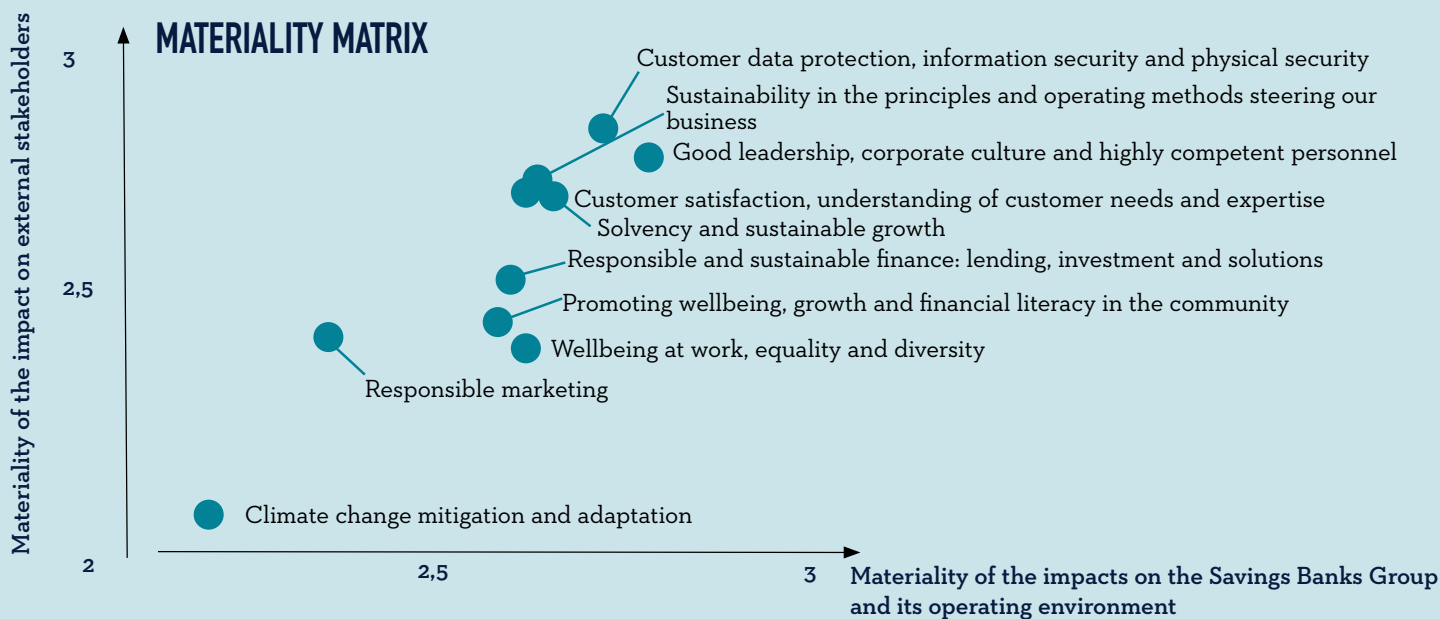


Figure 9. Materiality analysis of the Savings Banks Group's impacts

As part of the materiality analysis, we collaborated with the Management Group of the Savings Bank Centre to conduct a preliminary identification of risks and opportunities related to the material themes of sustainability and assessed their financial materiality for the Savings Banks Group's business operations. In connection with this, we assessed the probability and impacts of the risks and ways to manage the risks. These efforts were aimed at preparing for the requirements of the new Corporate Sustainability Reporting Directive (CSRD) concerning the identification and reporting of material impacts, risks and opportunities.

The identified material risks included for example the deterioration of the Group's reputation due to potential inadequate compliance with the General Data Protection Regulation (GDPR) or deficiencies in supplier management. The identified measures for managing and preventing this risk included training and communication concerning data protection processes and practices, as well as due diligence and adequate contractual arrangements in the selection of partners and monitoring the operations of partners. Another identified material risk was the deterioration

of the Group's reputation if financing were to be offered to companies that have considerable adverse environmental impacts or challenges with regard to compliance with regulations and norms. The identified measures for managing and preventing this risk included the application of responsible and sustainable lending and investment principles, as well as following the relevant exclusion and restriction criteria valid at the time in accordance with the said principles. The risk assessment process will continue as the introduction of the obligations stipulated by the new Corporate Sustainability Reporting Directive draws nearer.

The identified material opportunities included improving customer satisfaction through a new, sustainability-focused customer promise and digital vision, for example. Another identified material opportunity concerned supporting the Group's growth targets by continuing the development of sustainable products and services. The assessment of sustainability-related opportunities and sources of competitiveness will continue as part of the work of the Savings Banks Group's sustainability working group.

THE UN 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 SDGs in total. In the Savings Banks Group's sustainability strategy, the Board of Directors and Management Group of the Savings Banks' Union Coop have approved the five UN SDGs that are the most important for our sustainability efforts. They are SDG 12 (responsible consumption), SDG 8 (decent work and economic growth), SDG 9 (sustainable industry, innovation and infrastructure), SDG 16 (peace, justice and strong institutions) and SDG 13 (climate action).

These five Sustainable Development Goals are naturally linked to the Savings Banks Group's mission, which has remained unchanged for over 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 Savings Banks' role 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.






	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"> • Suitability of products and services for the customer. • Observing sustainability in our investment activities as well.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> • Financing for micro, small and medium-sized companies. • Promoting the financial wellbeing and prosperity of our customers. • Creating jobs through responsible investment. • We started updating the ESG criteria for sustainable and responsible lending in autumn 2022.
	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	<ul style="list-style-type: none"> • Responsible investing, particularly impact investing through the Ympäristö special investment fund. • Supporting our customers in their green transition and targets.
	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"> • Responsible investing and its exclusion criteria and country analyses approaches as well as the assessment of ESG risks and factors.
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • 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. • Analysing our carbon footprint in terms of funds, lending and our own operations. • Promoting eco-efficiency through investments and financing as well as in our value chain.

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

OUR COMMITMENT TO EXTERNAL INITIATIVES AND OUR MEMBERSHIPS IN ASSOCIATIONS

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, the CDP (formerly the 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 the CDP's Non-Disclosure Campaign initiative regarding the CDP's above-mentioned sustainability initiatives. The more

the companies report, the better the overall picture and investment analysis we can establish as an investor regarding the operations of our investment targets.

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.



At the Savings Banks Group, we want to be an active operator and have an impact through the associations and organisations we are a member of, for example. 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). The Savings Banks Group is also a member of the UN Global Compact. Savings Banks' Union Coop and Sp-Fund Management Company Ltd participate in the work of the executive committees of Finance Finland. Sp-Fund Management Company Ltd is also a member of Finland's Sustainable Investment Forum (Finsif).

STAKEHOLDER ENGAGEMENT 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 help us identify new areas for development and improve our sustainability.

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, as well as 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.



Figure 10. Stakeholders of the Savings Banks Group

STAKEHOLDERS' SUSTAINABILITY EXPECTATIONS	THE SAVINGS BANKS GROUP'S ACTIONS AND IDENTIFIED AREAS OF DEVELOPMENT.
<p>Personal customer service, physical and human-oriented encounters, availability and accessibility of services according to the customer's needs. Taking responsibility also for customers who are unable to use digital services.</p>	<p>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 almost 100 branches, through which the independent, local Savings Banks serve our customers personally throughout Finland. We want to provide our customers with a human-oriented Savings Bank Experience that takes customer needs into account. 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.</p>
<p>Developing the customer's financial wellbeing while taking sustainability, consumption habits, digitality and usability into account.</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 can establish a customer relationship digitally, book appointments electronically, and take advantage of online appointments, electronic signing and archives, digital housing transactions using the DIAS system, an electronic health survey as part of Sb Life Insurance's services, mobile payments and fund subscriptions, and the digital signing of continuous saving agreements. 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. One of the development areas we have identified is the footprint assessment of our customers' consumption habits, and we are exploring related opportunities.</p>
<p>Training and supporting young people. Promotion of financial skills and the financial wellbeing of the community. Supporting people with the increasingly challenging financial situation and changing life circumstances.</p>	<p>We support the financial and digital skills of young people and senior citizens locally in the Savings Banks' communities with our partners. We offer student loans. We chose children and young people as the main theme of our Good Deeds charity campaign in 2023. We provide advice to our customers with regard to financial management, relieving stress about money and the accumulation of wealth, taking people's different life stages into account. During the energy crisis, we have also shared tips on our website on how people can improve energy efficiency.</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>
<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. We started designing a new personnel survey that will support the development of our organisation's operations. In the Savings Bank Centre, we also started monitoring the results of a workplace atmosphere measurement tool in 2022.</p>

Sustainable growth, investment and financing. Sustainability criteria in the selection of target companies. Products that are suitable for stakeholder needs. More products for sustainable 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 monitor the share of green assets that fall within the scope of the EU taxonomy on our balance sheet. We follow the principles of responsible investment and use them as the basis for carefully assessing the ESG factors and risks of target companies. We also began the process of updating our principles of responsible and sustainable lending. We offer responsible investment solutions and develop our investment and financing products to make them more responsible, while taking customer needs into consideration. We aim to launch a sustainable corporate loan/guarantee product in 2023. We improved the sustainability classification of 12 of our funds to light green (Article 8 of the SFDR), and over 90 per cent of the funds we manage are now classified as light green. The Savings Banks' Asset Management is also a pioneer, especially in terms of impact investment through our Ympäristö special investment fund that focuses its investments on environmental innovations, for example.
Promoting good governance and a good operating culture.	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. Each year, our employees also participate in mandatory training related to, for example, the prevention of money laundering and terrorist financing, and the Code of Conduct. In our new sustainability strategy, we set a target of 95–100 per cent for the completion of regularly monitored compliance training. Going forward, we also intend to develop our operating culture by means of "Towards a stronger team spirit" training activities.
Climate, environment and environmental impact assessment in all operations. Commitment to climate change mitigation through responsible investment. Promoting digital solutions and reducing the consumption of paper and energy.	In our new sustainability strategy, we set climate-related targets for investing, lending and our own operations, and we will begin to monitor these targets. We promote environmentally sustainable and climate-friendly operations and eco-efficiency through concrete measures that are specified in the sustainability roadmap. We started development on the WWF Green Office environmental system at our head office and seven other operating locations, and we participated in the Down a Degree energy saving campaign through various energy saving measures. We will continue to develop our digital services, and we have identified the reduction of paper consumption as one of our development areas. We have promoted the assessment of the carbon footprint of our own operations and lending. We report half-yearly information on the funds managed by Savings Banks' Asset Management, including information on emissions, net impacts and positive environmental impacts. In addition, the Säästöpankki Ympäristö special investment fund reports on its impacts once per quarter.
Transparent and concrete sustainability efforts and incorporating sustainability themes into other communications. Increasing sustainability-related communications on the website and on social media.	We have drafted a sustainability communications plan and, going forward, we will publish focused highlights on our sustainability efforts on social media and in blogs, for example. We will also update our website with regard to sustainability. We have also established a new sustainability strategy and updated our sustainability roadmap. We will communicate openly on the concrete actions involved, and simultaneously incorporate sustainability into our other communications. We also report on sustainability as part of the Savings Banks Group's annual sustainability report and the Board of Directors' report. We also publish half-yearly reviews of responsible investment and the impact report of the Säästöpankki Ympäristö special investment fund four times a year.
Focus on material sustainability issues and concrete measures as part of the daily work of the savings bank employees.	We have analysed which sustainability 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 efforts. In our sustainability roadmap for 2022–2024, we have identified more than 60 sustainability actions that help us to make sustainability a part of the daily work of savings bank employees. We organise an annual sustainability panel for the representatives of our business-level steering groups, and we want to engage and support Savings Banks and the product companies with regard to sustainability.

Table 2. Stakeholder expectations and meeting the expectations

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 2022. 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 2022, we held approximately 42,000 A Moment with Your Personal Finances discussions with private customers. We also conducted financial discussions with our corporate customers to assess their financial situation. We collaborated with Aalto University on developing a financial wellbeing indicator to measure our results with regard to promoting the wellbeing of our customers.

CUSTOMER SATISFACTION AS AN INDICATOR OF SUSTAINABILITY

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

According to customer satisfaction surveys, we performed very well in our work with customers in 2022. 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 2022, the Net Promoter Score (NPS) for customer negotiations was 81.6, which is excellent, and higher than in the previous year (80.8).

We also achieved excellent results 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. Savings Bank ranked fourth in the industry's customer satisfaction survey in 2022 in both the private customer category and the corporate customer category.

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.



Customer satisfaction 2022 Personal Banking

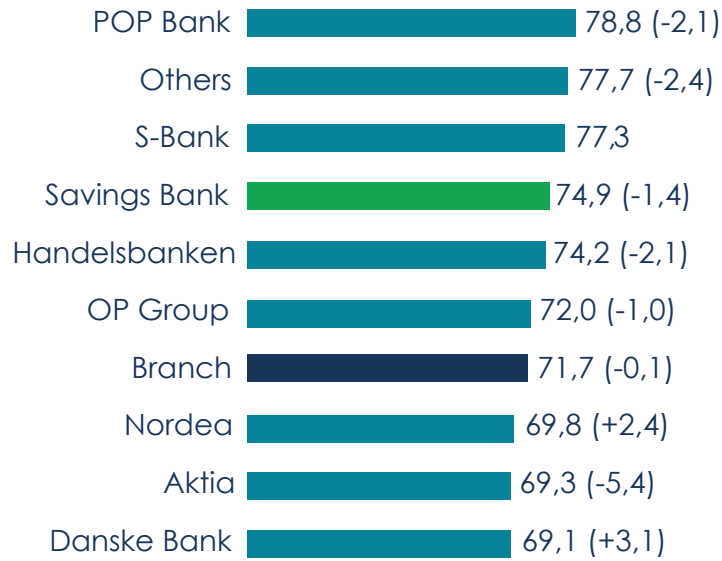


Figure 11. Customer satisfaction 2022, private customers (EPSI Rating)



Customer satisfaction 2022 Corporate Banking

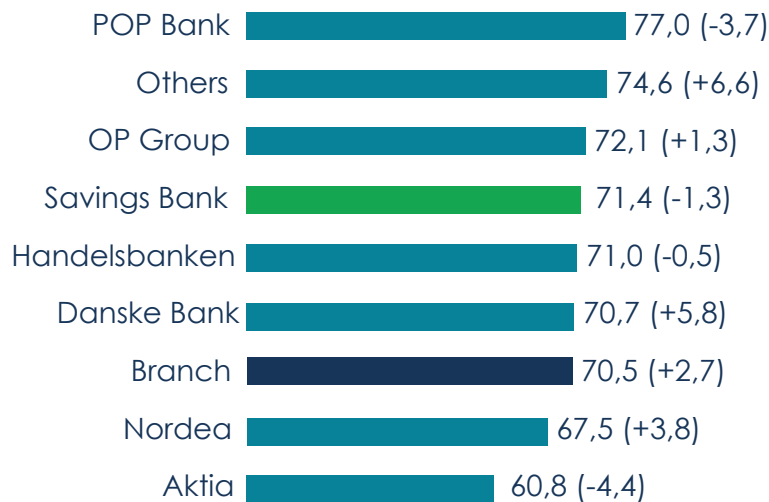


Figure 12. Customer satisfaction 2022, corporate customers (EPSI Rating)

DIGITALISATION AND DIVERSE CHANNELS

Our strategic aim is to provide customers with the best combination of digital and personal services regardless of the time and place. For Savings Bank customers, using banking services is easy, secure and flexible.

Over the years, digital services have grown to become the most frequently used service channel by a wide margin, which is why we continuously invest in their development. The growth of mobile services was particularly strong in 2022. We offer our customers a wide range of opportunities to use digital services. Examples of these include the opportunity to establish a customer relationship digitally, book appointments electronically, and take advantage of online appointments, electronic signing, digital housing transactions, an electronic health survey as part of Sb Life Insurance's services, mobile payments and fund subscriptions, and the digital signing of continuous saving agreements. Our Miljo chatbot has provided our customers with a new way to obtain assistance with problems around the clock. Our chatbot received an honourable mention in BearingPoint's Digital Leaders 2023 study. We have continued to develop software robotics and automation in a number of areas. We strive to actively promote the use of digital services and support our customers of all ages in the use of our digital services. The growth of digital services has had a significant impact on the reduction of paper consumption.

In digital services, security is our highest priority. We actively develop the security of our services. We also provide advice and guidance to our customers on how to use digital services securely. To ensure the secure use of banking services, we advise our customers to use our mobile banking applications and user authentication application.

In addition to providing digital service channels, the Savings Banks Group has an extensive network of approximately 100 branches, through which the independent, local Savings Banks serve our customers throughout Finland. In 2022, in-person meetings with customers were still conducted in adherence to the recommended measures for preventing the spread of COVID-19.

The growth of mobile services was particularly strong in 2022.



THE SAVINGS BANK MOBILE APPLICATION

The new Savings Bank mobile application was launched in 2019. The application has been subject to continued active development thereafter. Most of the use of the mobile application involves day-to-day banking services, such as viewing account transactions, the payment of invoices and the approval of e-invoices. In addition, customers can sign agreements electronically, view account transactions in other banks, apply for a loan, make changes to loans, sign fund saving agreements and carry out fund subscriptions.

The Savings Bank mobile application's user ratings in application stores are some of the highest among Finnish banks, and our customers use the mobile application almost every day. We expect to see continued strong growth in the use of the Savings Bank mobile application.

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, and we comprehensively take personal data processing issues into account in all our activities. The Savings Banks Group complies with the EU's General Data Protection Regulation (GDPR) and other data protection legislation in its operations. The data of all savings banks and their customers is covered by banking secrecy, insurance secrecy or corresponding duty to secrecy regardless of whether the customer is a private or a corporate one. We also participate in data protection cooperation in the financial industry.

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, observing good data processing practices. We listen to the expectations of our stakeholders with regard to the development of data protection, primarily through the feedback we receive.

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 disclose it. Changes in the processing of personal data are communicated 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.

We take personal data breaches 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 information security

breaches that have occurred thus far have not posed a significant risk to our customers. We have avoided serious data breaches and, for example, phishing attempts against our employees.

DATA PROTECTION POLICIES AND THE 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 (General Data Protection Regulation) 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 the Data Protection Team, which includes representatives of the Central Institution's risk control, human resources and information management departments. Every employee of savings banks has the duty to observe 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 principles and guidelines 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 is responsible 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 2022

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. We have conducted comprehensive audits of our operations, revised our policies and guidelines and enhanced our Data Protection Impact Assessments in connection with new products and services, exceeding the legal requirements. In 2022, we organised training on data protection for the data protection contact persons of the Savings Bank Centre and our banks and companies, 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. At the same time, the data protection officer has performed the monitoring duties stipulated by the GDPR. Furthermore, the data protection officer has received a few customer enquiries regarding the processing of personal data.

INFORMATION SECURITY

Information security and the provision of secure services to customers are the foundation for successful banking. The extensive phishing and scam attempts targeted at the customers of Finnish banks, which began in 2021, continued in 2022. 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.



RESPONSIBILITY FOR THE WELLBEING OF THE COMMUNITY

WE WANT TO TAKE RESPONSIBILITY FOR LOCAL OPERATORS 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, for example, the annual Good Deeds campaign, 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 well-being of children and young people was particularly prioritised in the donations made in 2022. Donations were given to, for example, low-income families with children, the mental health of children and young people and children's hobbies, such as sports clubs. Donations were also made to help Ukraine.

The wellbeing of children and young people was particularly prioritised in the donations made in 2022.



SUPPORT FOR THE OPERATING CONDITIONS OF CORPORATE CUSTOMERS

The corporate customer business is a key part of the Savings Banks Group's customer business, and microenterprises, SMEs, agricultural enterprises and forestry enterprises constitute one of the Savings Banks Group's key customer groups. The Savings Banks Group takes a very positive view towards entrepreneurship and the development of a pro-business atmosphere and operating conditions in Finnish society. To this end, the Savings Banks Group actively participates in societal discussion concerning entrepreneurship. The Savings Banks Group supports the conditions for its corporate customers' success by assessing the impact of changes in the operating environment on the operating conditions of companies, and providing entrepreneurs with information on such changes, as well as concrete proposed solutions, in customer meetings, customer events and through customer communications.

The Savings Banks Group observes corporate social responsibility in the day-to-day operations of its corporate customers and entrepreneur customers by being a long-term and responsible partner to corporate customers across business cycles and through the various stages of a company's life cycle. In corporate financing, the Savings Banks observe good lending practices and emphasise the utilisation of the guarantee programmes of Finnvera and the European

In 2022, we successfully utilised two guarantee programmes issued to the Savings Banks Group by the European Investment Fund.

Investment Fund to the broadest possible extent. Guarantee programmes help our corporate customers implement growth projects and they reduce the need for personal collateral put up by entrepreneurs. In 2022, we successfully utilised two guarantee programmes issued to the Savings Banks Group by the European Investment Fund. In their corporate financing activities, Savings Banks also make very extensive use of Finnvera's guarantee programmes for micro and small enterprises from one year to the next. Indeed, the corporate customers of the Savings Banks Group constitute one of the largest customer groups for the guarantees in question.

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 2022, the Savings Banks Research Foundation granted scholarships to university researchers and research projects in the total amount of EUR 65,000.

INCREASING FINANCIAL LITERACY AND KNOWLEDGE IN SOCIETY

In March 2022, Savings Bank participated in the Global Money Week awareness campaign, which was organised for the first time in Finland.

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 and responsibility 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 March 2022, Savings Bank participated in the Global Money Week awareness campaign, which was organised

for the first time in Finland. Global Money Week provides Finnish lower and upper secondary school students with ready-to-use teaching content that helps them build important financial literacy skills. In 2022, we also started using TikTok, a social media platform that is popular among young people. We created TikTok content targeted at young people with the aim of turning financial confusion into financial understanding. We worked together with various 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 about money among young people.

As in the previous years, local Savings Banks continued their efforts to promote financial wellbeing among people of all ages. For example, they cooperated with educational institutions and pensioners' associations. For example, Aito Säästöpankki signed a three-year cooperation agreement with the SASKY Municipal Education and Training Consortium in 2022, under which the bank will provide the consortium's students with "My first euros" financial literacy materials. In autumn 2022, Aito Säästöpankki also conducted a "Financial Literacy for Young People" tour in collaboration with the Pirkanmaa Junior Chamber. Secondary education institutions in Tampere and the neighbouring municipalities were visited as part of the tour.

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. More information is available online at www.saastopankki.fi/talouden-valmennus (in Finnish). In 2022, Nooa Savings Bank also provided financial coaching to the employees of various companies. The aim was to improve people's ability to cope with the demands of work and prepare for the future, and to make financial literacy part of the occupational wellbeing culture of companies. More information is available online at www.saastopankki.fi/tyohyvinvointi (in Finnish).

SAVINGS BAROMETER

To gain more insight into the state of financial wellbeing in Finland, we collect data annually with our extensive Savings Barometer. The Savings Barometer survey includes various questions on how people use money, as well as people's attitudes.

The financial situation of households has been significantly affected during the past few years by the COVID-19 crisis, the war in Ukraine and high inflation. This has also been reflected in the results of the Savings Barometer. The COVID-19 crisis motivated people to save money and plan their finances more carefully than before. The war in Ukraine and the subsequent high inflation and rising interest rates, in turn, have reduced people's opportunities to save money.

The 2022 Savings Barometer also showed that financial hardship experienced by Finns increased from the previous year. Financial hardship is measured by Savings Barometer survey questions pertaining to people's spending and their feelings about their finances. In other words, the questions concern both "euros and feelings".

As in previous years, women indicated a higher level of perceived financial hardship than men. Interestingly, among the surveyed age groups, perceived financial hardship was the highest among middle-aged people in the 45-54 age bracket, even though their financial position is often quite well-established. The rate of increase in perceived financial hardship was the highest among people with high incomes. This seems to indicate that the rising price level has had an impact on all households,

and many high-income families have been forced to assess whether they have enough money, perhaps for the first time in a long while.

The Savings Barometer also shows a positive correlation between saving money and perceived happiness. The people who save money are also happier. While there are probably diverse causal relationships behind this correlation, this observation strengthens our view that managing one's personal finances is an important aspect of financial and overall wellbeing, and even people's perceived happiness.

At Savings Bank, we use a tree to model financial wellbeing. Financial wellbeing is like a tree - it absorbs nutrients through its roots. The roots of the tree symbolise not only money but also people's values and attitudes. They influence the way people manage their finances. These behaviours are often inherited from one's home, and the person may be unaware of them. People also need certain basic knowledge and skills to manage their finances appropriately.

When a tree is in a good state of wellbeing, it has green and healthy leaves. This means the individual or household has enough money and does not feel stress about their finances. The components of personal finances include income, expenses, assets and debt.

A strong tree can withstand external pressure. Such pressure can emerge from economic cycles or movements in the investment markets. People's finances can also be affected by life changes, such as a divorce, the death of a loved one or the arrival of a new family member.



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

We value and maintain the professional expertise of our personnel. We want our employees to have a high level of wellbeing, competence and motivation. The expertise of our personnel enables us to create added value for our customers, and expertise is at the heart of the strategy we use to achieve our business goals. At the Savings Banks Group, we want to support and enable everyone's learning and self-direction in maintaining and developing their expertise.

During the year under review, we launched the Osuva project aimed at the renewal and harmonisation of the operating methods and processes of competence management within the Savings Banks Group. With the project, we adopted a new competence management tool that allows us to naturally incorporate the renewed operating methods into day-to-day life. The tool also enables reporting on competence management.

We have developed new operating practices and training programmes to support expertise. Our training programme on financial wellbeing is our new, unified way of developing our expertise by learning from each other and applying new practices in day-to-day life.

At the Savings Banks Group, we have strengthened our common way of meeting customers, and each Savings Bank employee has been targeted with content of the training programme, depending on the role. Towards the end of the year, we adopted a jointly developed model of sales mentoring at the Savings Banks Group. We updated the structures and content of mentoring discussions to correspond to the unified operating model. Mentoring and coaching-style training allows all Savings Bank employees to better develop and manage their work.

The Board of Directors of the Savings Banks' Union Coop approves the policies concerning personnel, the purpose of which is to ensure the personnel's 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.

THE SAVINGS BANKS GROUP'S PERSONNEL

The Savings Banks Group's employees work in the 14 independent Savings Banks around Finland and in the Savings Bank Centre, which comprises seven (7) companies. The Group has approximately 100 branches and locations from Helsinki to Rovaniemi and from Närpiö to Joensuu. At the end of 2022, the total number of personnel in the Savings Banks Group was 1,268 (1,324).

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 binding, 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 agreement. Our employees have the right, pursuant to the Employment Contracts Act, to receive pay during disability and to take time off work, on a full-time or part-time basis, for family leave. For periods of disability and family leave, we pay wages in accordance with the applicable collective agreements.

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 notification time, as well as national legislation, under which 100 per cent of employees have the right to organise.

We adhere to the Act on Co-operation within Undertakings and, during the year, we started creating work community development plans through dialogue with personnel representatives. As the employer, we are obliged to report and negotiate with employee representatives before the employer makes business restructuring decisions that affect the position of the employees. Under the law, changes to business operations must be communicated to the personnel within one week. At the start of the employer-employee negotiations, the employee representatives are given a written negotiation proposal. In 2022, we had employer-employee negotiation councils in banks and companies with at least 100 employees. The use of leased workers was low at the Savings Banks Group level. We aim to apply the same principles with regard to leased workers as we do for our direct employees.

The Savings Banks Group has a salary committee in accordance with the collective agreement for the financial industry. The committee acts as a cooperation network and includes representatives of both the employees and the employer. The salary committee meets annually and discusses, among other things, the general principles of Group-level salary policy, monitors the development of salaries and the qualification classification, and promotes the effectiveness of the salary discussion system.

Total number of employees by employment type and gender	Women	Men	Total	
Permanent	870	319	1189	94 %
Fixed-term	51	28	79	6 %
Total	921	347	1268	

Table 3. Total number of the Savings Banks Group's permanent and temporary employees in 2022

Total number of employees by employment type and gender	Women		Men		Total	
full-time	814	64 %	319	25 %	1133	89 %
part-time	107	8 %	28	2 %	135	11 %
Total	921		347		1268	

Table 4. Total number of the Savings Banks Group's full-time and part-time employees in 2022

RENEWAL OF THE PERSONNEL SURVEY

During the year, we engaged in the renewal of the Savings Banks Group's uniform personnel survey as part of the Common Direction project. We specified what information about the Savings Banks Group's personnel is needed for developing the business and managing change towards our goals.

The themes we will focus on in the next personnel survey include the employee experience, job satisfaction and

mood, as well as our operating culture. The Savings Banks Group's shared values – customer-drivenness, cooperation, responsibility and performance – make up the framework of the survey. The aim of the new personnel survey is to create an opportunity for employees to voice their views and thus influence the priorities of operational development. We will utilise the survey both locally and at the group level in the development of work communities and managerial work, leadership and our cooperation. Through the personnel survey, we set out concrete measures to promote our operations and work as a team and to monitor how things develop.

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 support the development of employee competence in the Savings Banks Group by building various models and by observing working practices, processes and customer encounters in order to develop our operations and expertise.

Our regular development and mentoring discussions are focused on performance management, supporting wellbeing and coping, as well as competence development and expectations concerning career advancement. In the discussions, each employee sets development targets for the next period and outlines the measures necessary to achieve those targets. The use of a job rotation model at the Savings Banks Group has promoted learning and the sharing of employee expertise. It has also provided employees with opportunities to participate in projects and take on new positions.

In 2022, the Savings Banks Group's training, mentoring and meetings with networks took place both remotely and in person. The Savings Bank Centre conducted about 200 training sessions and events during the year. They included training programmes for employees and management, shorter internal remote and online 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, coaching supervisory work and corporate customer business.

Our regular development and mentoring discussions are focused on performance management, supporting wellbeing and coping, as well as competence development and expectations concerning career advancement.

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. The number of absences caused by accidents at work or during commutes was low at seven (7) working days for the year. Over the past three (3) years, sickness-related absences have represented 2.4 per cent of total working hours.

Employee wellbeing is our intent and we support it through various means. For example, we offer sports and cultural benefits, and we help employees maintain their work ability by offering ergonomics assessments and a massage benefit. Our modern tools enable location-independent work, and our working hours models support flexibility in daily life.

The Savings Banks Group complies with the Occupational Safety and Health Act and is committed to promoting awareness of health and safety issues, preventing occupational diseases and accidents, promoting wellbeing and ergonomics, and reducing absences. Occupational health and safety issues are monitored internally and in cooperation with external partners.

The Savings Banks Group has comprehensive occupational health and safety activities that cover all employees and regional occupational safety organisations, and it conducts workplace surveys and monitoring at the local level, including both risk assessment and the basic workplace survey specified in the Occupational Safety and Health Act, as required by the Occupational Health Care Act. Workplace surveys are carried out regularly, for example, when working conditions change or when new operations are started. Occupational health and safety representatives participate in occupational safety discussions at the workplace.

The representatives selected by the employees must represent the personnel and promote wellbeing at work and share relevant information to the employer-employee negotiation committee, managers and employees. Examples of our other activities include an annual event focused on current topics that is attended by representatives of the senior management and shop stewards. HR Director in the Management Group of the Savings Banks' Union Coop and, at some Savings Banks, the CEO, are responsible for occupational health and safety activities, as determined by bank-specific policy.

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.

Diversity is taken into consideration in the Savings Banks Group's joint development projects and learning methods. We form cooperation groups from persons who work in various roles in our organisations and represent diverse experiences and educational backgrounds. We also monitor diversity by reviewing the gender distribution of our personnel and management. Women account for 73 per cent and men for 27 per cent of all employees. In 2022, women accounted for 26 per cent and men for 74 per cent of senior management. A total of 100 per cent of the Savings Bank Centre Management Group and Board were representatives of the Finnish local community. The Management Group consisted of 10 members, including the Chief Executive Officer. The Board of Directors had nine members in total. The average age of our employees in 2022 was 42 years (42.7).

The Savings Banks Amalgamation has diversity principles concerning the composition of the Board of Directors. The diversity principles were updated in 2022. The updated principles describe how diversity and gender equality should be realised with regard to the composition of the Board of Directors. In addition, the Board of Directors must approve a target for the equal representation of genders. The Board of Directors of the Central Institution recommends that savings banks and the other companies in the Savings Banks Group adhere to the operating principles outlined in the model and set a new target of having the less represented gender account for one-third of the members of the Board of Directors by 2024 at the latest. We also monitor diversity indicators with regard to our personnel, and we adhere to an equality and non-discrimination plan.

The Savings Banks Group has estimated that it has a low risk of human rights violations, such as the use of child labour or forced labour among the Group's own personnel or leased workers. In 2022, the number of violations of the UN Global Compact and OECD guidelines for multinational enterprises reported in the Savings Bank Group was 0.

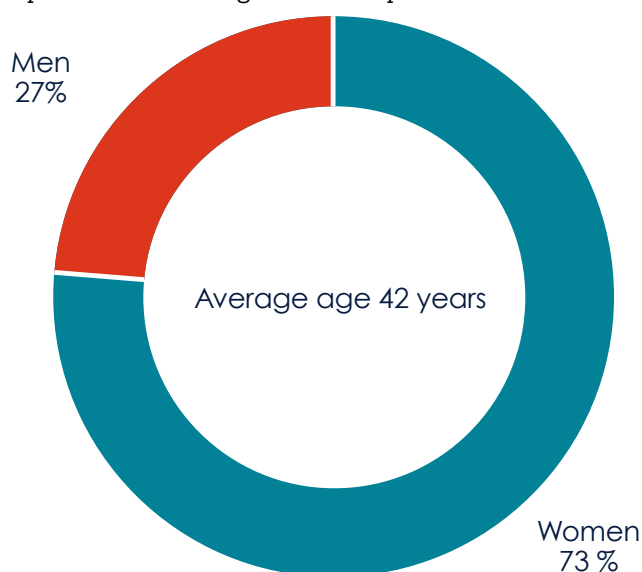


Figure 14. The Savings Banks Group's personnel - gender distribution and average age



RESPONSIBILITY FOR SUSTAINABLE FINANCING AND PRODUCTS

THE EU SUSTAINABLE FINANCE REGULATION

In recent years, the EU has developed legislation to establish a definition for sustainable finance. 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.

The purpose of the EU's sustainable finance regulations is to promote the transition to sustainable financing and investment practices and support the transition to a low-carbon and sustainable economy. They also aim to address risks and challenges associated with climate change and social inequality and promote openness and transparency in the financial sector.

The EU taxonomy is a sustainable financing classification system for environmentally sustainable economic activities. 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 taxonomy-aligned activities. Customers are also requested to specify their sustainability preferences in investment and insurance advisory services with regard to taxonomy-aligned investments, for example. We provide

The EU taxonomy is a sustainable financing classification system for environmentally sustainable economic activities.

more information on our taxonomy reporting as part of the reporting of non-financial information in the Savings Banks Group's financial statements release for 2022.

With regard to the disclosure regulation and the taxonomy regulation, we have published information on our website and in our fund brochures, for example, on how we address sustainability-related factors and risks 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's fund brochure, for instance. We monitor the development of the EU's sustainable finance regulations and we are also preparing for amendments to the Solvency Directive and the expansion of sustainability reporting obligations upon the entry into force of the Corporate Sustainability Reporting Directive (CSRD). The new obligations are aimed at ensuring that investors and other stakeholders have access to the information they need to assess investment risks arising from climate change and other sustainability issues. The regulations also increase the transparency of companies' impacts on people and the environment. The Savings Banks Group will be required to apply the new regulations for the first time in the financial year 2024, for which the reports will be published in 2025.

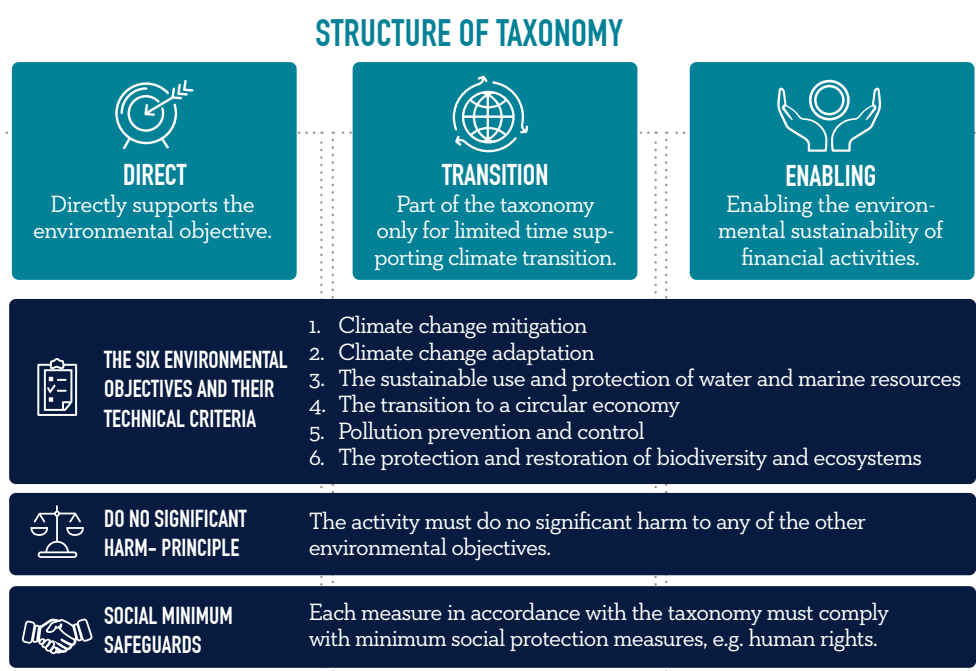


Figure 15. Taxonomy structure

Source: Green Deal Office

RESPONSIBLE INVESTING AND OWNERSHIP

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). For Savings Banks' Asset Management, responsible investing means more than risk management - it also means business opportunities. Our aim for responsible investing is to achieve the highest possible returns at the selected level of risk. 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 investments.

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 investment targets 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 to the 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 the CDP's Non-Disclosure Campaign initiative regarding the CDP's above-mentioned 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.

The second half of 2022 was a period of active development in the Savings Banks' Asset Management. Expectations for transparency have increased and, effective from the beginning of 2023, the amount of required information to be published on funds and investment-based insurance products was increased by new regulations. We made preparations for the EU's sustainable finance regulations with regard to, for

example, product-specific pre-contractual templates pursuant to the SFDR and the Markets in Financial Instruments Directive obligations pertaining to the assessment of customers' sustainability preferences. We also developed sustainability assessment processes and guidelines with regard to our products as well as the collection of data via our ESG tools.

In 2022, we continued the collaboration with The Upright Project. The net impact of the Savings Bank's funds was positive according to the model created by the Upright Project. 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 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, the Upright Project assessed the extent to which our funds' investment targets support the UN Sustainable Development Goals (SDGs) that are intended to guide global development efforts up to 2030. Our funds support, in particular, SDG 8 (decent work and economic growth), SDG 9 (sustainable industry, innovation and infrastructure), and SDG 3 (good health and wellbeing).



Low
Carbon

At the end of 2022, as many as 10 of the funds we manage had The Morningstar® Low Carbon Designation™.

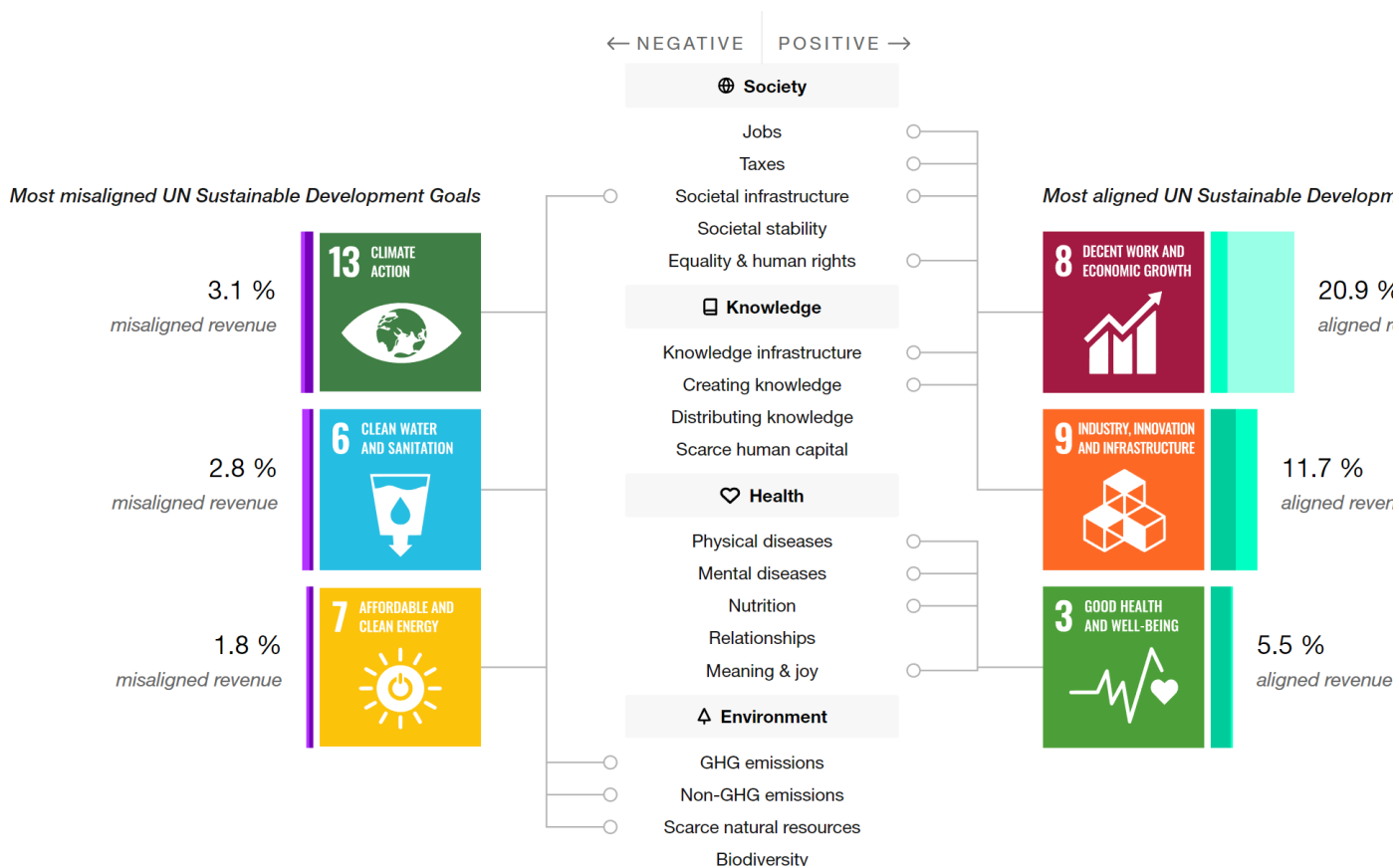


Figure 16. Support for the UN Sustainable Development Goals in the funds we manage

DETERMINING CUSTOMERS' SUSTAINABILITY PREFERENCES

In 2022, Savings Banks' Asset Management prepared for the EU's sustainable finance regulations with regard to the obligations set out in the Markets in Financial Instruments Directive concerning the determination of customers' sustainability preferences. By expressing their sustainability preferences, customers can obtain responsible and sustainable products that better match their preferences as part of investment and insurance advisory services. In Savings Banks' Asset Management, determining customers' sustainability preferences have been integrated into the suitability assessment and as part of the investment and insurance advisory service tools, including the "A Moment with your Personal Finances" tool and the corresponding tool for corporate customers. According to regulation, in assessing a customer's sustainability preferences, it is to be determined, what is the minimum share of the investments that the customer wishes to allocate to investments that are environmentally sustainable according to the EU taxonomy or investments that promote goals related to the environment or society in

accordance with the Sustainable Finance Disclosures Regulation, or whether the customer wishes to make investments that take into account indicators reflecting Principal Adverse Impacts (PAI) on sustainability factors. It also needs to be determined according to regulation, what is the extent to which the customer's investment solution should include investments that correspond to their stated sustainability preferences. In investment and insurance advisory services, the meaning of sustainable investments and products that take indicators of Principal Adverse Impacts into account are to be discussed with the customer.

There is still a significant gap in sustainable finance in the EU. Promoting sustainable investment and finance is part of the European Commission's Sustainable Finance Action Plan (SFA), which aims to steer the financial markets towards sustainable development goals. Sustainable investment and finance also support companies in their sustainability-related efforts and the creation of a more sustainable future.

During the year, we increased awareness of responsible investing both within the Savings Banks Group and outside of it. For example, we organised internal training activities, which are discussed in more detail on the section on managing sustainability, as well as external training activities for the distributors of our funds on how customers' sustainability preferences should be taken into account in investment and insurance advisory services.

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 disclose which of our funds have received the Morningstar® Low Carbon Designation™ and discuss the positive environmental impacts and carbon risks of our funds' investments. For instance, at the end of 2022, as many as 10 of the funds we manage had The Morningstar® Low Carbon Designation™. The review is available on our website.

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 is responsible for the sustainability of investments and the investments as a whole. Each portfolio manager is responsible for following and applying the principles of responsible investment in practice. The Head of Group ESG & Sustainability and ESG Analyst develop, train and coordinate responsible investment in the various asset types and report on the realisation of responsibility 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 responsibility into account in its investment activities. We adhere to the principles of responsible investment in all funds we manage. Implementation takes place through different approaches and varies slightly between asset classes. Our approach includes consideration for ESG factors and risks, monitoring compliance with international norms and conventions, theme-based impact investing and prioritisation, exclusion and active ownership, and influence. More information is provided on page 38.

Taking ESG factors and risks into account

At Savings Banks' Asset Management, applying the principles of sustainable investing has been directly

Portfolio managers evaluate the material risks and opportunities related to each investee company's sustainability as part of the other analysis of investments.

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 2022, 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 external service providers, our assessment of the responsibility of investment targets is based on sustainability reports, news and information obtained from non-governmental organisations and other public sources.

Monitoring of international standards and conventions

We monitor the extent to which 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.

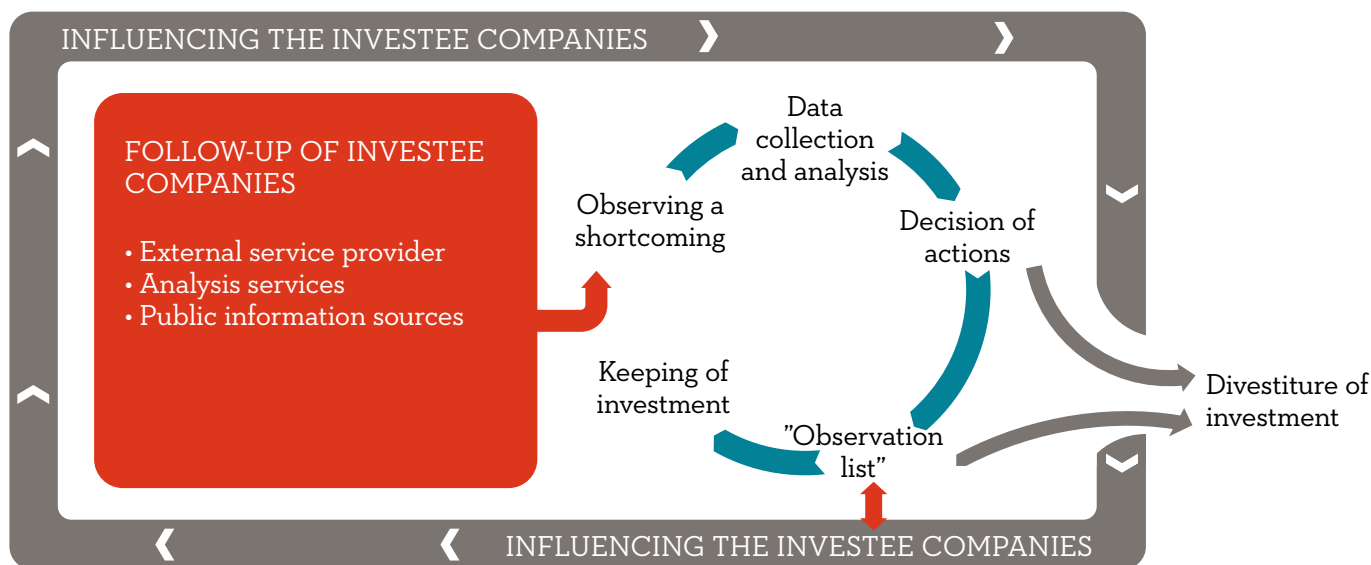


Figure 17. Monitoring of investment targets

Theme investments and impact

Theme-based investing and positive screening focus on selected sustainability themes. In addition to seeking returns, theme-based investing aims to create a positive and measurable impact through investment. Säästöpankki Ympäristö is a special investment fund whose investments focus on the mitigation of climate change and on environmental innovation. At the end of 2022, the fund capital totalled EUR 29.1 million, which corresponds to 0.7 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 a credible plan or a plan that is aligned with the Paris Agreement for the reduction of its carbon use and climate impacts (for example, Science Based Targets). Furthermore, the exclusion from the Säästöpankki Ympäristö special investment fund concerns mining companies with more than 5 per cent of revenue generated by coal used for energy production or with high production volumes of energy coal (over 30 per cent of total 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 have also set climate targets for investments in the Savings Banks Group's sustainability strategy. More information on these is provided on page 14.

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 responsibility 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.

CONTAINING CLIMATE CHANGE 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.

The phasing out of fossil fuels is accelerated by the RePowerEU programme drawn up by the EU, which will be implemented in parallel with the previously published Fit for 55 programme. The aim of the RePowerEU programme is to make Europe independent from Russian fossil fuels well before 2030. The programme is built around improving energy efficiency, increasing the use of renewable energy sources, increasing electrification, and increasing the use of hydrogen. A climate bill was also approved in the United States that involves investments of USD 370 billion in clean environmental technology and energy self-sufficiency with the aim of cutting US carbon emissions by 40 per cent by 2030.

Towards the end of the year, we updated the climate scenario analyses and stress tests of our equity and

interest 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. More information on our operating approach is provided in the environmental responsibility section starting on page 53.

ACTIVE OWNERSHIP IS A KEY PART OF SUSTAINABILITY

We are an active owner, which means, among other things, participation in the Annual General Meetings of the companies that the funds we manage have invested in, and engage in dialogue with those companies. 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 that organises such meetings, and we aim to exercise influence in order to ensure that the companies take action in response to grievances and promote a sustainable approach to their operations. We seek to discuss matters related to sustainability in our meetings with companies and to emphasise 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 Annual General Meetings on the basis of their agendas, an assessment of the extent to which the fund management company can exercise influence at 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 2022, we engaged in discussions in company meetings with 101 companies. Savings Bank funds participated in 20 general meetings in Finland during the year. Säästöpankki Kotimaa participated in 18 meetings, Säästöpankki Itämeri in 16, Säästöpankki Pienyhtiöt in 11, Säästöpankki Korkopulus in 12, Säästöpankki Ympäristö in four, and Säästöpankki Osake Maailma in two. At the general meetings, we voted in favour of the proposals of the boards of directors. We also want to develop sustainable investment and make it more widespread. We have given speeches about responsible investment in various events, such as intra-group events, customer events and other events. We have also supported awareness of responsible investment by participating in academic research, for example, with Oxford Economics.

RESPONSIBLE FINANCING

In 2022, we also developed the integration of sustainability into our financing processes and will continue this work in the coming years.

Our responsible 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 conducting an assessment, 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's strategy approved by 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 Savings Banks Group is moderate. The Board of Directors of the Savings Banks Group's Central Institution steers 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. We have integrated ESG issues into our credit risk strategy and credit management guidelines. In 2022, we also developed the integration of sustainability into our financing 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 have also set lending-related objectives in our sustainability strategy.

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, we promote projects related to determining the carbon footprint of our own operations and loan portfolio.

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 responsible 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. Responsible 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 experiences difficulties in 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. In 2022, we also launched the updating of ESG factors and criteria for responsible and sustainable lending.

An external provider's service related to sustainable lending is used in the corporate financing activities 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.

SUSTAINABILITY IN INSURANCE SERVICES AND INSURANCE-BASED INVESTMENTS

Sb Life Insurance Ltd is a Finnish life insurance company owned by Savings Banks. We connect with the everyday lives of Finnish people through our nationwide service network. Sb Life Insurance offers private customers and companies modern savings and risk insurance products for different situations.

GOOD INSURANCE PRACTICES

Sb Life Insurance observes good insurance practices. Its operations are legally compliant, ethically responsible and fair. The key values observed in the company's customer service are integrity, accessibility and transparency. The aim is to ensure that customers have confidence in the company and that they perceive the atmosphere to be friendly and their customer relationship to be a source of added value for them. Employees have a particular responsibility to ensure that customers receive information in accordance with good business practices. Employees must strive to ensure that customers are aware of the consequences of their financial decisions, including the potential risk of losses. In addition, insurance secrecy, meaning the principle of confidentiality concerning customer data, is observed in all aspects of operations.

CLIMATE RISK ASSESSMENT

Sb Life Insurance has assessed the climate risks concerning its operations, including their probability and the extent of their impact. The assessed climate risks included risks related to the life insurance business, risks related to business operations, and risks related to investment activities. Climate-related transition risks in investment activities may have a significant impact on the valuation of the company's assets. Of the climate risks associated with the life insurance business, the increased incidence of infectious diseases, in particular, could affect sickness rates and, consequently, the company's customers and the size of the insurance portfolio. Climate change and its mitigation also cause changes in customer behaviour. This will be a significant factor affecting the company's business operations. It will require the monitoring of changes in customer preferences and taking such changes into account in the company's operations and product range.

SUSTAINABLE INVESTING

ESG factors are taken into account in Sb Life Insurance's investment activities. The company continuously develops its principles and operations with regard to sustainability issues in alignment with the Savings Banks Group's common principles. The asset managers used in the company's investment activities have signed the UN Principles for Responsible Investment, and they are also committed to taking ESG factors into account in their investment activities. The company complements the scope of its investment activities by using the funds of international partners in its investment activities. The company chooses sustainable, financially solvent and reliable partners and favours operators that have signed the UN Principles for Responsible Investment.

Furthermore, the company only invests in funds whose management company is located in a country party to the OECD's AEOI agreement, or the agreement on the automatic exchange of tax information, or in the case of the United States, to the FATCA agreement similar to the AEOI.

Sb Life Insurance monitors the financial performance of target companies, the risks related to each investment and the sustainability performance of each company. Where necessary, Sb Life Insurance exercises the right to vote in the general meetings of the companies in which it has direct holdings. As a rule, participation is possible in the general meetings of Finnish companies. Participating in general meetings is also possible outside Finland.

Sp-Fund Management Company monitors the reporting and disclosures of investee companies and adheres to its ownership policy with regard to exercising influence in general meetings. It closely monitors the financial performance of investee companies and compares the market price of investee companies' securities relative to their financial position and future outlook based on public information sources. Portfolio managers meet with representatives of the companies and assess the business performance and sustainability performance of each company on the basis of information obtained from the company and other sources.

We are currently working on the implementation of the targets outlined in the Group's sustainability strategy and roadmap through the life insurance company's business strategy. This will enable us to integrate sustainability even more effectively into the day-to-day operations of Sb Life Insurance.

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 prevention of corruption and bribery. The purpose of responsible product governance is to ensure that the sustainability factors of the product correspond to the responsibility targets and preferences of the target customer group. For example, the entire portfolio of Savings Banks' Asset Management is aligned with the Responsible Investment Policy of Sp-Fund Management Company Ltd, and we always take ESG (Environmental, Social and Governance) factors into account in our investment process.

The product area director for financing is in charge of lending products and their sustainability. The Managing Director of Sp-Fund Management Company Ltd is responsible 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 is responsible for Sb Life Insurance's products and their sustainability, reporting to the Board of Directors of Sb Life Insurance.

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

Every six months, we release a responsible investment review for all the funds that we manage, reporting publicly on the performance, 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 opportunities related to the environment, society and good governance, including social impacts and risks. We also regularly train our personnel on the responsibility 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, via the online and mobile banking interfaces, by telephone, or in person at a branch. Our customer service and sales teams have the tools and mechanisms for collecting and analysing customer feedback and taking corrective action.

We handle all customer feedback uniformly and justly, in accordance with the procedures and principles specified in the Amalgamation's guidelines on the handling of customer complaints and feedback. Customer complaints and feedback are processed and recorded 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 via the customer's preferred channel of communication. 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

Financial responsibility refers to good profitability, solvency and liquidity, good governance and responsible leadership. We want to ensure that our customers and partners can 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".

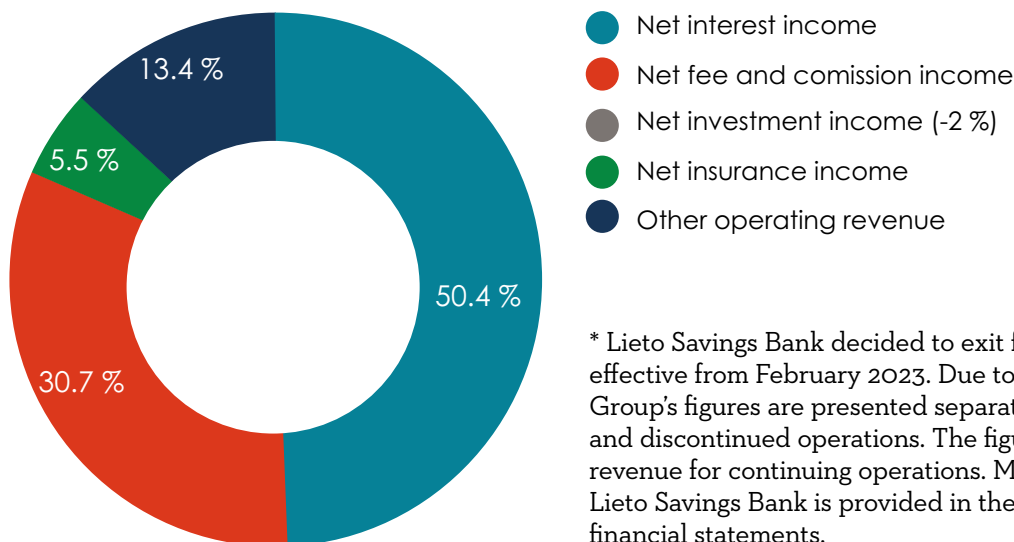
Our business operations are based on low-risk retail banking. This means that we focus particularly on households and families of active age as well as small and medium-sized enterprises, including agricultural entrepreneurs, and on providing the services they need.

MILLION EUROS	2022	2021	2020*	2019*	2018*
Profit before tax	84.2	77.6	66.7	94.8	36.4
Total operating revenue	329.1	298.7	306.6	321.4	234.7
Total operating expenses	-299.0	-220.0	-220.2	-219.1	-197.7
Cost to income ratio (%)	69.6	73.7	71.8	68.2	84.3
Solvency ratio (%)	18.7	19.5	19.1	19.1	18.2
Income taxes paid	17.4	14.7	14.6	20.7	5.8

* Lieto Savings Bank decided to exit from the Savings Banks Group effective from February 2023. Due to the exit, the Savings Banks Group's figures are presented separately for continuing operations and discontinued operations. The table shows figures for continuing operations for 2021-2022 and figures for both continuing and discontinued operations for 2018-2020. More information on Lieto Savings Bank's exit is provided in the Savings Banks Group's financial statements 2022. The figures for the financial years 2020-2018 have not been restated to correspond to the division of activities between continuing operations and operations that are to exit from the Savings Banks Group.

Table 5. The most important income and expense items of the Savings Banks Group

TOTAL OPERATING REVENUE 2022*



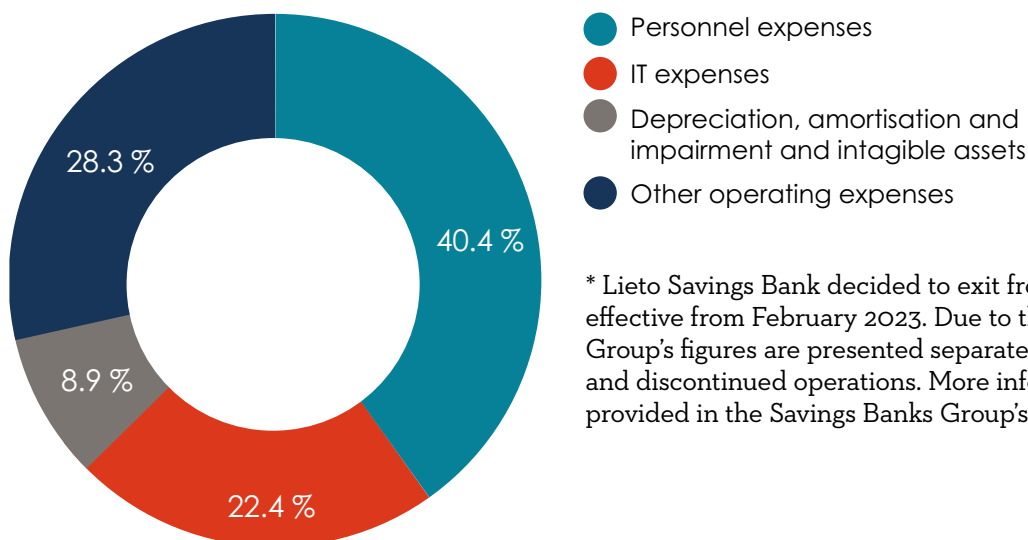
* Lieto Savings Bank decided to exit from the Savings Banks Group effective from February 2023. Due to the exit, the Savings Banks Group's figures are presented separately for continuing operations and discontinued operations. The figure shows only operating revenue for continuing operations. More information on the exit of Lieto Savings Bank is provided in the Savings Banks Group's 2022 financial statements.

Figure 18. Total operating revenue 2022

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 2022



* Lieto Savings Bank decided to exit from the Savings Banks Group effective from February 2023. Due to the exit, the Savings Banks Group's figures are presented separately for continuing operations and discontinued operations. More information on the exit is provided in the Savings Banks Group's 2022 financial statements.

Figure 19. Total operating expenses 2022

Personnel expenses are the biggest expense item of the Savings Banks Group. We employ approximately 1,200 financial and service professionals across 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's 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 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 2022, 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. All Savings Banks Group employees are required to complete online training on the Code of Conduct annually. In the sustainability strategy approved in late 2022, a target completion rate (95-100%) was set for the online training on the Code of Conduct as part of other mandatory compliance training.

The Code of Conduct is complemented by our principles on managing conflicts of interest. A conflict of interest affecting the customer's interest refers to a situation where the interests of a customer are in conflict with those of Savings Bank or a company belonging to the Savings Banks Group, its management, a member of personnel, 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 inform the customer of its existence.

RESPONSIBLE MARKETING

In its marketing, the Savings Banks Group strives for transparency and clarity in order to support our customers in their decision-making. We comply with Finnish legislation and the guidelines of the Finnish Competition and Consumer Authority and the Financial Supervisory Authority, including the principles of responsible marketing.

For example, the Savings Banks Group complies with the Act on Credit Institutions, which also includes good banking practice. In our marketing, we are committed

to providing the customer with all the information that may be relevant to the customer's decisions regarding the product, in accordance with the Act on Credit Institutions. Similarly, we are committed to not providing false or misleading information in our marketing, and we do not follow any practices that are not appropriate for the customer or that are contrary to good conduct. Transparency in the prices and terms of our products and services is of paramount importance to us. In our marketing, we also take into account the limited legal capacity of minors and incompetent persons when concluding contracts for certain banking services.

The EU disclosure regulation also aims to increase transparency in the financial sector. We take into account the disclosure regulation in our marketing and communications and provide transparent information regarding how we take into consideration the sustainability risks and factors and the principal adverse impacts of the investment products we manage, for example. In 2022, no violations of marketing, advertising or sponsorship guidelines were reported in the Savings Banks Group.

All Savings Banks Group employees are required to complete online training on the Code of Conduct annually.

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.

There were no reported incidents of corruption in the Savings Banks Group in 2022, nor were any significant risks related to corruption or bribery identified in the operational risk assessment.

CUSTOMER DUE DILIGENCE AND PREVENTING MONEY LAUNDERING AND TERRORIST FINANCING

The risk management principles related to preventing 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. We collect data on customers and monitor customer relationships and the use of services by customers 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 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. We use systems to implement continuous monitoring and regularly assess and update the scenarios used for 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. The training is part of the mandatory compliance training activities, for which a target completion rate (95-100%) was set in the sustainability strategy in 2022.

WHISTLEBLOWING

The Savings Banks Group values an environment that encourages the 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. Whistleblowing notifications are handled by designated persons representing independent functions, and the processing of the notifications is carried out in

compliance with the confidentiality provisions laid out in the Whistleblower Act. Whistleblowing notifications are always also forwarded to the Audit Committee of the Board of Directors. Retaliation against employees is not tolerated in the Savings Banks Amalgamation. Our whistleblowing guidelines have been updated following the entry into force of the Whistleblower Act. We did not receive any notifications via the whistleblowing channel in 2022.

RISK MANAGEMENT

Risk management is a part of day-to-day operations, and everyone is responsible for it within their area of responsibility. Effective 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 solvency as well as the adequacy of the risk management system and keeping it up-to-date. The

Central Institution provides the Amalgamation member entities with guidelines on the qualitative requirements necessary for securing their liquidity and solvency, risk management, reliable governance and internal control, and compliance with consistent financial statement policies. Furthermore, the Central Institution supervises the member organisations' compliance with the amalgamation's internal principles as well as appropriate and ethically acceptable operating practices in customer relationships.

INTERNAL CONTROL

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' and support functions' control of their own activities.

The function of the Board of Supervisors 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. The Board of Directors of the Central Institution is tasked

with governing the operations of the Central Institution in accordance with the Cooperatives Act, the Act on the Amalgamation of Deposit Banks and the governance policies of the central institution and to see to the arrangement of the internal control of the Savings Banks Amalgamation.

The Savings Banks Amalgamation follows a control model based on "three lines of defence". The first line of defence is internal control of their own operations by business units and support functions. The second line of defence consists of independent monitoring functions (risk control and compliance functions), and the third line of defence is the internal audit.

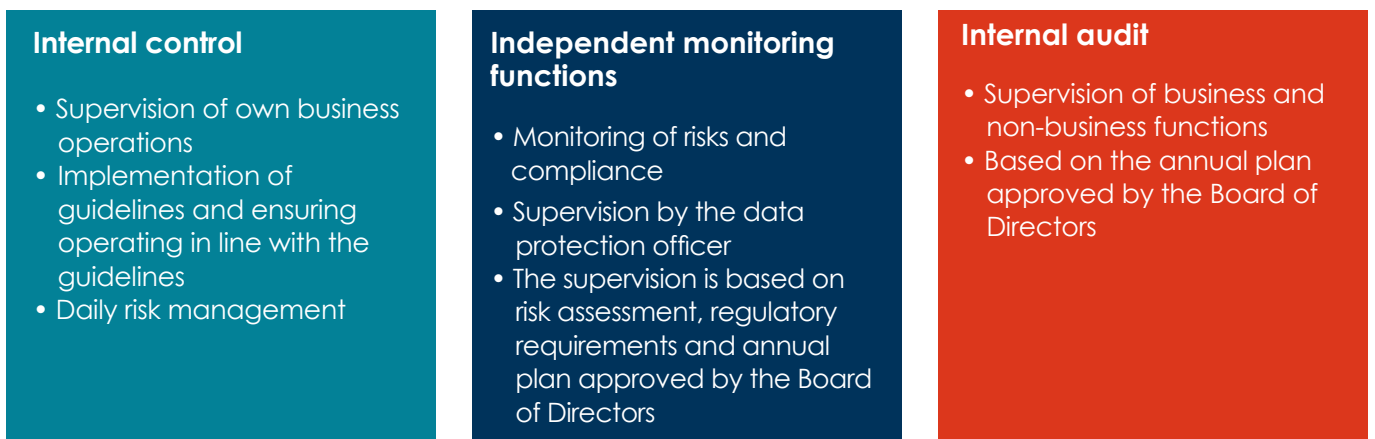


Figure 20. The "three lines of defence" monitoring model



RESPONSIBILITY FOR THE ENVIRONMENT AND THE CLIMATE

ENVIRONMENTAL RESPONSIBILITY

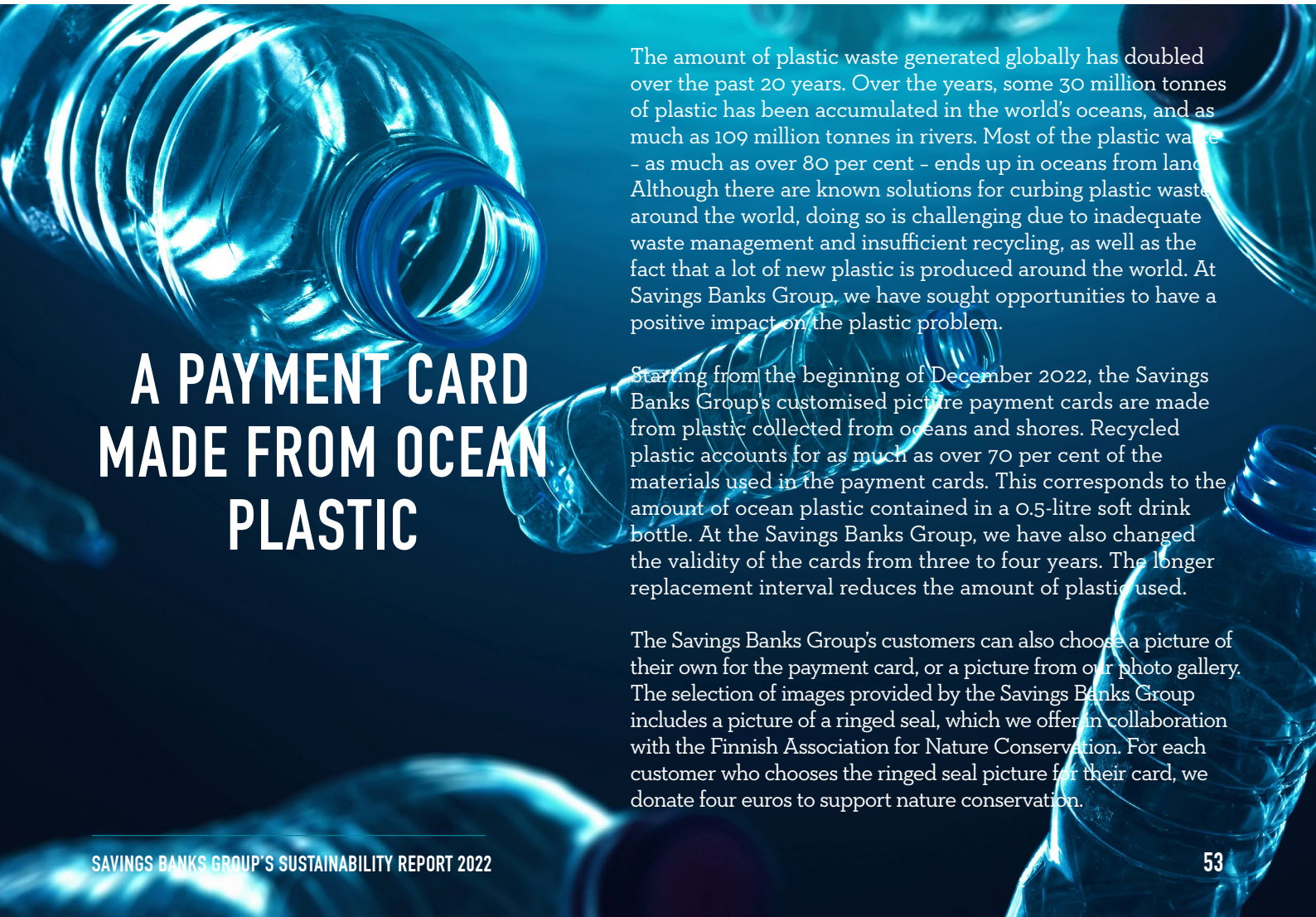
As a responsible Finnish banking group, the Savings Banks Group recognises its role in promoting environmental sustainability. Due to the nature of the business, the direct environmental impacts and risks of the Savings Bank's own operations are relatively small and our direct impact on climate change is minor. However, environmental risks – including climate change and biodiversity loss – may also have an indirect impact on our operations through the impacts on our customers or stakeholders. Many companies will face risks and opportunities related to climate change and biodiversity, which will influence their current and future business operations. As a bank, we want to understand these impacts and support our customers in the transition to sustainable business models.

Indirect environmental impacts may arise through the investments made by Sp-Fund Management Company Ltd and the Savings Banks Group's credit portfolio. The Savings Banks Group takes sustainability risks into account as part of investment decisions and advice. Climate-related risks and environmental regulation may also have significant economic impacts, particularly in certain industries or with regard to the geographical location of activities. We also actively monitor the development of EU legislation on sustainable financing.

We have set climate targets as part of the Savings Banks Group's new sustainability strategy. More information on these is provided on page 14.

Sp-Fund Management Company Ltd seeks to evaluate the impacts of sustainable development and climate change on investment targets. With regard to Savings Banks' Asset Management, we report on climate-related risks and opportunities 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 responsible 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.



A PAYMENT CARD MADE FROM OCEAN PLASTIC

The amount of plastic waste generated globally has doubled over the past 20 years. Over the years, some 30 million tonnes of plastic has been accumulated in the world's oceans, and as much as 109 million tonnes in rivers. Most of the plastic waste – as much as over 80 per cent – ends up in oceans from land. Although there are known solutions for curbing plastic waste around the world, doing so is challenging due to inadequate waste management and insufficient recycling, as well as the fact that a lot of new plastic is produced around the world. At Savings Banks Group, we have sought opportunities to have a positive impact on the plastic problem.

Starting from the beginning of December 2022, the Savings Banks Group's customised picture payment cards are made from plastic collected from oceans and shores. Recycled plastic accounts for as much as over 70 per cent of the materials used in the payment cards. This corresponds to the amount of ocean plastic contained in a 0.5-litre soft drink bottle. At the Savings Banks Group, we have also changed the validity of the cards from three to four years. The longer replacement interval reduces the amount of plastic used.

The Savings Banks Group's customers can also choose a picture of their own for the payment card, or a picture from our photo gallery. The selection of images provided by the Savings Banks Group includes a picture of a ringed seal, which we offer in collaboration with the Finnish Association for Nature Conservation. For each customer who chooses the ringed seal picture for their card, we donate four euros to support nature conservation.

ECOLOGICAL AND CLIMATE FOOTPRINT AND HANDPRINT

We seek to improve the assessment of our ecological and climate footprint and handprint, and promote eco-efficiency. At the Savings Banks Group, we want to look after the environment through our day-to-day actions. We encourage employees to adopt eco-efficient practices, such as using public transport, and we replace business trips and meetings with telephone and video conferences. With our digital services, we also seek to reduce our customers' need to travel to our branches for their banking needs. By providing our customers with the opportunity to do their banking from home, we reduce the need to travel by car, for example, which reduces the carbon footprint. We also strive to reduce paper consumption and take advantage of digital archives, among other things. For example, we promote projects related to assessing the carbon footprint of our own operations and the carbon footprint of the loan portfolio.

The carbon footprint is one key indicator used for the management of climate risks. The Savings Banks Group has set climate targets as part of its sustainability strategy, and it does not currently have a separate climate policy. The Savings Banks Group aims to be carbon positive in its own operations (scope 1 and 2)

by 2035. The interim target is to reduce the carbon footprint of the electricity consumption of operating locations by 50 per cent (compared to 2021) by the end of 2030 at the latest.

In 2022, the Savings Banks Group's energy consumption amounted to 11,032.1 MWh, and the energy intensity relative to operating revenue was 33.5 MWh per million euros. Renewable sources represented 16 per cent of the total energy consumption. Of the Savings Banks Group's scope 2 carbon dioxide emissions, 70 per cent was attributable to district heating and 30 per cent to electrical energy and the electricity used for electric vehicles. The scope 1 emissions consisted of the fuel emissions of leased vehicles (79 per cent) and fuel oil emissions from oil heating (21 per cent). Renewable energy and solar panels are used at some of the Savings Banks Group's business premises. In addition, the Vallila property in Helsinki (Vallila 33 Business Park), for example, offers EV charging stations and a bicycle parking area for commuters. The Savings Banks Group's emissions are not subject to emissions trading, and the Savings Banks Group does not operate in a high-impact sector with regard to emissions. More information on the Savings Banks Group's carbon dioxide emissions and carbon intensity indicators is provided in the table below.

CO2 emissions, tCO2e	2021	2022
Scope 1 (direct emissions)	228.3	67.9
Scope 2 (indirect emissions through energy consumption, market-based)	1,445.3	1,147.9
Scope 2 (indirect emissions through energy consumption, location-based)	2,001.4	1,444.3

Emission intensity (scope 2, market-based)	2021	2022
tCO2e/FTE	1.0	1.0
tCO2e/operating revenue in millions of euros	4.4	3.4

Table 6. The Savings Banks Group's CO2 emissions and emission intensity, with operating revenue based on the IFRS financial statements for 2022.

Between 2021 and 2022, the Savings Banks Group's CO2 emissions decreased by 457.8 tCO2, or 27.4 per cent. Most of this change is attributable to the decrease in the number of operating locations and the reduction of fuel consumption by vehicles. As a key measure related to the reduction of CO2 emissions in our own

operations and the mitigation of climate change, we participated in the national Down a Degree campaign to save energy in 2022: we implemented energy saving measures in cooperation with property owners in areas such as heating, ventilation, lighting, water consumption, automation, reduction of the use of advertising lights and

energy efficiency of equipment. We also started to build the WWF Green Office environmental management system at eight of our locations, and we will expand the measures to other locations later. In 2022, the costs associated with CO₂ emission reductions amounted to approximately EUR 4,000 and were related to Green Office membership fees.

Our future plans also include increasing the use of solar panels, renewable electricity, renewable district heating and renewable diesel for company cars where possible. We will also consider emissions offsetting as an option once other means of reducing emissions have been exhausted. To date, the Savings Banks Group has not offset emissions.

The Savings Banks Group has not deemed it material to monitor water consumption in its operations. The amount of recycled or reused water used by the Savings Banks Group was 0 litres.

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 CO₂ 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 CO₂ emissions than fossil diesel, which corresponds to approximately 200,000 tonnes of CO₂ emissions per year, based on the estimated production capacity of the plant in question. This reduction, in turn, equals the annual CO₂ 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 CO₂. The total fund capital of the Säästöpankki Ympäristö special investment fund totalled EUR 29.3 million on 31 December 2022.

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' investment targets, which are described in the table on the next page.

The Savings Banks Group aims to be carbon positive in its own operations (scope 1 and 2) by 2035.

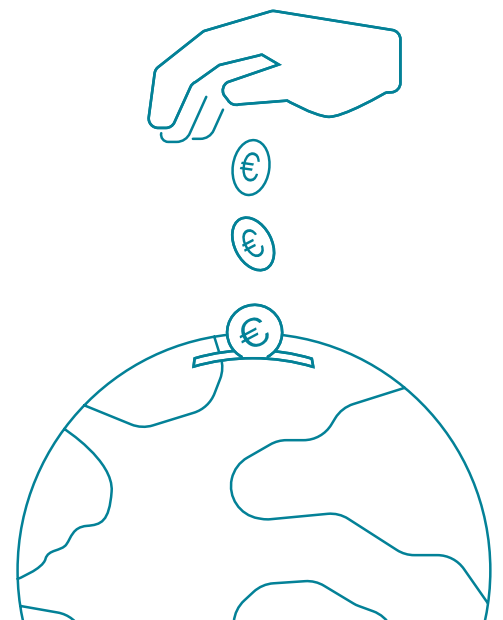


	 SHARE OF ENVIRONMENTAL SOLUTIONS (%)	 COVERAGE (%)
Säästöpankki Aasia	0	91
Säästöpankki Amerikka	14.9	99
Säästöpankki Eurooppa	8.2	91
Säästöpankki High Yield	6.4	60
Säästöpankki Itämeri	5.3	78
Säästöpankki Kantti	8.9	77
Säästöpankki Kehittyvät Markkinat	10.3	98
Säästöpankki Kiinteistöosake Eurooppa	39	79
Säästöpankki Kotimaa	9	83
Säästöpankki Osake Maailma	14.2	92
Säästöpankki Osakepainoinen	7.4	67
Säästöpankki Pienyhtiöt	3.8	50
Säästöpankki Ryhti	6.8	63
Säästöpankki Tasapainoinen	5.6	52
Säästöpankki Tuottohakuinen	9.4	87
Säästöpankki Ympäristö	24.7	57
Säästöpankki Yrityslaina	8.7	79

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 is 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 give reports 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 principles of sustainable investing 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. This is discussed in more detail on page 10.

The goal of Savings Banks' Asset Management is to increase the transparency of responsible investment in its funds. 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, 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 The Morningstar® 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 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.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

The board of the Savings Bank's Union Coop approved the sustainability strategy that includes climate targets, and updates for sustainability roadmap and policy in

2022. In addition, we promote the regular assessment and discussion of ESG risks in the future through our roadmap. Risks and opportunities related to climate change can include:

CLIMATE RISKS	CLIMATE OPPORTUNITIES
<p>Physical risks: 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>Business opportunities: By offering responsible products, we address our customers' evolving and increasing needs.</p>
<p>Market risk: Market risks are related to changes in customer preferences towards more sustainable products and services and their growing expectations in terms of effectiveness. We manage these risks by developing responsible products and services that are more effective than before.</p>	<p>Resource efficiency: 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>Reputational risks: 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>Use of renewable energy: By identifying investment targets 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>Legal risks: Savings Banks' Asset Management complies with environmental and climate legislation and has not been subject to any related legal measures.</p>	
<p>Regulatory risks: 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 investment targets.</p>	
<p>Technology risks: 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 investment targets.</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 the CDP's Non-Disclosure Campaign initiative regarding the 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 are involved in the Climate Action 100+ investor initiative that aims to influence more than one hundred companies with the highest emissions in various industries.

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 intensity is calculated every six months for the Savings Bank funds that have direct investments in equities 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.




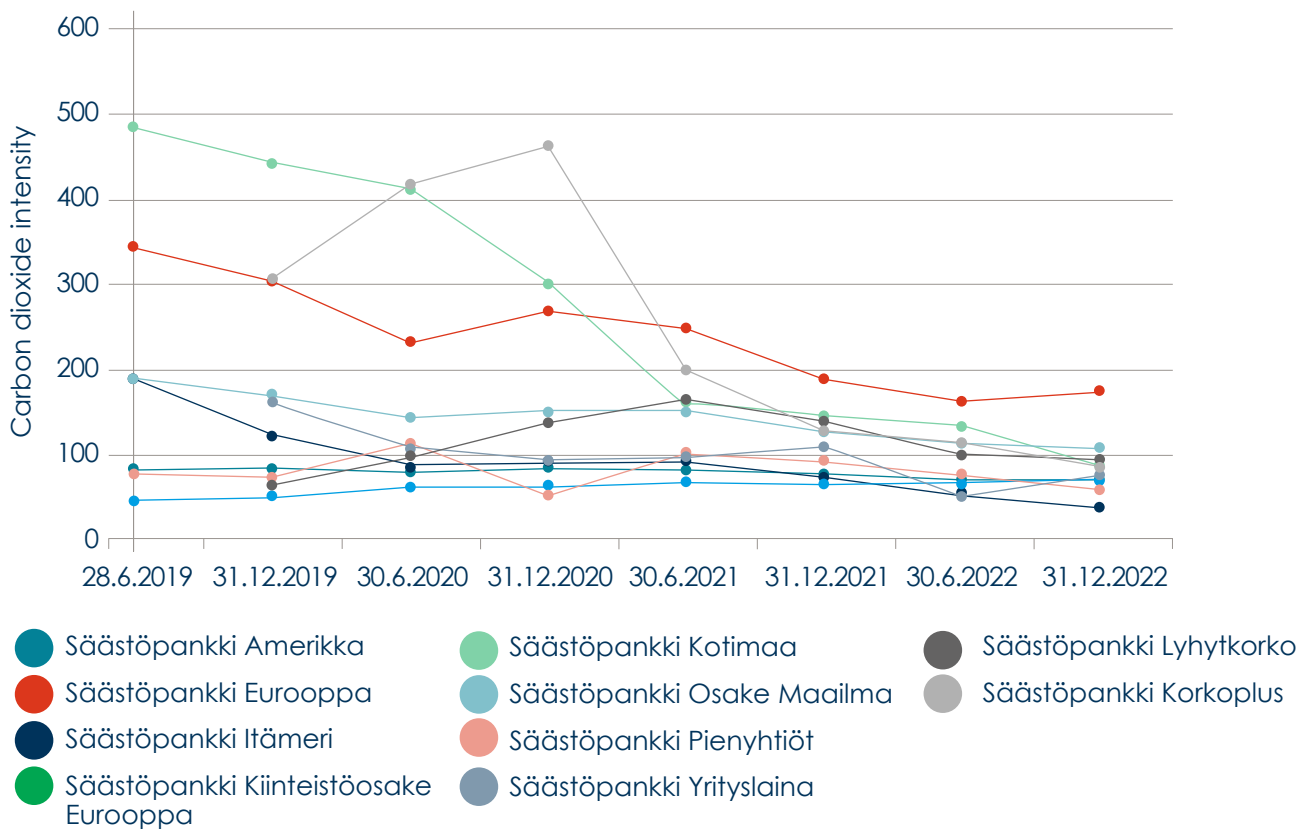
	 CARBON INTENSITY (t CO ₂ /revenue million. USD)	 COVERAGE (%)
Säästöpankki Amerikka	71.4	92.4
Säästöpankki Eurooppa	178.6	94.6
Säästöpankki Itämeri	36.6	84.1
Säästöpankki Kiinteistöosake Eurooppa	74.3	88.0
Säästöpankki Kotimaa	89.0	89.9
Säästöpankki Korkopetus	88.0	50.9
Säästöpankki Lyhytkorko	96.0	55.4
Säästöpankki Osake Maailma	110.9	89.7
Säästöpankki Pienyhtiöt	60.8	56.8
Säästöpankki Yrityslaina	76.3	68.3

Table 9. The carbon footprints of Savings Bank funds on 31 December 2022. Sources: Sp-Fund Management Company Ltd, MSCI ESG Research LLC.

THE DEVELOPMENT OF THE SAVINGS BANK FUNDS' CARBON FOOTPRINTS



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

Figure 21. The development of the Savings Bank funds' carbon footprints

CARBON FOOTPRINT CALCULATION OF THE INVESTMENTS

In carbon footprint calculations, we use the carbon intensity indicator recommended by the TCFD, which illustrates a fund's carbon emissions relative to the revenue of the companies that make up the fund's 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 CO₂e/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.

CO₂ 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.

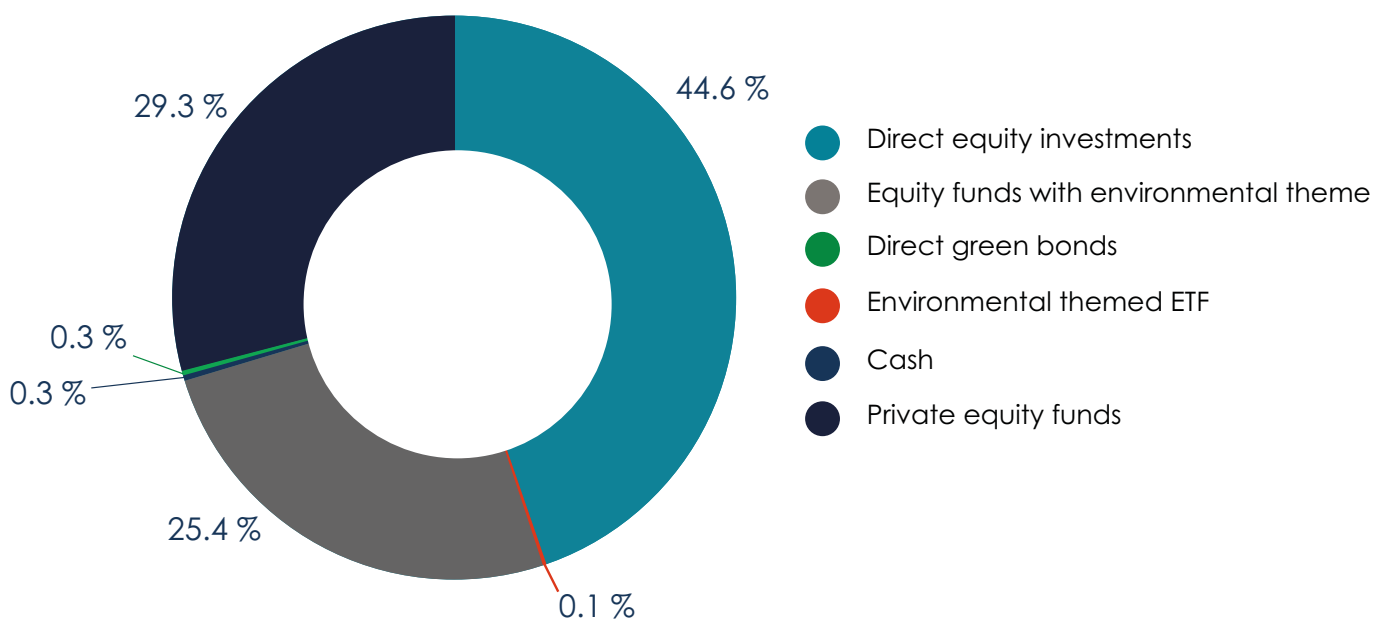
CLIMATE SCENARIO ANALYSES AND STRESS TESTS FOR OUR FIXED INCOME AND EQUITY FUNDS

We conduct annual climate scenario analyses and stress tests on our equity and fixed income funds. The scenario analyses are based on the PACTA method developed by the 2 degree Investing Initiative. The PACTA method involves analysing the most significant greenhouse gas emitters of specific sectors and those companies' outlook relative to the IEA's sustainable development scenario. In stress tests, the tool is used to calculate changes in the portfolio value with regard to three climate scenarios specified by the Bank of England. We also conducted a preliminary analysis with regard to climate warming of less than two degrees, using short-term, medium-term and long-term scenarios with the help of ESG tools. The results of our analyses were used as part of setting the Savings Banks Group's sustainability targets with respect to the climate. Under the new climate targets, our aim is for our investment operations to be carbon neutral by 2050 at the latest. We aim to increase the share of managed customer assets invested in companies that are committed to the Paris Agreement and science-based targets.

SÄÄSTÖPANKKI YMPÄRISTÖ SPECIAL INVESTMENT FUND

The special investment fund Säästöpankki Ympäristö became operational on 31 December 2018. The fund's investments focus on climate change mitigation and environmental innovation. At the end of 2022, the fund capital totalled EUR 29.1 million, which corresponds to 0.7 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 2022.

ALLOCATION OF INVESTMENTS



Source: Sp-Fund Management Company Ltd.

Figure 21. Distribution of the Säästöpankki Ympäristö special investment fund's investments on 31 December 2022. Source: Sp-Fund Management Company Ltd.

The investment targets 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 2022.

YMPÄRISTÖRATKAISUT

	%
Clean tech	16.3
Luonnon pääomien turvaaminen	3.2
Vähäpäästöiset ratkaisut ja kiertotalous	2.6
Ilmastonmuutoksen hillitseminen	16.1
Energiatehokkuus	4.6
Uusiutuva energia ja vaihtoehtoiset polttoaineet	47.7
Kestävä ja vastuullinen vedenkäyttö	0.1
Kestävä maatalous	0.5

Figure 23. Positive environmental impacts of the direct equity investments of the Säästöpankki Ympäristö special investment fund on 31 December 2022.

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 analysed the Säästöpankki Ympäristö fund's private equity investments to determine 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:

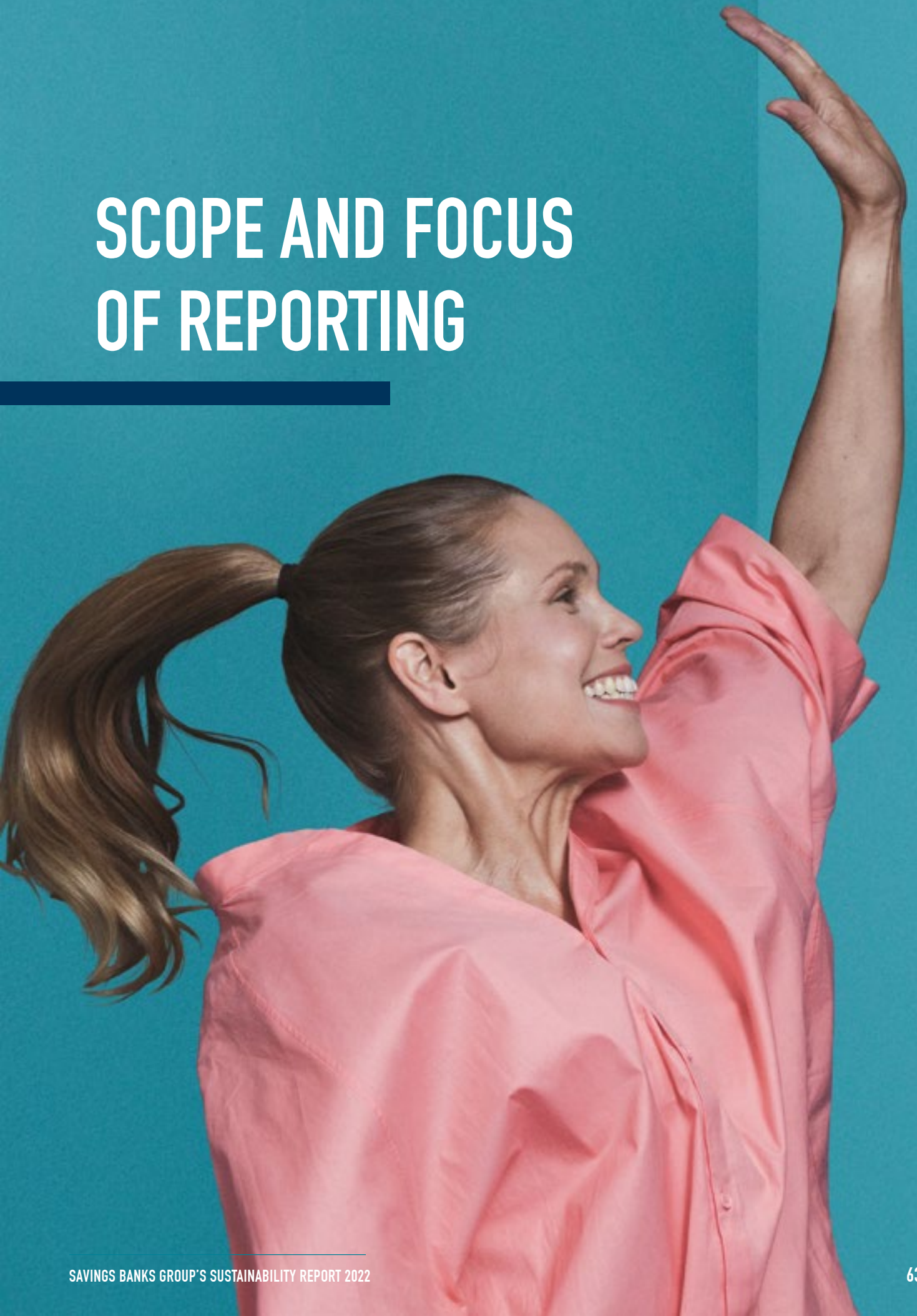
- 7. Affordable and clean energy
- 8. Decent work and economic growth
- 9. Sustainable industry, innovation and infrastructure
- 11. Sustainable cities and communities
- 12. Responsible consumption and production
- 13. Climate action

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



This is the Savings Banks Group's fifth sustainability report. 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) reporting standards with regard to the Savings Banks Group's material aspects of sustainability. The material themes of sustainability are presented in the table "Description of the sustainability management approach". 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 information on 2022 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 information in the report concerns the financial year 1 January-31 December 2022, unless otherwise stated. The previous sustainability report was published on 30 May 2022. 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, at the end of the report, we provide a description of the activities of the Savings Banks' Asset Management according to the TCFD (Task Force on Climate-related Financial Disclosures) reporting framework and with partial application of the obligations stipulated by the Corporate Sustainability Reporting Directive.

The sustainability report is available for download at <https://www.saastopankki.fi/en/savingsbanksgroup/responsibility/savings-banks-group-corporate-responsibility-report> and any questions about the report can be addressed to sustainability@saastopankki.fi. The next sustainability report will be published in spring 2024.

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 41 to Savings Banks Group's financial statements: Entities consolidated in the Savings Banks Group's financial statements.

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. The entities consolidated in Savings Banks Group's financial statements are listed in Note 41 to Savings Banks Group's financial statements: Entities consolidated in the Savings Banks Group's financial statements.

SPECIAL CIRCUMSTANCES AFFECTING REPORTING

During the financial year, Ylihärmän Säästöpankki merged with Aito Savings Bank Ltd, and Mietoisten

Säästöpankki merged with Liedon Säästöpankki. As a result of the mergers, the number of savings banks in the Savings Banks Amalgamation and the Savings Banks Group decreased from 17 to 15. The Trustees of Lieto Savings Bank approved the corporate restructuring arrangements related to the merger of Lieto Savings Bank and Oma Savings Bank at a meeting of the Trustees on 22 September 2022. Lieto Savings Bank's exit from the Savings Banks Group and the Savings Banks Amalgamation was completed on 28 February 2023. In accordance with the accounting policy confirmed by the Savings Banks' Union Coop, the IFRS 5 Non-current Assets Held for Sale and Discontinued Operations standard is applied to Lieto Savings Bank's exit in the Savings Banks Group's financial statements for 2022. Lieto Savings Bank's operating result is presented in the Savings Banks Group's income statement in discontinued operations, separately from the revenue and expenses of continuing operations, and the comparison figures have been adjusted accordingly. Lieto Savings Bank's assets and liabilities are presented in the Savings Banks Group's balance sheet as a separate line item under assets and liabilities and, in accordance with the IFRS 5 standard, the comparison figures are not adjusted. More information on Lieto Savings Bank's exit from the Savings Banks Group is provided in note 35 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.

REPORTING CONTENT AND BOUNDARIES

Our sustainability reporting follows mainly the same calculation boundaries as the Group's financial reporting. The key figures on financial responsibility cover all operations, excluding Lieto Savings Bank, and they are based on the Savings Banks Group's accounting and adopted financial statements for 2022. Personnel-related key figures cover all of the Group's personnel, excluding Lieto Savings Bank, and they originate from the Savings Banks Group's HR information systems. The reporting of environmental responsibility information covers all locations, excluding Lieto Savings Bank.

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 the other themes presented in the materiality analysis - except wellbeing at work, equality and diversity - also have an impact outside the Savings Banks Group.

EMISSION CALCULATIONS

The Savings Banks Group reports emissions as CO₂ equivalents in accordance with the Greenhouse Gas (GHG) Protocol. The Savings Banks Group's own operations are not subject to emissions trading. Of the scope 1 emissions, vehicle fuel emissions are based partly on measured data and partly on estimates, while the emissions from fuel oil used in oil heating are based on estimates. The emission factors of the Finnish Climate Change Panel and the Finnish Environment Institute are used for vehicle fuels and the electricity consumption of electric vehicles. The estimates of fuel

and electricity consumed by vehicles are based on estimates of average consumption and average annual commuting kilometres driven.

The assessment of scope 2 emissions is also based on both measured data and estimates. The reporting of the electricity and heating consumption of business premises the associated emissions is based on measurements, gross area-based estimates and average consumption. The calculation of scope 2 market-based emissions is based primarily on the producer-specific emission factors of energy and secondarily on Finland's average emission factor for electricity (Motiva) and district heating (Motiva). The calculation of scope 2 location-based emissions is based on Motiva's national emission factors. The estimates are based on research on the floor area-based average consumption of office premises ("Energy saving activities and the development of energy consumption in the City of Helsinki 2016"). For heating-related emissions, the emission factor used for fuel oil is Motiva's emission factor.

Carbon dioxide emissions for 2021 have been restated in the 2022 report. There was an error in emission data in the 2021 report. The restatement concerns the correction of a unit error for the emissions of one business unit as part of the calculation of the emissions of all business units.

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 footprint of investments is described in section Responsible investing and ownership

DESCRIPTION OF THE SUSTAINABILITY MANAGEMENT APPROACH

Themes	Responsibility for the customer's financial wellbeing
Approaches and indicators	<p>GRI 2-29 Approach to stakeholder engagement</p> <p>GRI 201-1 Direct economic value generated and distributed</p> <p>GRI FS16 Improving financial literacy</p> <p>GRI 417-1 Requirements for product and service information and labelling</p>
Policies and commitments	<p>The Savings Banks Group's sustainability strategy and roadmap 2022–2024</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> <p>Digital vision</p>
Objectives	<ol style="list-style-type: none"> 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. 2. The best combination of in-person and digital services. 3. One of the objectives outlined in our sustainability strategy is that we promote a positive Savings Bank Experience and secure digital service use through our financial wellbeing solutions, using our NPS for in-office, online and telephone meetings as the performance indicator (target: 80) and the solution rate for telephone conversations (target: 85).
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 in-person services through diverse channels. The Savings Banks Group drafted a new digital vision and we continued the development of digital services, software robotics and automation in various areas. The Savings Banks Group also offers the opportunity to establish a customer relationship digitally, electronic appointment booking, online appointments, electronic signing, digital housing transactions, mobile payments and fund subscriptions, and the digital signing of continuous saving agreements. In addition, our Miljo chatbot has provided our customers with a new way to obtain assistance with problems around the clock.</p>

	Responsibility for the wellbeing of the community
Approaches and indicators	GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes GRI 405-1 Diversity of governance bodies and employees FS16 Improving financial literacy
Policies and commitments	Remuneration principles and policy Code of Conduct Whistleblowing The Savings Banks Group's sustainability strategy and roadmap 2022–2024 Early support model Equality and non-discrimination plan Principles governing the realisation of diversity of the Board of Directors “Towards a stronger team spirit” operating model “Towards better performance” operating model
Objectives	<ol style="list-style-type: none"> 1. A cohesive and efficient team. 2. A community of highly competent professionals with a strong capacity for renewal. 3. One of the goals outlined in our sustainability strategy is that we support local microenterprises and SMEs. We will measure our performance in this respect in terms of the launch of a sustainable corporate guarantee or loan product in 2023.
Resources and responsibilities	The banks and entities of the Savings Banks Group have appointed persons who are responsible for occupational health and development safety issues, the development and implementation of personnel policies, development programmes and measures. The Savings Banks' Union Coop's Chief Legal Officer is responsible for updating the Board's diversity principles.
Measures	During the COVID-19 season, we observed safety recommendations and offered solutions for safe and flexible work. We engaged in close cooperation with our occupational health and insurance partners, and provided virtual exercise breaks to help employees maintain wellbeing at work, for example. 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 started designing a new personnel survey and piloted the use of a workplace atmosphere measurement tool in the Savings Bank Centre.

	Responsibility for responsible financing and products
Approaches and indicators	FS10 Interaction with investment targets
Policies and commitments	<p>The Savings Banks Group's sustainability strategy and roadmap 2022–2024</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 Principles for Responsible Investment</p> <p>The UN Principles for Responsible Investment (PRI)</p> <p>Sp-Fund Management Company's owner policy</p> <p>Memberships in associations and investor initiatives, which are described in more detail in the section "Our commitment to social responsibility initiatives and memberships in associations".</p>
Objectives	<ol style="list-style-type: none"> 1. Profitable and sustainably growing customer business. 2. The objective outlined in our sustainability strategy is that we will increase the share of green funds and sustainable investments. We measure this in terms of alignment with the selected UN Sustainable Development Goals (at least 85 per cent of selected Savings Bank funds and insurance portfolios have a minimum of 25 per cent of their assets allocated to investees that are aligned with the SDGs).
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. In addition, the Head of Group Sustainability & ESG and the sustainability specialists in the Group's support functions and businesses promote responsibility in financing and investing.</p>
Measures	<p>We updated our Responsible Investment Policy and began the process of updating the ESG factors and criteria pertaining to responsible and sustainable lending. In the area of payment solutions, we launched a payment card made from ocean plastic. In the Savings Banks' asset management operations, we improved the sustainability classification of 12 of our funds to light green in accordance with Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). We integrated the assessment of our customers' sustainability preferences into our investment and insurance advisory processes and tools, and we published pre-contractual product templates on product sustainability in compliance with the SFDR. We also developed sustainability assessment processes and guidelines with regard to our products as well as the collection of data via our ESG tools. With regard to our funds, we continued to conduct climate scenario and stress tests. We also continued our net impact assessments and our regular assessment of support for the UN Sustainable Development Goals and taxonomy compliance. We also made preparations for the EU's sustainable finance regulations with regard to the future obligations stipulated by the SFDR, the EU Taxonomy Regulation and the Solvency Directive, and we assessed the taxonomy eligibility of our balance sheet.</p>

Themes	Responsibility for sustainable growth and good governance
Approaches and indicators	<p>GRI 2-27 Compliance with laws and regulations</p> <p>GRI 205-2 Communication and training on anti-corruption policies and procedures</p> <p>GRI 201-1 Direct economic value generated and distributed</p>
Policies and commitments	<p>The Savings Banks Group's sustainability strategy and roadmap 2022–2024</p> <p>Principles for reliable management and internal control</p> <p>Code of Conduct</p> <p>Principles for the management of conflicts of interest</p> <p>Whistleblowing</p> <p>Insider register</p> <p>Trading guidelines for personnel</p> <p>Operational principles and annual plan for the compliance function</p> <p>Operational principles and annual plan for the risk control function</p> <p>Operational principles and annual plan for internal audit</p> <p>Risk management principles in preventing money laundering and terrorist financing</p>
Objectives	<p>Our good governance principles 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.</p> <p>In our new sustainability strategy, we set a target of 95–100 per cent for the completion of regularly monitored compliance training.</p>
Resources and responsibilities	<p>The risk control and compliance functions are responsible for monitoring compliance with regulations and internal operating principles and reporting on any non-compliance, as well as the development and implementation of risk management and compliance processes, policies and tools. The director in charge of the risk control and compliance function reports to the Board of Directors of the Savings Banks' Union Coop and, in the Management Group of the Savings Bank Centre, to the CEO.</p>
Measures	<p>Each year, our employees also participate in mandatory training related to, for example, the prevention of money laundering and terrorist financing, and the Code of Conduct. We also have an anti-money laundering (AML) monitoring tool, and we engage in continuous monitoring with the help of scenarios related to the tool.</p>

	Responsibility for the environment and the climate
Approaches and indicators	GRI 302, GRI 305 Reduction of energy consumption and greenhouse gas emissions
Policies and commitments	<p>The Savings Banks Group's sustainability strategy and roadmap 2022–2024</p> <p>The UN Sustainable Development Goals</p> <p>Responsible Investment Policy</p> <p>Savings Banks Group's sustainability policy</p> <p>Investor initiatives, which are described in more detail in the section “Our commitment to social responsibility initiatives and our memberships in associations”.</p>
Objectives	<p>We operate in an environmentally sustainable and climate-friendly way. We assess our footprint and promote eco-efficiency.</p> <p>We have set the following targets in our sustainability strategy: We will reduce our ecological footprint and increase our positive environmental impacts in our own operations and value chain. The operating environment permitting:</p> <ol style="list-style-type: none"> 1. Carbon neutrality in investments by 2050. 2. Set climate-supporting ESG targets for 30 per cent of our corporate loans in our financing activities in selected sectors by 2035 “at the latest”, and make housing loans, residential property loans and commercial property loans carbon neutral by 2050 “at the latest”. 3. Carbon positivity in the operations of own business locations for selected emission sources (scope 1 and 2) by 2035 “at the latest”. We also aim to reduce the carbon footprint of the electricity consumption of our business locations by 50 per cent (compared to 2021) by the end of 2030 “at the latest”.
Resources and responsibilities	The Savings Banks Group's Head of Group Sustainability & ESG is in charge of the sustainability working group and the sustainability specialists of the support functions and business units participate in developing the sustainability strategy, updating the sustainability roadmap and in projects, and they support the organisation with regard to sustainability training related to, among other things, the environment and the climate.
Measures	We prepared a sustainability strategy for the Savings Banks Group and updated our sustainability roadmap for 2022–2024. We continued to assess the carbon footprint of our operations and lending. In the Savings Banks' Asset Management, we continued to conduct climate scenario and stress tests concerning the funds we manage. We also continued our net impact assessments and our regular assessment of support for the UN Sustainable Development Goals and taxonomy compliance. We continued the development of our positive carbon handprint through the Säästöpankki Ympäristö special investment fund. Our branches participated in the Down a Degree energy saving campaign by taking various energy saving measures. Our head office and seven other branches started to develop a WWF Green Office environmental system. We intend to expand the Green Office concept to other branches in the future. In addition, we started to investigate sustainability in the supply chains of the Savings Bank Group by including sustainability questions as part of a wider supplier survey.

GOVERNANCE PRINCIPLES OF THE SAVINGS BANKS GROUP

SAVINGS BANKS' UNION COOP GENERAL MEETING

The members of Savings Banks' Union Coop (hereinafter referred to as "the Central Institution") exercise the highest decision-making power in the cooperative meeting. The General Meeting of the Savings Banks' Union Coop decides on the service charges collected from the members as well as additional fees, among other issues. 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.

During the period under review, the Supervisory Board had 15 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 Board of Supervisors 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 Board of Supervisors approves Savings Banks Group's operating principles, strategy, solvency management principles and other general guiding principles 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

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 consists primarily of the professional directors or Board members of the Savings Banks. The composition of the Board of Directors ensures the representation of Swedish speaking banks and banks of different sizes, taking into account the responsibility of the member banks of the Amalgamation and the willingness and ability of members to promote the competitiveness of the individual banks as well as the entire Amalgamation.

The Board of Directors must comply with the regulation set by the Credit Institutions Directive, the Act on Credit Institutions, the European Banking Authority and the Finnish Financial Supervisory Authority regarding the suitability and independence requirements as far as they are applicable to the amalgamation's central institution. Each member of the Board of Directors must present enough accurate information to the Board so that their suitability and independence can be assessed and notify the Board of any changes in such information. Both genders must be represented in the Board of Directors.

Members of the Board of Directors are expected to only participate in Boards of other entities to such an extent that it does not, as evaluated by the Board of Directors, prevent the member from spending enough time and focusing themselves to the matters of the central institution to a sufficient degree. The memberships of Boards of Directors in entities belonging to the Savings Banks Group are considered as one membership in this respect.

The Board of Directors has approved diversity principles 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. The composition of the Board and the selection of new member candidates are planned with a long-term view to ensure that the goals set out in the applicable legislation and directives are achieved and that the necessary competencies are represented in the Board of Directors. The Nomination Committee assesses the size, composition and management of duties of the Board regularly and at least annually and may give recommendations of changes. The Board of Directors assesses the competence, skills and experience of Board members and the entire Board regularly and at least annually by means of self-assessment. In 2022, the share of women among the members of the Board of Directors was 33 per cent until 10 March 2022 and 22 per cent thereafter.

In 2022, the members of the Board of Directors were as follows: Pirkko Ahonen (Chairperson), Jari Oivo (Vice Chairperson), Tuula Heikkinen, Eero Laesterä, Jaakko Ossa

(until 10 March 2022), Heikki Paasonen, Katarina Segerståhl (until 10 March 2022), Jouni Niuro (until 19 May 2022), Ulf Sjöblom, Hannu Syvänen, Simo Leisti (from 13 June 2022) and Veli-Pekka Mattila (from 13 June 2022).

The members of the Board are CEOs or Board members of Savings Banks, with the exception of Tuula Heikkinen, Eero Laesterä, Katarina Segerståhl and Simo Leisti, who are Board members independent of Savings Banks. This meant that 44.4 per cent of the members were independent.

The Board of Directors is tasked with leading the operations of the Central Institution in accordance with the Cooperatives Act, the Act on the Amalgamation of Deposit Banks and the governance policies of the Central Institution. The Board of Directors is responsible for the management of the amalgamation, formulating the strategy of the Savings Banks Group and developing intra-group collaboration.

The Board of Directors has approved an agenda that specifies the duties and meeting practices of the Board of Directors.

COMMITTEES

The Central Institution has a Nomination Committee, a Remuneration Committee, an Audit Committee and a Risk Committee, for which the Board of Directors has approved rules of procedure.

The Nomination Committee prepares a recommendation regarding the members of the governing bodies of the Central Institution and the Savings Banks' product and service companies, along with their remuneration.

The Remuneration Committee prepares documentation on remuneration principles at the amalgamation level and a remuneration policy for approval by the boards of directors of Savings Banks and the product and service companies. The Remuneration Committee also prepares a salary recommendation concerning the chief executives of the Savings Banks Amalgamation's member credit institutions and other entities.

The Audit Committee assists the Board of Directors of Savings Banks' Union Coop in ensuring that Savings Banks' Union Coop and the Savings Banks Group apply comprehensive and appropriately organised accounting, accounting practices followed in the financial statements and financial reporting. The Committee also supports the Board of Directors in ensuring that the Savings Banks Group employs adequate and appropriately organised internal controls, internal audit systems and audit procedures. Furthermore, it ensures that the operations and internal audits of the company are organised as required

by law, regulations and good management and governance practices and supervises the internal audit operations.

The Risk Committee assists the Board of Directors of Savings Banks' Union Coop in matters concerning risk strategies and taking of 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 Risk Committee monitors and ensures the efficiency and adequacy of the solvency management process within the Savings Banks Group and evaluates the adequacy of the policies, controls and processes related to these risks. The Committee also assists the Remuneration Committee in creating healthy compensation systems.

In addition, the Board of Directors has appointed an Asset and Liability Committee to report, assist and guide the operations included in the area of responsibilities of the Risk Committee and to plan and coordinate the refinancing of the Savings Banks Group in cooperation with the Treasury of the Central Bank of Savings Banks.

CHIEF EXECUTIVE OFFICER

The Board of Directors elects the Central Institution's Chief Executive Officer 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.

The CEO of the Central Institution was Tomi Närhinen until 27 June 2022 and Karri Alameri from 15 August 2022. The deputy CEO was Karri Alameri until 15 August 2022 and Kai Koskela from 30 August 2022.

AUDIT

The Central Institution has one auditor, which must be a firm of authorised public accountants approved by the Finland Chamber of Commerce. The auditor also audits the consolidated financial statement as referred to in the Act on the Amalgamation of Deposit Banks.

The auditor is appointed by the General Meeting of the Savings Banks' Union Coop. The auditor's term of office ends at the close of the next ordinary General Meeting following their selection.

KPMG Oy Ab, a firm of authorised public accountants, is the auditor of the Central Institution of the Savings Banks Group. The auditor with principal responsibility, designated by the audit firm, is Mikko Kylliäinen, Authorised Public Accountant.

GRI INDEX OF THE SAVINGS BANKS GROUP

THE SAVINGS BANKS GROUP'S SUSTAINABILITY REPORTING INDEX

All of the GRI standards refer to the standards for the year 2023

*The report is written with reference to the GRI Core guidelines

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