

# SAVINGS BANKS GROUP'S SUSTAINABILITY REPORT 2020



Savings Bank



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# CEO FOREWORD

When the Savings Bank was established almost 200 years ago in 1822, our basic task became a socially important and responsible mission: to help the hardworking population of Finland to prosper and take better care of its finances. That is what we are still doing, and our mission is perhaps now more topical than ever.

In 2020, the whole world was hit by an unexpected and unpredictable pandemic, caused by the COVID-19 coronavirus. At Savings Bank, we decided to do everything in our power to fulfil our mission: to help all our customers, both individuals and companies, manage their finances and perform economically as well as possible, in good times and bad.

This report seeks to illustrate how responsibility is reflected in the daily life and actions of everyone at Savings Banks. Our mission has always been to promote the financial wellbeing and prosperity of our customers, responsibly and locally. We want responsibility to be reflected in everything we do – in how we relate to our customers and our partners, our operating area, the authorities and other stakeholder groups.

Among other things, we share some of our banks' profits annually with local communities through our Good deeds campaign. In 2020, we donated to over 300 charities, such as sports clubs and volunteer assistance. Due to the coronavirus, food aid for deprived families became a major theme.

In 2020, customers expected banks to provide easy-to-use digital services as well as highly professional, human and personal face-to-face service. During the year, we introduced, among other things, electronic signature of credit documents and electronic housing transactions, so that customers do not have to come to the bank branch in person and, acting together, we can reduce our carbon footprint.

Our role in financing small and medium-sized, locally operating companies has also recently grown. During the coronavirus pandemic, we have supported companies with, among other things, instalment-free periods and webinars, and we implemented the Tahdo Uudistua programme, which was aimed at helping companies renew their business. We have helped our private customers with, for example,

personal sessions called “A Moment with Your Personal Finances”, where customers can review their personal financial situation together with our experts, remotely or face-to-face. You can read more about this and our other responsible actions in the report.

In line with our strategy, we want to provide our customers with the best set of personal and digital services and help them develop their personal financial wellbeing. The Savings Bank Experience was a strong competitive asset for us also in 2020: according to the industry's annual EPSI Rating customer survey, Savings Bank has the most satisfied corporate customers in Finland and throughout the Nordic countries.

For us, developing the wealth and wellbeing of people in Finland is a long-term effort that we work towards every day. We have played a key role in building the welfare society and in carrying solidarity for nearly 200 years, and we will continue to do so in the future.

Last year proves that our actions in terms of responsibility are heading in the right direction. We will continue to look forward to the future and invest in responsibility with great pleasure.



Tomi Närhinen  
Managing Director, Savings Banks' Union Coop

# THE SAVINGS BANKS GROUP AND ITS OPERATIONAL ENVIRONMENT

## Values and vision

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 ideal, the basic mission of Savings Banks has been to help the hardworking population of Finland to prosper and take better care of its finances - and that is what we are still doing. Today, the mission of the Savings Banks Group is to responsibly promote the financial wellbeing and prosperity of its customers. We want to provide our customers with the best combination of personal and digital services, with an emphasis on customer value, expertise, convenience and having a human touch

in the way we interact with all of our customers. The result is the Savings Bank Experience that we are known for.

Our business operations are based on low-risk retail banking. Our strategic goal is profitable and sustainable growth through increasing the number of long-term customers who use a wide range of services. Our operations combine strong customer orientation and locality with efficient operations and close cooperation within the Group.

Our values - customer-drivenness, cooperation, responsibility and performance - are the cornerstones of our business. Our shared values also form the foundation of our responsible operations.

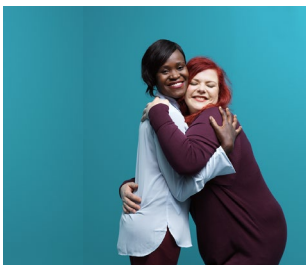



			
<b>Customer-drivenness</b>	<b>Cooperation</b>	<b>Responsibility</b>	<b>Performance</b>
We listen to and encounter customers in a unique way based on each customer's individual needs.	Our cooperation with customers, personnel, Savings Banks and partners is open, genuine and conducive to growth. We constantly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

Figure 1. The Savings Banks Group's values

**” In line with the Savings Bank ideal, the basic mission of Savings Banks has been to help the hardworking population of Finland to prosper and take better care of its finances - and that is what we are still doing.**

## Structure

The Savings Banks Group was founded in 1822. It is the oldest banking group in Finland. The Savings Banks Group comprises of 18 Savings Banks forming the Savings Banks Amalgamation, the Savings Banks' Union Coop, which acts as the Central Institution, and the subsidiaries and associated companies owned by the Savings Banks. The member organisations of the Savings Banks Amalgamation form a financial entity as

defined in the Act on the Amalgamation of Deposit Banks, in which the Savings Banks' Union Coop and its member credit institutions are jointly liable for each other's liabilities and commitments. The coverage of the Savings Banks Group differs from that of the Savings Banks Amalgamation in that the Savings Banks Group also includes institutions other than credit and financial institutions or service companies. The most notable of these are Sb Life Insurance Ltd and Sp-Koti Oy.

## STRUCTURE OF THE SAVINGS BANKS GROUP

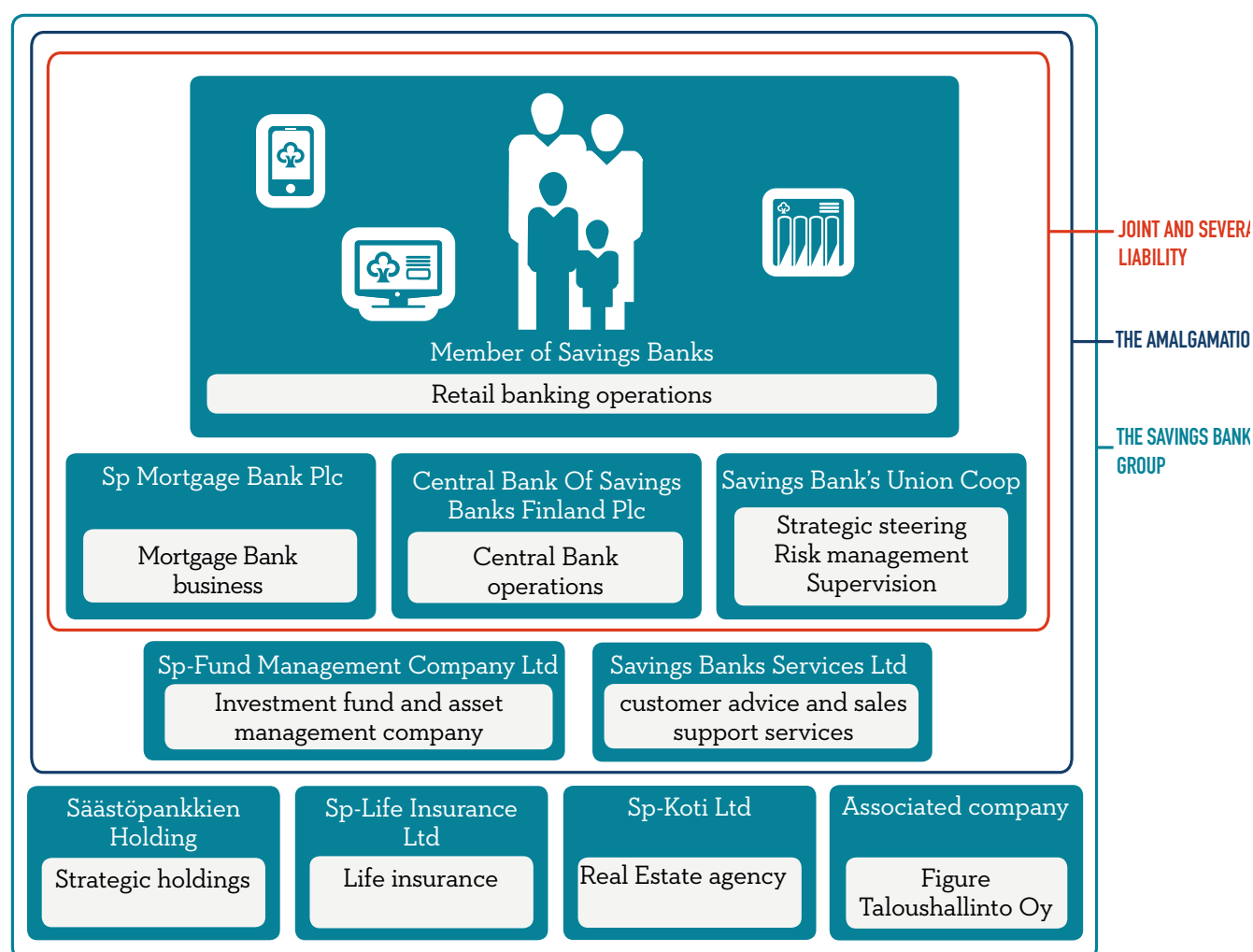


Figure 2. The structure of the Savings Banks Group

The Savings Banks are independent, regional and local banks. Together, the Savings Banks form a banking group that operates locally as well as nationally. The Savings Banks focus on retail banking, particularly services related to daily business, saving and investments, and lending services. The service and product range offered is complemented with the other financial services and products provided in cooperation with the service and product companies

within the Savings Banks Group. The service and product companies within the Savings Banks Group support and promote the operations of the Group via producing centralised services or having responsibility for certain products. The most significant product companies of the Group are Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Sb Life Insurance Ltd, Sp-Fund Management Company Ltd, Savings Bank Services Oy and Sp-Koti Oy.

# SAVINGS BANKS GROUP

Established in

**1822**

Nearly

**450 000**

customers

**120**

Branches

More than

**1,400**

employees throughout Finland

## 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)

Figure 3. Savings Banks Group in figures

During the financial year, we carried out two transfers of business within Savings Banks Group. Huittisten Säästöpankki transferred its business to Aito Säästöpankki Ltd and Sysmän Säästöpankki to Helmi Säästöpankki Ltd. As a result of the transfers of business, the number of savings banks belonging to the Savings Banks Amalgamation and the Savings Banks Group decreased from 20 to 18. On 10 November 2020, Eurajoen Säästöpankki and Mietoisten Säästöpankki announced that they would start merger negotiations with Oma Savings Bank. Decisions on this will be made during the spring 2021. These changes have no impact on the focus areas of the Savings Banks Group's responsibility. Further information about the structure of the Savings Banks Group can be found at [www.saastopankki.fi/en/savingsbanksgroup](http://www.saastopankki.fi/en/savingsbanksgroup).

The Savings Banks Group does not form a consolidated corporation or a consolidation group as defined in the Act on Credit Institutions because the Savings Banks' Union Coop and its member Savings Banks do not have control over each other as referred to in the general

consolidation accounting principles, and therefore it is not possible to define a parent company for the Group. According to the Act on the Amalgamation of Deposit Banks, Savings Banks' Union Coop acting as the central institution of the Savings Banks Amalgamation is obligated to prepare consolidated financial statements for the Savings Banks Group. The Savings Banks' Union Coop's Board of Directors is responsible for preparing the financial statements.

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

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



## Management and governance of the Savings Banks Group in brief

Reliable corporate governance in accordance with the governance principles comprises the Board and executive directors, relations between the shareholders and other stakeholder groups, the setting of targets, deciding on the means of attaining them, and monitoring performance. The implementation of reliable governance is ensured by a clear frame of reference, consistently and comprehensively documented guidelines, and clearly defined decision-making levels. The governance principles help to ensure that the Amalgamation's operations are open and transparent.

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

### 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 confirms, among other things, the membership and other fees collected from the members of the central institution's Savings Banks Group and the principles behind the fees, based on the proposal of the Board of Directors.

### SUPERVISORY BOARD

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

The Supervisory Board had 19 members, each with a personal deputy. At the Extraordinary Savings Banks' Union Coop General Meeting held on 26 June 2020, the number of Supervisory Board members was reduced to 18 members, each with a personal deputy. The chairman of the Supervisory Board was Antero Savolainen (chairman of the Board of Directors of Säästöpankki Optia). The deputy chairmen were Arto Seppänen (chairman of the Board of Directors of Someron Säästöpankki) and Björn West (chairman of the Board of Directors of Kvevlax Sparbank). The members of the Supervisory Board are primarily chairmen of the Boards of Directors of Savings Banks and their deputies are deputy chairmen of the Boards of Directors of Savings Banks.

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

### BOARD OF DIRECTORS

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 consist of independent members external to the Savings Banks Group, professional Savings Banks executives and members of Boards of 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 competence 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 so that their competence and independence can be assessed and notify the Board of any changes in such information.

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 approved the principles of diversity, aimed at ensuring that the Board has, in order to perform its duties, sufficient and versatile competence and experience of the credit institution business and the risks involved. The composition of the Board and the procurement of new member candidates are planned in the long term to ensure that the goals set in the Act and directives are achieved. This also ensures that the necessary competence is represented in the Board. 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. Both genders must be represented in the Board of Directors in accordance with the principles of diversity. In 2020, 33% of the Board members were women.

By a decision of the Savings Bank Union Coop's General Meeting on 11 March 2020, the members of the Board were Pirkko Ahonen (Chairperson), Jari Oivo (Vice Chairperson), Tuula Heikkinen, Ari Jutila, Eero Laesterä, Jaakko Ossa, Heikki Paasonen, Ulf Sjöblom and Katarina Segerstahl. The members of the Board are managing directors or Board members of Savings Banks, with the exception of Tuula Heikkinen, Eero Laesterä and Katarina Segerstahl, who are Board members independent of Savings Banks.

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

The Nomination Committee prepares a recommendation regarding the members of the governing bodies

of the Central Institution and the Savings Banks' service companies, along with their remuneration.

The Remuneration Committee prepares recommendations to the central institution's Board of Directors concerning the remuneration policies and systems of the Managing Directors' and the members of the executive management reporting directly to Managing Directors in member credit institutions of the Savings Banks Amalgamation and other member organisations of the Amalgamation. The Committee also prepares the remuneration guidelines and schemes.

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 capital adequacy 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.

## MANAGING DIRECTOR

The Board of Directors elects the Central Institution's

**” The governance principles help to ensure that the Amalgamation's operations are transparent.**



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

Tomi Närhinen has been Managing Director of Savings Banks' Union Coop since 1 September 2017.

## Ethics and Integrity

Our mission is to promote the financial wellbeing and prosperity of our customers, responsibly. Our operations are guided by the values of the Savings Banks Group: customer-drivenness, cooperation, responsibility and performance.

The Governance principles of the Savings Banks Amalgamation cover the principles related to the management of social responsibility. Responsibility is linked to the existing management processes.

We adhere to the principles of good corporate governance, openness and the Savings Banks Group's Code of Conduct (<https://www.saastopankki.fi/en/savingsbanksgroup/management/compliance/code-of-conduct>). Our key management practices are defined in the Governance principles of the Savings Banks Group (<https://www.saastopankki.fi/en/savingsbanksgroup/management/management-and-leadership/governance-principles>). The activities of the Savings Banks Group comply with the provisions of current legislation, orders issued by the authorities, good banking practice regulations and trading instructions approved by Finance Finland, as well as the governance principles of the Savings Banks Amalgamation along with the Amalgamation's other internal guidelines. Our governance principles are approved by the Board of Directors of the Amalgamation's central institution

and updated at least once a year or whenever there are changes in the operational environment, business model, regulations, and/or statutory requirements.

The Savings Banks Group's social responsibility is also defined in the governance policies. Responsibility towards the community is part of the Savings Banks' original mission. We treat our customers equally, finance the operation of local businesses, and promote awareness of saving and use of money regionally.

Under the Savings Bank Act, the promotion of saving is one of the basic tasks of the Savings Banks, and the saving theme is actively promoted in the banks' operations. Therefore, we bear responsibility for the promotion of the local population's saving and financial wellbeing. The social responsibility determined in the governance policies includes financial responsibility, social responsibility, promoting communal wellbeing and environmental responsibility.

We observe responsibility in the principles and operating methods governing our operations, such as the Code of Conduct and sustainability policy as well as Sp-Fund Management Company Ltd's principles for responsible investment and ownership policy.

Responsibility in the principles and operating methods governing our business also applies to marketing communications and product information. We are committed to responsible marketing and advertising. Our communications policies are approved by the Board of Directors of the central institution. Our communications adhere to the guidelines and regulations of the Finnish Financial Supervisory Authority and the EU as well as the stipulations and governance policies provided by Finnish legislation (including the Securities Markets Act where applicable) and regulations.

The basis of our communications is to provide all stakeholder groups with timely, reliable, quick and open information on the common goals, activities and development. In all marketing, we seek to provide all the information about our products and services that may be relevant to the customer's decision-making.



# STAKEHOLDERS

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

The stakeholders of the Savings Banks Group are the groups that have a material effect on the Group and who are affected by the Group's operations. Our key stakeholders have been identified based on an internal analysis. We also updated the stakeholders in conjunction with the materiality specification performed in 2019. The internal analysis did not identify any new stakeholders.

The Savings Banks Group's key stakeholders are:

- Customers
- Personnel
- The Boards and Trustees of savings banks
- Savings bank trusts
- Research foundation
- Local communities
- Cooperation partners
- Suppliers and service providers
- Investors and analysts
- Schools and universities
- Societal operators: the authorities, industry organisations etc.
- Media

## Stakeholder cooperation

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 websites and media as well as various digital channels and social media. Some examples of the ways we work with stakeholders as well as stakeholder expectations and our response to them are described below.

### Customers

Ongoing cooperation with customers is an important part of our cooperation with stakeholders. We are in touch with our customers every day in face-to-face meetings at our branches, in online meetings, by

phone, in social media channels and through the chat service of our website. We also arrange local customer events in which our customers can meet Savings Bank employees and talk to our specialists about financing, saving and investments, among other things. Social media channels such as Facebook, LinkedIn and Twitter create opportunities for diverse discussions between us and our customers and are increasingly important channels of interaction.

The exceptional circumstances of 2020 were reflected in the increased volume in our various channels. Telephone, chat and online communications grew by more than one-fifth from 2019 levels in terms of volume, measured by number. The wider deployment of mobile banking and authentication applications was reflected in increased advice on the installation and use of digital applications. During the year, the use of instalment-free periods to balance the customers finances, as well as different saving needs, were highlighted.

Over the past year, our customer service expanded to cover Saturdays as well. Our customers appreciated the new opening hours and the demand for weekend service was high. We succeeded in maintaining very good service availability, with the opening hours and response rate of the telephone service at the top of the banking sector in Finland. Customer satisfaction was also high among our customers, considering the NPS (Net Promoter Score) figures.

We continuously develop our service channels to respond to the changing needs of our customers and to allow fluent service and an excellent Savings Bank Experience. We actively monitor and develop our feedback systems because we find it very important that we listen to our customers' views about our successes and areas of development. We measure the success of our customer work in all customer meetings on an annual level (Net Promoter Score, NPS). We obtain further information about the satisfaction of our customers from the EPSI rating survey of the Banking and finance sector that is executed annually in both the private and the corporate customer segments.

### Investors and analysts

In the exceptional circumstances in 2020, we met investors and analysts digitally in remote meetings, remote seminars and, for example, through Bloomberg's chat facility. The most common topics discussed in these meetings were the Group's financial key figures,

plans to issue debt and general discussions about responsibility (sustainability report, sustainability policy).

## Personnel

Owing to the COVID-19 pandemic, we succeeded in adapting our operations in a short time frame, and the new digital tools enabled a rapid transition to a new way of working. We acted on an activity-by-function basis and began to conduct contacts and meetings remotely. We recommended following the Finnish Government's guidelines and moving to remote work in functions that permit that, in order to help prevent the virus from spreading.

Our employees give feedback to their managers in the annual appraisal and feedback review and by answering the joint personnel survey covering our entire staff. The survey gives the employees the opportunity to bring out their perspective on the development of their work and workplace. Surveys about wellbeing at work also support coping at work.

## Local communities

Doing good locally is one of the Savings Banks' operating principles. We organise various local events for different target groups. Many Savings Banks support local sports associations, cultural events and make donations to charity in the Good Deeds campaign, for example, and support local entrepreneurs.

The Savings Banks Group values 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 scholarships and research grants.

## Our commitment to external initiatives

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

In June 2018, Sp-Fund Management Company Ltd joined the CDP (previously Carbon Disclosure Project)

as an investor signatory of the climate change, water and deforestation initiatives. CDP is an organisation collecting company-specific information on, among other things, the prevention of climate change, water consumption and greenhouse gas emissions.

In 2019, Sp-Fund Management Company Ltd signed the Climate Action 100+ investor initiative that aims to influence more than one hundred companies with the highest emissions in various industries. These themes are covered in more detail in this sustainability report's section Sustainable investment and ownership.



## Memberships in associations

The Savings Banks Group wants to be an active operator and have an impact through the associations and organisations, for example, which it has joined is a member. Savings Banks' Union Coop, which acts as the central institution of the Savings Banks Group, is a member of two international savings bank organisations: the World Savings and Retail Banking Institute (WSBI) and the European Savings and Retail Banking Group (ESBG). Savings Banks' Union Coop and Sp-Fund Management Company Ltd participate in the work of Committees in Finance Finland (FFI). Sp-Fund Management Company Ltd is also a member of Finland's Sustainable Investment Forum (Finsif).



# REPORTING ON MATERIAL SUSTAINABILITY THEMES IN THE SAVINGS BANKS GROUP

The purpose of the materiality analysis of the sustainability report is to identify the key aspects of the Savings Banks Group and its stakeholders for the reporting of sustainability. The reporting of material matters in Savings Banks Group is based on the materiality analysis updated in autumn 2019. We updated our materiality analysis because we wanted to hear the expectations of our stakeholders regarding sustainability and to analyse the impact of sustainability aspects on our business.

The updating of the materiality analysis was initiated by preparing the so-called long list aimed at the identification of sustainability impacts and themes in the Savings Banks Group. The long list was made shorter through internal online surveys in which the respondents were asked to evaluate the key themes related to sustainability. We also asked the representatives of our most important external stakeholders to express their views about the key themes of sustainability in the Savings Banks Group by means of interviews. We assessed the sustainability themes both from the perspective of the Savings Banks Group's social impact and business operations, as well as from the stakeholders' perspective. The work resulted in a materiality matrix showing the most important themes highlighted by the Savings Banks Group and its stakeholders as well as their importance for the operations of the Savings Banks Group.

## Material sustainability themes

Based on the materiality analysis performed in 2019 as described above, the Savings Banks Group's material sustainability themes identified were:

- competent, engaged employees and corporate culture
- sustainable lending
- Savings Bank as part of local communities
- sustainable investment
- Responsibility in the operating principles and guidelines
- responsibility in services, products and customer work
- The Savings Banks Group's direct and indirect impacts on climate change and the impact of climate change on the Savings Banks Group.

The most material issues of the Savings Banks Group are shown in the materiality matrix below, where the vertical axis describes the significance for stakeholders and the horizontal axis the current or potential impact on the Savings Banks Group and the Savings Banks Group's impact on society. The significance for stakeholders has been assessed as a whole, and the weight of individual stakeholders is not reflected in the matrix. Themes classified as material have been utilised when determining the contents of the report.



Figure 5. The Savings Banks Group's materiality matrix

The basic prerequisites of banking include financial responsibility and good governance, risk management and the customer's data protection and information security. These lay the foundation for the Savings Banks Group's material sustainability themes and this foundation must be solid under all circumstances.

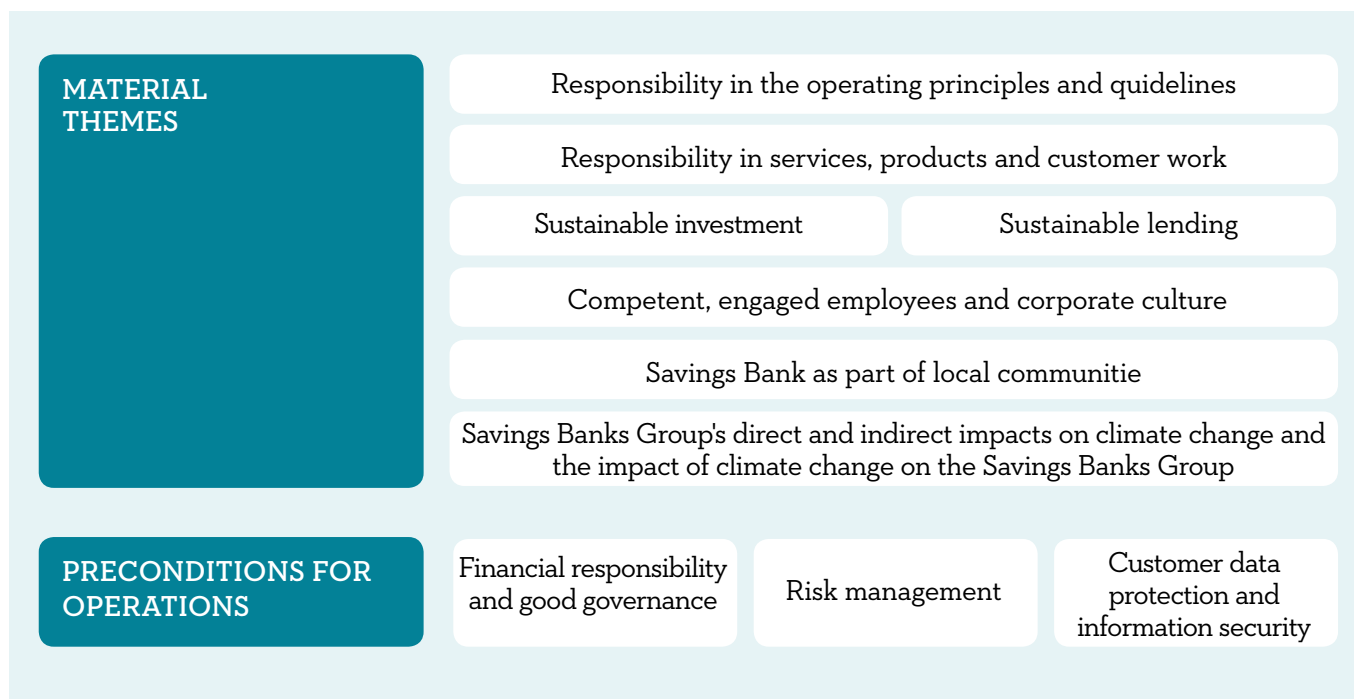


Figure 6. Key themes of the sustainability report and basic prerequisites of operations

Material sustainability theme	Meaning for the Savings Banks Group
Responsibility in the operating principles and guidelines	We observe responsibility in the principles and guidelines governing our operations, such as the Code of Conduct, the Savings Banks Group's sustainability policy as well as Sp-Fund Management Company Ltd's principles for responsible investment as well as the ownership policy.
Responsibility in services, products and customer work	We want to promote the financial wellbeing of individuals and the community, such as sustainable investment, sustainable lending and customer work. We attempt to develop new, sustainable products and services for the customer. Säästöpankki Ympäristö special investment fund, for example, focuses on mitigating climate change as well as environmental innovations. We also develop other innovative and efficient solutions for our operations by means of digitalisation.
Competent, engaged employees and corporate culture	We ensure the necessary competence through high-quality training and active sharing of information. The Savings Banks Group highly values good operating methods, work community values and a good relationship between the employees and the management through the development of supervisory work. We ensure a safe work environment and adequate resources, which promotes work satisfaction and recovery from work. The Savings Banks Group views career opportunities and remunerations from the perspective of equality. We also observe diversity and ensure that no discrimination takes place.
Sustainable lending	When granting loans, we examine the customer's financial opportunities to pay the loan back and prepare for the future. This includes determining the customer's ability to make payments, encouraging them to save and, in the case of corporate customers, evaluating the possibilities for successful operations. We help the customer in finding a solution if they are facing some difficulty in paying the loan back. We try to observe the sustainability aspects that are important for us and the customer.
Savings Banks as part of local communities	Our actions in local communities promote competence in these areas, investing and people's willingness to save. We promote local vitality through indirect economic impacts by paying taxes and providing employment, for example, and by financing small, medium-sized and micro companies operating locally. The Savings Banks Group uses its profit for the promotion of local wellbeing by means of donations as well as dividends paid to savings bank trusts.
Sustainable investment	Sp-Fund Management Company Ltd develops the organisation of sustainable investment by, for example, specifying goals, providing adequate resources, developing the processes related to sustainable investment, active ownership and engagement as well as the monitoring and reporting of these.
The Savings Banks Group's direct and indirect impacts on climate change and the impact of climate change on the Savings Banks Group	The Savings Banks Group's business does not have significant direct environmental impacts. We try to determine our impacts on climate change and the impact of climate change on the business of the Group. We want to promote cooperation in the financial market in order to mitigate climate change and to adjust to the change. We also participate in discussions about the impacts of climate change in various events and through cooperation initiatives.
Financial responsibility and good governance	Supported by the amalgamation's capital adequacy management process, all the entities of the Savings Banks Group ensure the reliability of their operations and their capital adequacy and liquidity even in poor economic conditions. We develop operating models that prevent bribery, corruption, money laundering, underground economy and restrictions of competition. The Savings Banks Group develops operating models of transparent governance and provides updated and comprehensive reports on its financial status and sustainability to the authorities and other stakeholders. We develop operating methods that prevent and identify misuse and conflicts of interest.
Customer data protection	We ensure the confidentiality of customer data and the safe use of our services by efficient data protection and information security.

Table 1. Definitions of key sustainability themes



## UN Sustainable Development Goals and their connections to the operations of the Savings Banks Group

We updated the Savings Banks Group's materiality specification in autumn 2019. At the same time, we performed an analysis of the UN Sustainable Development Goals and their connections to the operations of the Savings Banks Group. The

Sustainable Development Goals were approved in the UN General Assembly in 2015. This SDG programme is valid until 2030 (Agenda 2030).

From the Savings Banks Group's perspective, the most relevant sustainable development goals are responsible consumption, decent work and economic growth, economic growth, cooperation and partnerships as well as quality education.



Figure 7. The Savings Banks Group's most relevant sustainable development goals

These four sustainable development goals are naturally linked to the Savings Banks Group's mission which has remained unchanged for nearly 200 years to date. Today, our mission is to responsibly promote the financial wellbeing and prosperity of our customers. A share of the Savings Banks' profit is redistributed to the local community. The Savings Banks' role as a

financer 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 responsibly enhance the financial well-being of our customers in the long term.

**”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.**


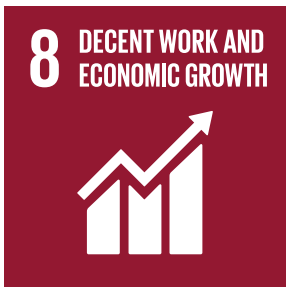


	Sustainable development goal (SDG)	The Savings Banks Group's actions supporting the SDG
	Ensure sustainable consumption and production patterns.	<ul style="list-style-type: none"> <li>• Suitability of products and services for the customer</li> <li>• We observe sustainability in our investment activities as well</li> </ul>
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<ul style="list-style-type: none"> <li>• Financing for micro, small and medium-sized companies</li> <li>• promoting the financial wellbeing and prosperity of our customers</li> </ul>
	Strengthening the means of implementation and revitalise the global partnership for sustainable development.	<ul style="list-style-type: none"> <li>• Participating in cooperation initiatives promoting sustainability.</li> </ul>
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> <li>• Promoting people's financial competence.</li> <li>• We support Finnish education and competence by, for example, giving lectures in different educational institutions and making local donations.</li> <li>• The Savings Banks Research Foundation's activities support financial, social and legal research and publishing activities.</li> </ul>

Table 2. The Savings Banks Group's actions supporting the SDG

# FINANCIALLY SOUND AND RELIABLE SAVINGS BANKS GROUP

The basic prerequisites of banking include financial responsibility and good governance, risk management and the customer's data protection and information security. These lay the foundation for the Savings Banks Group's material sustainability themes and this foundation must be solid under all circumstances.

## Financial responsibility

Financial responsibility refers to good profitability, capital adequacy 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 must 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	2020	2019	2018	2017	2016
Profit before tax	66.7	94.8	36.4	88.2	69.6
Total operating revenue	306.6	321.4	234.7	282.2	245.4
Total operating expenses	-220.2	-219.1	-197.7	-182.7	-158.1
Cost to income ratio (%)	71.8	68.2	84.3	64.7	64.4
Solvency ratio (%)	19.1	19.1	18.2	19.1	19.5
Income taxes paid	14.6	20.7	5.8	16.3	13.2

Table 3. The most important incomes and expenses of the Savings Banks Group.



## TOTAL OPERATING REVENUE 2020

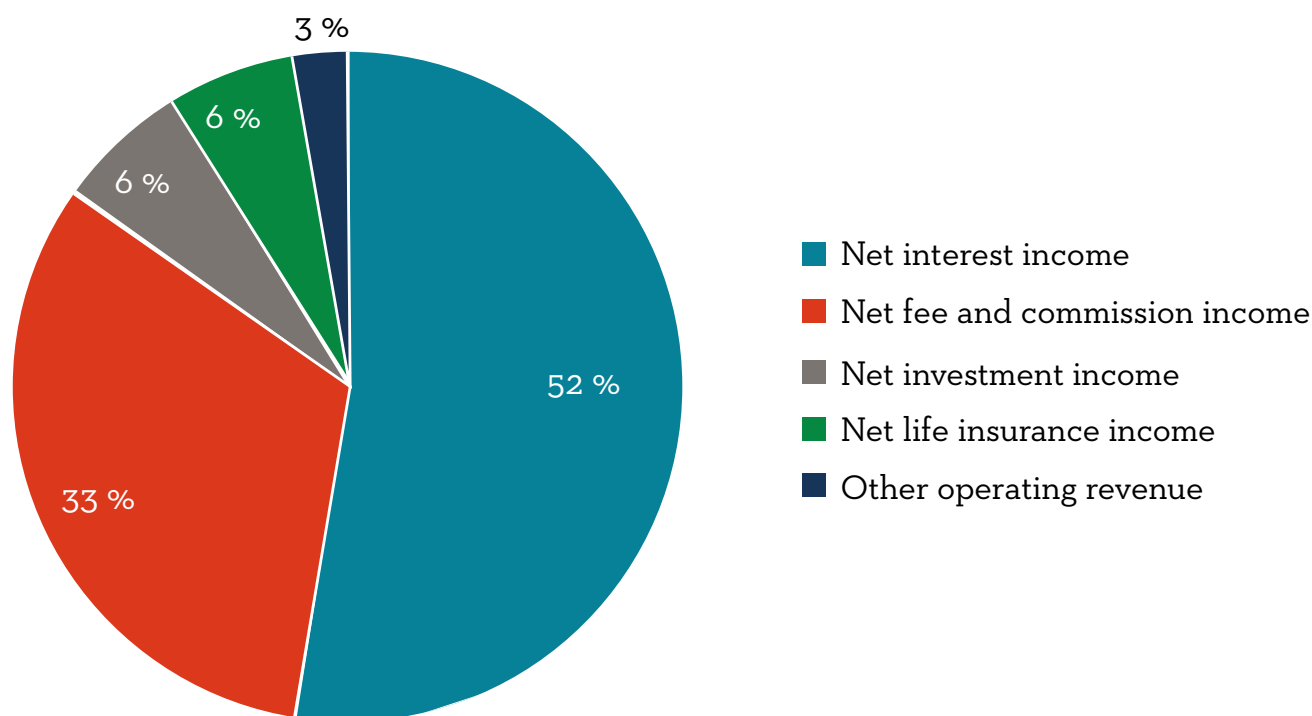


Figure 8. Total operating revenue 2020

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 2020

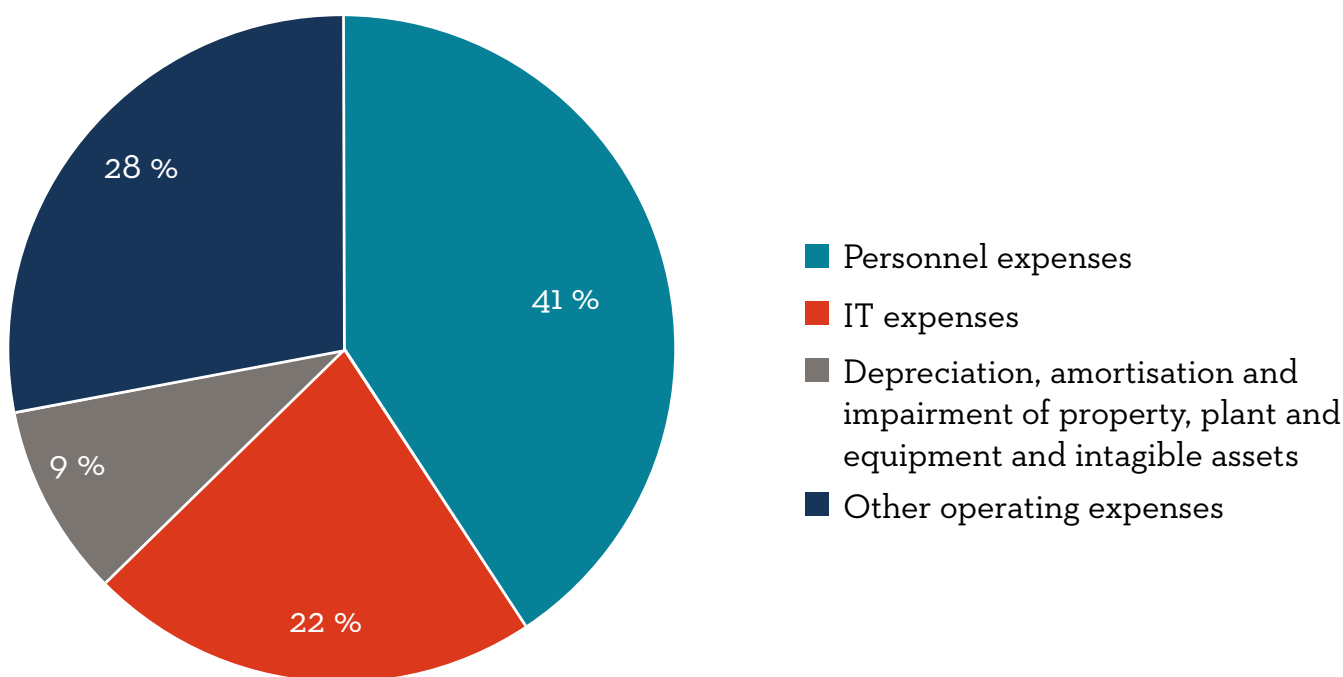


Figure 9. Total operating expenses 2020

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

We use part of our 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.

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 2020, we paid a total of EUR 14.6 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.

## Risk management

The Savings Banks Group's operations include retail banking, central banking, investment and life insurance activities as well as a real estate agency. Its key risks are the credit, interest and liquidity risks related to the banking operations. The life insurance operations include a market, insurance and counterparty risk. Business risks and operational risk, including legal and compliance risks, concern all our operations. Risk management is a part of daily operations, and each employee is responsible for it within their area of responsibility. Efficient risk management is based on strong risk culture that encourages open dialogue, asking questions and expressing different perspectives to support decision-making. We maintain a separate process for whistleblowing to ensure that all suspected infringements are processed justly and appropriately.

The member organisations of the Savings Banks Amalgamation form a financial entity, in which the central institution and its member credit institutions are jointly liable for each other's liabilities and commitments. The amalgamation's risk area-specific risk strategies specify the objectives related to risk-

bearing capacity and risk appetite and other risk management policies relative to the business goals. We monitor the realisation of the risk strategies through monitoring and reporting of risk limits and monitoring thresholds, independent of business operations.

The member banks and organisations are each responsible for their risk management and the management of their solvency and liquidity according to the nature and scope of their operations and in line with the amalgamation's risk management principles. The basis of the amalgamation's risk management is that no member bank takes such a high risk in its operation that it would result in a material risk for the liquidity and/or solvency of said member bank.

The central institution is in charge of amalgamation-level risk management and the management of capital adequacy as well as the adequacy of the risk

management system and keeping it up to date. The central institution provides its member organisations with guidelines on risk management, reliable administration and internal control to secure their liquidity and capital adequacy as well as guidelines for compliance with uniform financial statement policies. Furthermore, the central institution supervises the member organisations to observe the amalgamation's internal principles as well as the appropriate and ethically sustainable operating methods in their customer relationships.

### Internal control

The Amalgamation's control system, i.e. internal control, consists of supervision by the central institution's Board of Supervisors and the Board of Directors, supervision by independent functions based on annual planning and risk assessment, and operational control of business activities themselves.

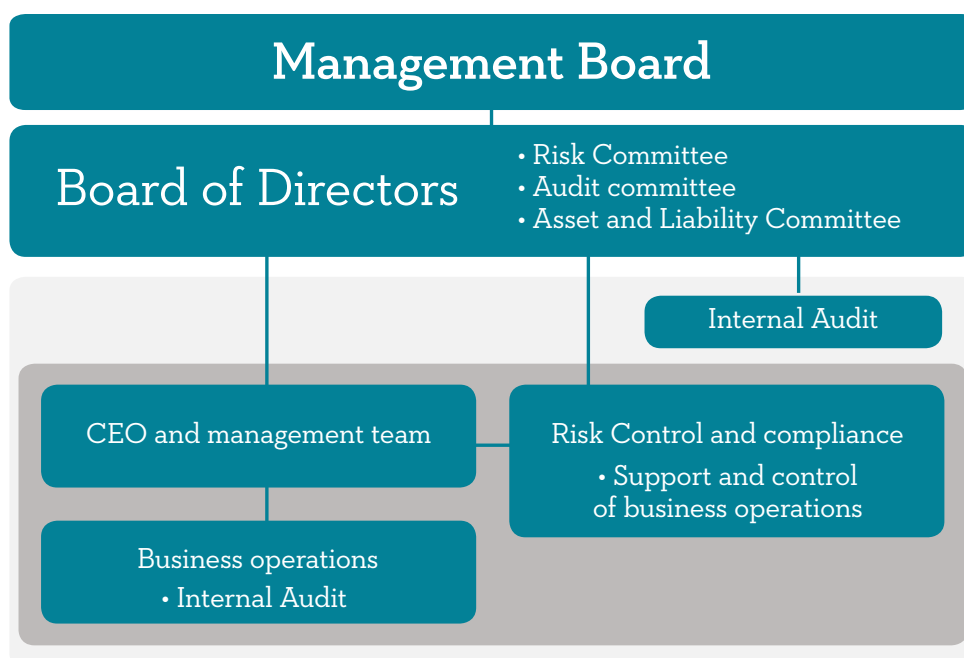


Figure 10. Risk management and internal control organisation

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

Board of Directors of the Central Institution is responsible for organising the internal control of the Savings Banks Amalgamation. The Audit Committee supports the Board of Directors in ensuring that the Savings Banks Group employs adequate internal controls, internal audit systems and audit procedures. The Risk Committee assists the Board of Directors in matters concerning risk strategies and taking risk and monitoring that the Savings Banks Group complies with the risk strategies as approved by the Board of Directors of Savings Banks' Union Coop.



## Three lines of defence in supervision

The Savings Banks Amalgamation follows a supervision model based on the so-called three lines

of defence. The three lines of defence consist of the internal control of business operations, supervision by independent audit functions and the amalgamation's internal audit.

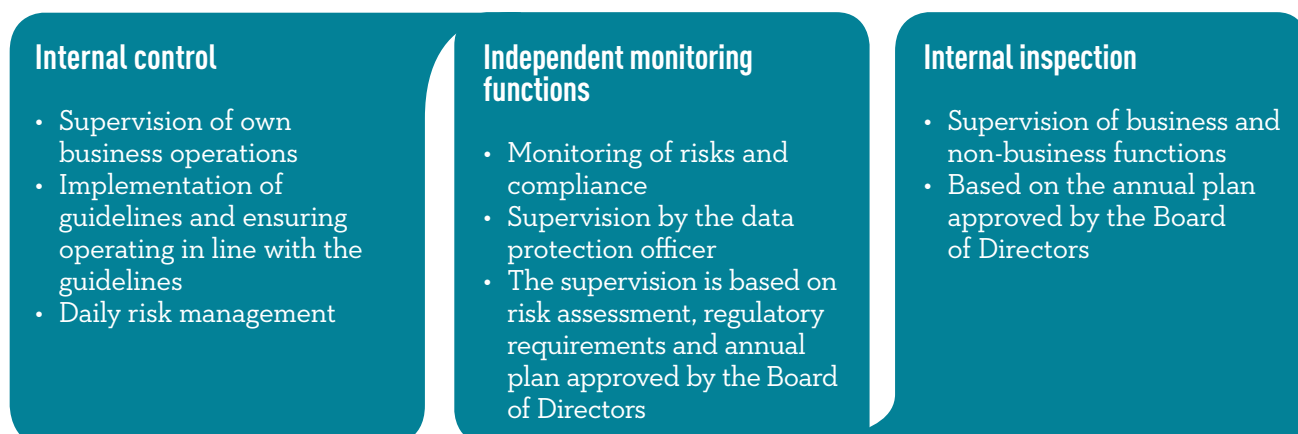


Figure 11. The supervision model of three lines of defence

The Board of Directors of each member entity is responsible for arranging the entity's supervision in line with the three lines of defence and ensuring that the independent audit functions have the authority, importance and resources required for their operations.

Internal control forms a part of the daily activities and is the responsibility of all operations and organisational levels. An effective and efficient control relies on the specification of the appropriate internal control structure and control actions for all business levels, including sufficient guidelines, control actions, monitoring and reporting. The executive management of the member entity is responsible for ensuring an adequate internal control and the appropriate documentation of such control. The member entity's executive directors receive regular reports about the state of internal control and the observations made.

The central institution's risk control and compliance function, and the person appointed in charge of risk management and compliance functions in each member entity, are responsible for independent risk control and compliance functions. Each member entity may choose to use the central institution's risk management and compliance services based on a specific agreement. The duties of data protection officer and internal audit are centralised in the central institution.

## Operational risk management

Operational risks refer to the risk of loss caused by inadequate or failed internal processes,

personnel, systems or external factors. The Savings Banks Amalgamation follows the operational risk management guidelines approved by the Board of the amalgamation's central institution.

Before a new product or service is introduced, it is subjected to a product approval process, designed to ensure that we have identified the risks related to the implementation and lifecycle of the product or service and the actions required for the management of such risks. We limit the legal risks related to products and services by only providing customers with products and services under standard terms and conditions, supported by the system and provided generally by banks. Other operations are also limited to products and operating methods commonly available on the market. The compliance function of an entity belonging to the amalgamation controls that the approval process for new products and services is followed and regularly reports the new products and services approved to the entity's Board of Directors.

Operational risks are assessed through continuous assessment of risks in operations and risks that have been realised. We implement an annual self-assessment of operational risks, coordinated by the central institution's compliance function, in cooperation with the member organisations of the Savings Banks Amalgamation. In the annual assessment, we take account of the likelihood of risks by function and the impacts of any damage that may occur and decide on risk management actions. The output of the assessment is a summary of the key operational risks identified in the Savings Banks Amalgamation, and the necessary actions.

The output is reported to the central institution's Risk Committee and Board of Directors. Risks related to outsourcing are continuously assessed at different stages of the outsourcing processes and cooperation.

We prevent operational risks arising from incompetence and lack of knowledge through ensuring the competence of employees. Mandatory online training and other training is provided for the personnel on an ongoing basis, and we assess the training needs based on the realised operational risks, the observations made during control and as a part of daily managerial work and annual performance appraisals.

### Anti-corruption and bribery

In the member organisations of the Savings Banks Amalgamation, we comply with our Code of Conduct, aimed at ensuring that we act responsibly, ethically and in compliance with legislation and regulations. All Savings Banks Group employees must adhere to the Code of Conduct. Training on the Code of Conduct is provided on a regular basis, and the aim is to launch compulsory regular online training for all in 2021. The Code of Conduct contains guidance on ethically sound practices in various situations, including on preventing bribery and corruption.

The Savings Banks Group does not condone corruption in any form, neither in business activities nor in business partnerships. Normal cooperation and business interaction involve the occasional offering, giving and receiving of gifts and hospitality of reasonable value. As these can be interpreted as bribery on a case-by-case basis, all Savings Banks Group employees are required to exercise very careful discretion in receiving gifts from, or giving gifts to, customers, suppliers or other people they interact with in their work.

In the Savings Bank Group, we never give or accept gifts, hospitality or services that can be interpreted as bribery or an attempt to influence business. It is the responsibility of each employee to assess whether a gift or hospitality has been given without any expectation or obligation of a transaction or return service and, if necessary, to refuse it.

We actively identify and prevent conflicts of interest that may affect the interests of the customer, which may cast doubt on the integrity and professionalism of the member organisations of the Savings Banks Amalgamation. A conflict of interest refers to a situation where the interests of a customer conflict with those of Savings Bank or a company belonging to the Savings Banks Group, its management or personnel representative or another customer. In order to manage conflicts of interest, we have prepared separate operating guidelines that help in identifying any conflicts of interest in advance and provide instructions on how to proceed in such cases.

No significant risks related to corruption or bribery have been identified in the operational risk assessment in 2020. No incidents related to corruption were reported in the Savings Banks Group in 2020, and the member organisations of the Savings Banks Group were not ordered to pay significant fines or sanctioned otherwise for breaches of the legislation or other regulations.

### Customer due diligence and preventing money laundering and terrorist financing

The principles for risk management related to money laundering and terrorist financing describe the general principles, procedures and key risk management processes used by the Savings Banks Group in identifying, assessing, controlling and limiting risks. A person responsible for issues related to money laundering has been appointed in the Central Institution and each entity in the amalgamation.

We follow customer due diligence procedures on a risk-based basis throughout the customer relationship. We 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. 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 carry out observation and monitoring both through day-to-day transactions and services and system-supported solutions.

All employees in the Savings Banks Group are required to complete a mandatory annual online training programme on customer due diligence and the prevention of money laundering and terrorist financing. We monitor the completion of this training.

Suspicious transactions are reported to the Financial Intelligence Unit in compliance with the legal requirements.

### Whistleblowing

The member organisations of the Savings Banks Amalgamation value an environment that encourages the open exchange of information. To ensure access to information that is critical to operations, the central institution of the Savings Banks Amalgamation has established a whistleblowing system for Savings Banks Group employees to report any serious offences they observe.

Information to be reported through the system includes issues such as suspected breaches of regulations and guidelines or internal operating instructions (such as actions in breach of the Act on Credit Institutions, Securities Markets Act or

the Market Abuse Regulation, e.g. breaches related to insider information, banking secrecy or data protection legislation). Separate whistleblowing guidelines have been drafted for the member organisations of the Savings Banks Amalgamation. We will further develop the whistleblowing system in 2021 to meet the requirements of the Whistleblower Directive, among other things.

## 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. All customer data is covered by, for example, banking secrecy, insurance secrecy or corresponding duty to secrecy regardless of whether the customer is a private or a corporate one. The legislation on personal data become even stricter in 2018 due to the European Union's (EU) General Data Protection Regulation (GDPR), and the data protection needs of Savings Banks Group's customers therefore play an increasingly important role.

### Data protection regarding 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 requirements of legislation related to the data protection of our customers is of crucial importance in the Savings Banks Group. This includes, among other thing, following good data processing practice. We listen to the expectations of our stakeholder groups with regard to the development of data protection work primarily in the form of feedback received. Such expectations may include, for example, clear communications and efficient operations. We publish the relevant documentation on the processing and use of personal data on our website. The documents available on the website allow our customers and other stakeholders to, for example, check the purposes for which each savings bank or Group entity process their information.

### Data protection policies and division of responsibilities in the Savings Banks Group

The Savings Banks' Union Coop is the central institution of the Savings Banks Amalgamation. It steers the operations of the Group and is responsible

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

The appointment of a data protection officer is, in practice, mandatory in financial and insurance institutions. The central institution of the Savings Banks Amalgamation has appointed a data protection officer who acts as the data protection officer of the entire Savings Banks Group. The data protection officer's duties include, for instance, monitoring the observation and fulfilment of requirements set out in the GDPR and data protection legislation and providing information and advice to savings banks and entities of the Savings Banks Group, the central institution of the amalgamation and their employees and executives. 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, at least twice a year and whenever necessary.

A data protection organisation led by the data protection officer has been set up to support the data protection officer's work. The data protection organisation comprises the persons in charge of data protection of the savings banks and companies as well as representatives of the central institution's risk management, 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.

Each savings bank and entity is primarily responsible for responding to the contacts of their customers. A customer of the savings bank or company 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 company, for example.



### Focus areas of data protection efforts in 2020

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 require completion of the mandatory online training on data protection.

In addition, all our employees must participate in focused data protection training. Focused training or briefings will be arranged as necessary regarding new guidelines, for example. Data protection is also a separate section in the orientation programme for new employees of the Savings Bank Centre. If necessary, the data protection officer also arranges bank-specific briefings. Members of the Boards of savings banks and companies have also received data protection training as necessary. The approved data protection principles and guidelines are available to all savings bank employees. We also take data protection into account in annual planning and the annual clock.

The data protection officer's operations have been 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. Furthermore, the data protection officer has received a couple of customer enquiries about the processing of personal data. The data protection officer has not received any customer complaints.

Furthermore, attention has been paid to individual

data protection issues in the internal audits of savings banks and companies as a part of their audit actions.

### Future focus areas of data protection efforts

Data protection is an extensive, continuously evolving area that will require significant investments from the Savings Banks Group also in the future. In the future, we will report on data protection matters regularly in the form of an annual data statement. Focus areas include the further development of processes, internal guidelines and operational models and ensuring that they are implemented in the daily work and that supervision is executed. Another aim is to create a common data protection management model for all savings banks and entities of the Savings Banks Group and the central institution of the amalgamation.

### Information security

The focus areas in the development of information security are protecting Savings Banks Group's business from information processing risks and cyber threats, ensuring appropriate information security and data protection for customers and stakeholders, satisfying compliance requirements and the practical implementation of group-level policies, guidelines and standards. Information security is a central component of our strategy and it is promoted by effective risk management and repeatable solutions. The key regulatory frames of reference for legal compliance related to information security are the PSD2 and the GDPR, with the ISF Standard serving as the frame of reference.



# 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 2020. 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.

In the Savings Banks Group, we focus on personal customer service, regardless of the service channel used. Allowing the customers choose the most suitable service channel is important for us. The Savings Banks Group has an extensive network of 130 branches, through which the independent, local Savings Banks serve our customers throughout Finland.

In addition to face-to-face service, we invest in the continuous development of our digital services. Savings banks actively utilise online meetings, for example, as well as phone and mobile authentication for the strong authentication of customers. In 2020, we launched the possibility for our customers to sign documents electronically, which further supports our responsible customer work.



Figure 4. The Savings Banks Group has an extensive network of branches in Finland.



## In 2020, we carried out almost 51,000 Moments with Your Personal Finances with our customers.

We will continue to invest in the development of digital services in order to provide the best possible service for our customers. The level of the digital customer experience is essentially linked to the quality and degree of automation of the processes behind the digital services. In order to secure well-functioning background processes and good resources for future service development, we concluded an extensive agreement on reforming our core banking system in early 2019. This project will be one of our key investments and development projects in the years to come.

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 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 too far.

Savings Banks' private customers can book "A Moment with Your Personal Finances" and discuss their financial situation with a Savings Bank specialist. In addition to discussing the customer's current situation and financial matters, "A Moment with Your Personal Finances" also includes preparing a plan covering approximately the next 5-10 years. These discussions can be implemented as the customer sees fit, either in person or by means of online meetings. In 2020, we carried out almost 51,000 Moments with Your Personal Finances with our customers.

These Moments, like all our customer services, are 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 their individual goals. The purpose of all discussions is to find the most suitable, responsible solution for the customer's finances and life situation, while also observing any unexpected changes. The

Moments with Your Personal Finances also include investment advice to private customers. Investment advice is only provided by our specifically trained investment advisors.

Our specialists aim at long-term cooperation with customers. Our specialists regularly contact our customers even after the discussion on personal finances and update the financial plan according to any changes in the customer's situation, if necessary. The Moments with Your Personal Finances are reported according to joint guidelines, and the contents and results of the discussions are monitored. The Moments and their monitoring are also linked to the goals of our specialists.

### Customer satisfaction as an indicator of responsibility

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

Customer satisfaction surveys indicate that we succeeded very well in the work with customers in 2020. 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 2020, the Net Promoter Score (NPS) for negotiations stood at 80.6%, which is excellent, and slightly higher than in the previous year (79.9%).

We achieved excellent results also in the EPSI Rating customer satisfaction and loyalty survey that included all of Finland's significant financial sector operators. Satisfaction with Savings Banks among both private and corporate customers exceeded the industry average by a clear margin. Private customers ranked Savings Banks 4th in the industry's customer satisfaction survey in 2020 and, among corporate customers, customer satisfaction was the highest in the industry.



Figure 12. Customer satisfaction 2020, Private customers



Figure 13. Customer satisfaction 2020, Corporate customers

### Development of customer volume of the Savings Banks Group

The total number of savings bank customers was approximately 452,000 at the end of 2020. Of these, 88% are private customers, 9% corporate customers and 3% agricultural and other customers. The number of customers was approximately 3.8 lower than in the year before. The decreased number of customers is due to the removal of passive customers from our customer system. However, the number of active customers who use Savings Banks

regularly and the number of customers who use Savings Banks comprehensively for their banking services continued to grow in 2020. The number of comprehensive customer relationships increased by approximately 2.3 per cent among private customers and approximately 8.2 per cent among corporate customers.

In 2020, Savings Banks acquired some 21,600 new customers, which is approximately 12 per cent less than in the previous year. The main reason for the decline was the slower growth of home loans compared to the previous year.

## ” We believe that responsible investing can help to achieve a good long-term return.

### Sustainable investment and ownership

Savings Banks' Asset Management is committed to incorporate environment, social and good governance into its investment activities. Our approaches to responsible investments include integration of sustainability in decision-making and analysis, norm-based screening, exclusion, active ownership as well as thematic investments.

We believe that responsible investing can help to achieve a good long-term return. Incorporating ESG factors into investment processes helps manage the risks related to investment targets and identify opportunities. Sustainability factors and the related regulation may have substantial financial impacts. We also want to contribute to the shift towards better sustainability in business and in society.

Savings Banks' Asset Management (Sp-Fund Management Company Ltd) has signed the Principles for Responsible Investing (PRI) supported by United Nations in 2014 and is committed to these principles and to report annually to PRI on its activities and progress of responsible investments. We are also a member of Finland's Sustainable Investment Forum (Finsif) and an investor signatory in CDP's (previously Carbon Disclosure Project) climate change, water and deforestation 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 part of the Climate Action 100+ investor initiative that aims to influence more than one hundred companies with the highest emissions in various industries.

In spring 2020, ten Savings Bank equity and interest funds participated in a project measuring the net impact of the funds. The project's aim was to gain in-depth understanding of the net impact of our funds, its drivers and how we could utilise the information in portfolio management. The project was carried out by The Upright Project. Their 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. The project gave us new perspectives

on responsibility through net impacts as well. Calculated with equal weight, the net effect of our funds was positive. 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.

During the year, we increased awareness of responsible investments in the Savings Banks Group. We held regular joint meetings between the investment and asset management functions. We delivered presentations on responsible investing activities and progress at Savings Banks' events and web seminars.

We publish the sustainability report of Savings Banks' Asset Management every six months. The report shows our activities in 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. The report also shows which of our funds have received The Morningstar's Low Carbon designation as well as the positive environmental impacts and carbon risks of our funds' investments. For example, at the end of 2019, four of our funds had received The Morningstar's Low Carbon designation and, at the end of 2020, nine funds received the designation. The report is available [on our website](#).

### Management and organisation of responsible investments

Responsible investment is an integral part of our investment operations. 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. A responsible investment specialist develops, trains and coordinates responsible investment in the various asset types and reports on the activities and progress of responsible investments. The Board of Directors of Sp-Fund Management Company Ltd regularly approves the Principles of responsible investments and monitors the activities and progress.



## Sustainability as an integrated part of investment decisions

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

We aim to choose responsible partners. Regarding external fund investments, we aim to find partners whose investment philosophy and approach correspond to ours. In the selection of asset managers for our external funds, we prefer the ones who have signed the UN Principles for Responsible Investment. At the end of 2020, all our external asset managers 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.

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

## Monitoring of international standards and norms

We monitor how our direct investments comply with international standards and norms. 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. If we notice a violation, we analyse the company's behaviour and actions to rectify the underlying factors. We may contact the company either directly or through a service provider in order to gain further information and to engage. We may exclude the companies that continuously violate against Global Compact principles. Such cases are always processed on a case-by-case basis. We regularly screen our direct equity investments and corporate bonds with regard to violations against norms. We use an external service provider for screening.

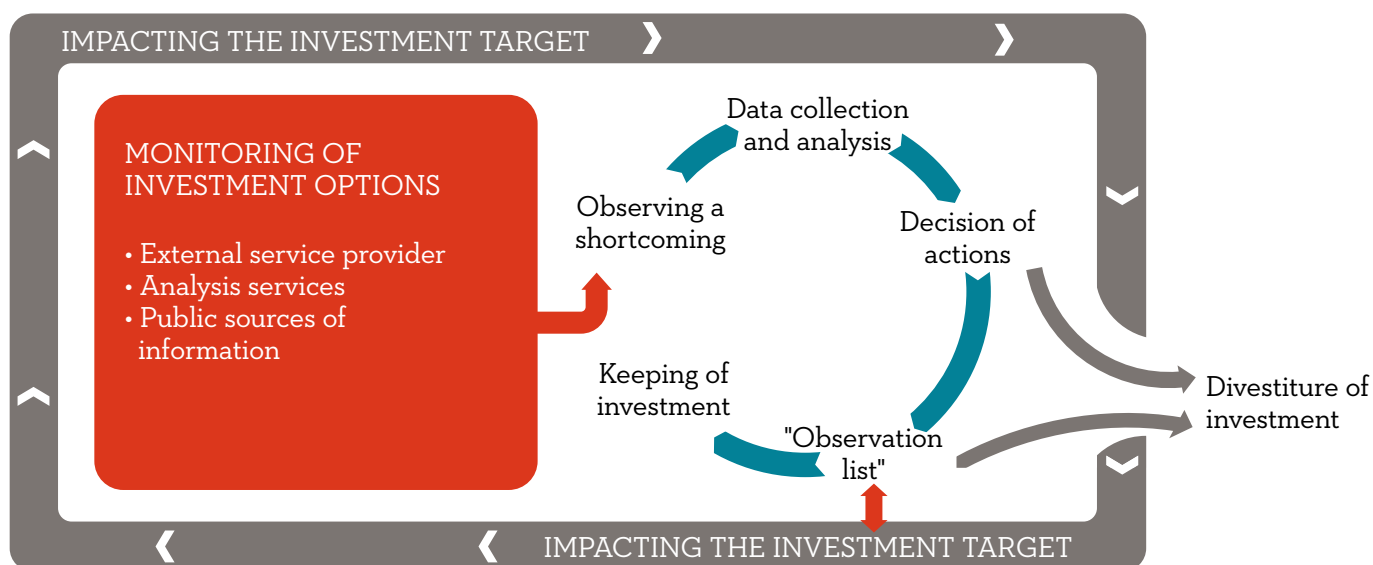


Figure 14. Norm-based screening

## Thematic and impact investments

Some investors want to invest according to their values as well. In addition to profits, investors seek to obtain positive, measurable impacts from their investments.

Säästöpankki Ympäristö is a special investment fund whose investments focus on the mitigation of climate change and on environmental innovation. At the end of 2020, the fund capital totaled EUR 15.96 million, which corresponds to 0.44 per cent of the total AuM 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 include land mines, cluster bombs, biological and chemical weapons and, in some cases, nuclear weapons.

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. Regarding electricity companies, exclusion concerns companies that use significant amounts of coal as fuel. An exception can be made for such a company if it can present credible plans for the reduction of its coal use and climate impacts.

We do not invest directly in tobacco producers either, or in companies that repeatedly violate international standards and agreements and do not actively demonstrate that they are remedying the

violations in their operations.

## Climate change in investment operations

Climate change is one of the most crucial factors affecting wellbeing on the planet. Climate change-related risks and environmental regulation may also have significant economic impacts, particularly in certain industries or regarding the geographic location.

Climate change and the wellbeing of the environment are themes that have also taken a central position in political discussion. Environmental factors and the climate change are reflected in the strategic goals and business plans of companies. The acceleration of climate change will inevitably lead 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 emerge continuously, and old production models are developed to respond to the challenges of sustainable development and climate change. The pioneers in each sector often have first mover advantage in the changing operational environment.

Investors should also prepare for the impacts of climate change in terms of risk management and seeking a better risk/reward ratio. On the other hand, the mitigation and adaptation of climate change provide new investment opportunities.

We incorporate climate issues in our investment processes. We have excluded certain sectors due to the financial impacts related to climate change. Furthermore, we utilise various key figures that help us increase the transparency of the environmental effects and carbon risk of our funds.

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

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Säästöpankki Ympäristö is a special investment fund whose investments focus on the mitigation of climate change and on environmental innovation.



## Active ownership as a part of sustainability

We are an active owner, which means, among other things, that we participate in the Annual General Meetings of the investee companies and engage in dialogue with them. We particularly monitor the development of the companies whose shares are included in the portfolios of our funds. The aim is to increase transparency and sustainability in the operations of the investee companies. Where necessary, we maintain contact with the companies either directly or through a service provider and aim to engage in order to ensure that the companies take action in response to for example Global Compact violations and promote a responsible way of operating. We seek to discuss matters related to sustainability in our meetings with companies and to emphasise their importance.

Savings Banks' funds participate the Annual General Meetings of their investee companies, in accordance with the principles of ownership steering. Participation in Annual General Meetings is decided on the basis of their agendas, an assessment of the extent to which

the fund management company can exercise voting at an individual meeting, the relative size of company's holdings in the funds and whether an issue of societal importance is included on the agenda.

In 2020, Savings Bank's funds participated in eight general meetings: seven in Finland and one abroad. Due to the exceptional circumstances in spring, attendance at general meetings was lower. Säästöpankki Kotimaa participated in seven meetings, Säästöpankki Pienyhtiöt in six, Säästöpankki Itämeri in five, Säästöpankki Korkopulus in two, Säästöpankki Eurooppa in one and Säästöpankki Kiinteistöosake Eurooppa in one. At one general meeting, we voted against the proposals of the management of the company in question.

We also want to promote the acceptance and implementation of responsible investment. 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 related to responsible investment.



## Sustainable financing

At the end of 2020, the Savings Banks Group's banking operations' loan portfolio totalled EUR 9,330 (8,975) million, up by 4.0 per cent year-on-

year. Of the lending included on the balance sheet, 72.2 (73.1) per cent was to private customers, 19.8 (18.4) per cent to corporate customers and 8.1 (8.9) per cent to agricultural and other customers.

### BREAKDOWN OF LOANS BY CUSTOMER GROUP 30 DECEMBER 2020

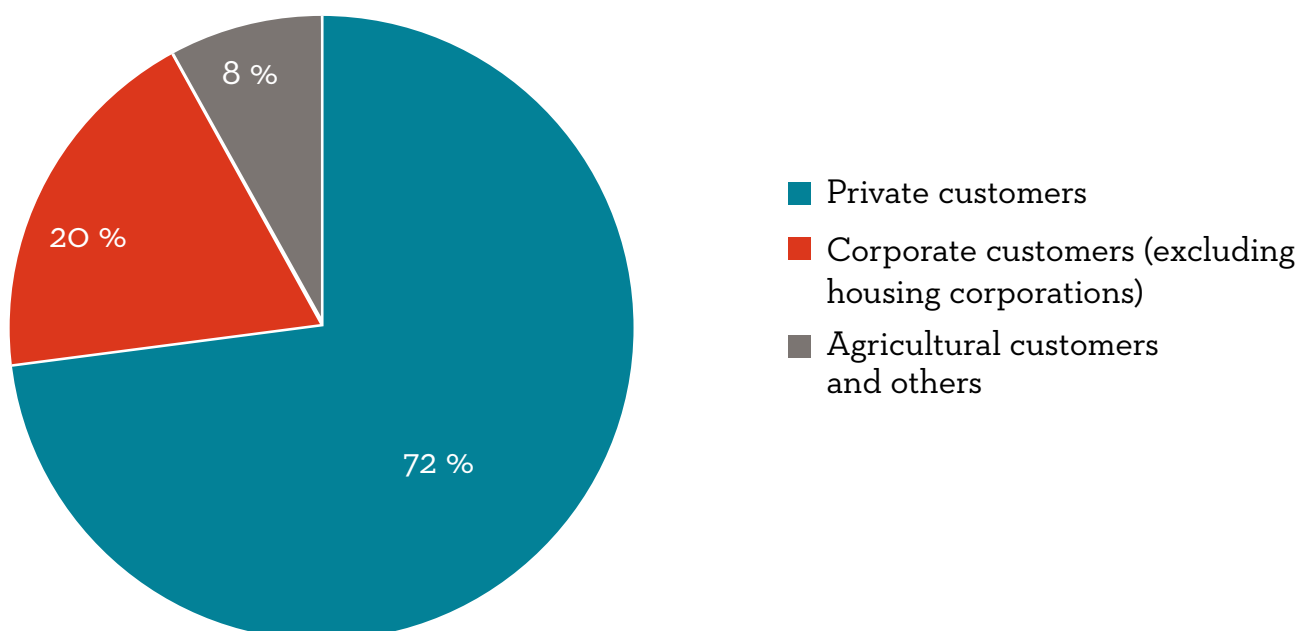


Figure 15. Breakdown of loans by customer group 31 December 2020

The Savings Banks Group's lending is based on the Act on Credit Institutions, the Consumer Protection Act, the Financial Supervisory Authority's guidelines and regulations as well as other regulations on good lending practice. In accordance with the Savings Bank Group strategy, approved 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 Group is moderate. The Board of Directors of the Savings Banks Group's central institution controls and manages the lending of savings banks, by means of the Savings Banks Group's Group-level credit risk strategy, credit management guidelines and credit guidelines that are based on the regulations and guidelines of the authorities. Each savings bank confirms its bank-level instructions based on these.

The Savings Banks Group's credit risk strategy and the guidelines supplementing it ensure the Group's joint responsible lending criteria and operating methods even if the customer experiences financial difficulties. The guidelines for the identification, management, monitoring and reporting of customers facing financial difficulties can be found in the Savings Banks Amalgamation's guidelines on the identification and management of problem customers.

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. The Savings Banks Amalgamation has specified online training related to customer due diligence and the prevention of money laundering that must be completed at regular intervals at all organisational levels.

On the other hand, we must ensure that we prevent the customer from becoming over-indebted or ending up in financial difficulties as a result of an incorrect estimate of the ability to pay back debts. Our goal is, by means of mapping, to identify the credit products of the Savings Banks Group or our partners that are suitable for the customer and their project. Recommendations by satisfied customers help us increase the risk-bearing capacity of the Savings Banks Group and thereby finance the projects of new customers as well.

We process customer feedback in accordance with the Amalgamation's guidelines on the handling of customer complaints and feedback. The guidelines specify the joint operating methods and principles



**In 2020, we introduced the electronic signing of loan documents so that the customer does not need to sign the loan documents at a bank branch.**

for the processing of customer complaints and feedback. All complaints and feedback is processed uniformly in accordance with the guidelines. The executive directors of the savings bank receive regular summaries of the complaints and feedback.

Customer complaints and feedback related to financing are recorded in the system, and immediate responses are given to acute feedback. In other cases, responsibilities are assigned for the complaints and feedback and the customer receives a response without undue delay over the channel of the customer's choice.

Development ideas are recorded in the system of the Savings Bank in question and assigned 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.

The execution of responsible lending is monitored at the Amalgamation level using risk limit measurements specified in the credit risk strategy. The measurements include monitoring of payment delays and defaulted loans and the liability maturity distribution. One of the goals of the measurement system is to monitor

- that the customers do not become over-indebted
- that customer problems are intervened in so that the customer does not end up in more difficulty due to unpaid loans
- that the loan periods are not excessively long so that the total amount of interest collected from the customer remains reasonable.

#### **Financing for private customers**

We are digitalising our operations in phases. In addition to meeting us at a Savings Bank branch, the customer may negotiate about a loan over the phone or in an online meeting. In 2020, we introduced the electronic signing of loan documents so that the customer does not need to sign the loan documents at a bank branch. Residential property purchase/sale transactions where documents can be signed electronically became possible as well in 2020. This

helps us save the customer's time and reduce the carbon footprint in cooperation with our customers. The renewing of our core banking systems in the next couple of years will also enable automated decision-making for private customer loans.

When granting a loan, the customer's creditworthiness is calculated based on 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 reliable, successful operations.

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 ends up in difficulty making payments. We are often able to find solutions in cooperation with the customer that help the customer overcome the difficult situation.

#### **Financing for 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 responsibility of the operations of companies.

Suomen Asiakastieto Oy's service related to responsible lending of credit is used in the corporate sector of the Savings Banks Group. This service is constructed based on 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 a crime or whether it has been sanctioned by means of any penalty fees.

In the next few years, our development projects will continue the further automation and digital development of lending processes. We aim to provide customers with expert support and self-service features at the various phases of the credit lifecycle, with maximum coverage regardless of time and location.

## CORPORATE LENDING BY INDUSTRY

Industry (EUR 1,000)	31.12.2020	31.12.2019
Basic industries, fisheries and mining	6.6 %	6.4 %
Industry	5.2 %	5.7 %
Energy, water and waste disposal	0.8 %	0.9 %
Construction activity	8.9 %	9.0 %
Trade	7.2 %	7.0 %
Hotels and restaurants	3.2 %	2.9 %
Transport	2.7 %	2.9 %
Funding	1.6 %	1.6 %
Real estate	53.5 %	53.2 %
Research, consulting and other business services	5.6 %	5.8 %
Other services	4.9 %	4.6 %
Total	100.0 %	100.0 %

Table 4. Corporate lending by industry on 31 December 2020

# A PROSPEROUS WORK COMMUNITY AND CORPORATE CULTURE OF HIGHLY COMPETENT PROFESSIONALS

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

Our way of working 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.

Satisfied employees are the prerequisite for our success. We are particularly skilled in the areas of managing people and renewal, providing financial coaching for our customers and developing our business in a customer-driven manner that takes advantage of the opportunities provided by technology. We want to be an industry leader in the internal sharing of competence and in applying competence to practical operations to achieve the desired results.

We provide managers with the tools to identify personal strengths and areas of development, as well as the opportunity to renew their leadership. We monitor leadership annually through Savings Banks Group's personnel survey and performance appraisals, which provide managers with feedback from their subordinates.

The Board of Directors of the Savings Banks' Union Coop approves the policies concerning personnel, the purpose of which is to ensure its reliability, professional competence and sufficient human resources. The member entities of the Savings Banks

Group draw up their individual HR management policies in accordance with the guidelines and are responsible for implementing them in practice.

## Savings Banks Group's personnel

The Savings Banks Group's employees work in the 18 independent Savings Banks around Finland and in the Savings Bank Centre of seven (7) companies. The Group has approximately 120 branches and locations nationwide, from Helsinki to Rovaniemi and from Närpiö to Joensuu.

At the end of 2020, the Savings Banks Group had 1,418 (1,391) employees. Women accounted for 76% and men for 24% of all employees. In 2020, the average age of employees was 42.7 (42.8) years.

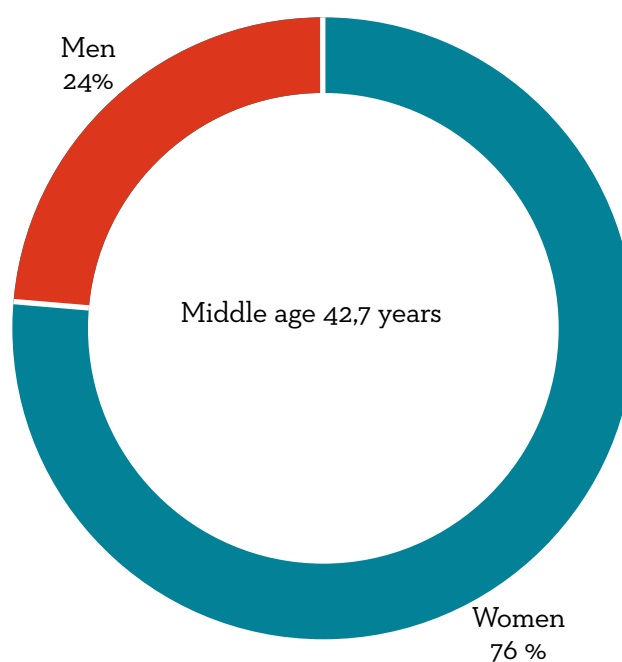


Figure 16. The Savings Banks Group's personnel - gender distribution and average age

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

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

<b>Women</b>	<b>1082</b>	<b>76 %</b>
<b>Men</b>	<b>336</b>	<b>24 %</b>
<b>Total</b>	<b>1418</b>	<b>100 %</b>

Table 6. Total number of the Savings Banks Group's full-time and part-time employees 2020

The Savings Banks and Sp-Fund Management Company Ltd, Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Savings Banks Services Ltd and Savings Banks' Union Coop are covered by the collective agreement for the financial sector, which is universally valid, while Sb Life Insurance Ltd is covered by the universally binding collective agreement for the insurance sector. More than 90 per cent of the total number of employees in the Savings Banks Group are covered by a collective agreement.

The use of leased workforce was very low at the Savings Banks Group level. At the end of 2020, six (6) employees from various Savings Banks and Savings Bank Services Ltd were working on job rotation in the Savings Banks Group's central institution, and one (1) leased employee.

## Personnel survey

In 2020, we conducted the Savings Banks Group's joint personnel survey, "Our Savings Bank", designed on the basis of the Group's strategy. In line with our newly updated Group strategy, the Savings Banks

Group's aim 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. The personnel survey gives us valuable information about how we can build the Savings Bank's success jointly in order to support our vision.

The objective of the personnel survey is to monitor the execution of the strategy and give employees the opportunity to voice their views, which will be used in the development of operations both locally and at the Group level. The response rate to the personnel survey has been high every year; in 2020, 89.2 per cent of Savings Bank employees took the survey, and the average score for the survey was good at 3.33 on a scale of 1-4. The results indicate that Savings Bank employees recommend the Group as an employer and they are proud to be part of the organisation. One of the strengths of our personnel is their resilience in the face of changes. It is evident in our employees' perception of having been provided with the necessary conditions for renewal as their job roles change and being encouraged to try new solutions in their work.

**” In 2020, 89.2 per cent of Savings Bank employees took the survey, and the average score for the survey was good at 3.33 on a scale of 1-4.**

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## Personnel and competence development

Our success in the customer business and the digital transformation requires us to revamp our operating methods, and everyone to continuously maintain and develop their personal expertise and work as a coherent team. During the financial year, we were able to make more extensive use of new tools that enabled new working methods while strengthening teamwork. The results of our personnel survey indicate that our employees try to actively develop their work and share best practices with their colleagues.

In 2020, Sp-Academy, the Savings Banks Group’s competence development network, continued its active operations with four working groups. More than 50 Savings Bank employees from various parts of the Savings Banks Group were active in the working groups. They discussed strategic competence needs and promoted the implementation of business-driven training activities to support development in key competence areas. Due to the COVID-19 pandemic, the Savings Banks Group’s training offering was focused on remote solutions and online learning. We conducted about 200 training sessions and events during the year. This number includes longer training programmes for employees and management, shorter internal remote training activities, brief information sessions and training focused on current issues in various business functions. In addition to developing substance knowledge, we continued to increase our competencies in areas such as supervisory work, the management of sales and customer relations as well as project work.

We support opportunities for staff mobility and diverse competence development. We create various models and practices to support the sharing of expertise. Vacancies for fixed-term positions as well as positions with an indefinite term are always posted in our internal application channels before external recruitment channels are used. Job rotation enables the comprehensive sharing of expertise. The use of job rotation in the Savings Banks Group has given employees the opportunity to work in various projects and substitute positions.

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

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

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

## Work ability and wellbeing

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

Employee wellbeing is our intent and we support it through various means. We offer sports and cultural benefits, support the maintenance of working capacity with checks on ergonomics and massage benefits, and make working life flexibility possible, among other things, through different time models. Our modern tools facilitate a location-independent way of working.

# SAVINGS BANK AS PART OF LOCAL COMMUNITIES

Savings banks have been an important part of Finnish society for almost 200 years, and we still have an important duty. According to our mission, we promote saving and customers' financial wellbeing close to the customer. Customers need a reliable and close partner for their financial matters to help them create a better everyday life and future. The increased prosperity and welfare of our customers are reflected in the Savings Banks Group and in the entire society.

Savings Banks are independent, regional and local deposit banks operating in the retail banking sector, with the purpose of promoting saving. Savings Banks focus on low-risk retail banking, particularly services related to daily business, saving and investments, and lending services. The product and service range cover all the main banking services for both private and corporate customers. They are complemented by other financial sector services and products provided together with partners.

The corporate structure of the Savings Banks is either that of a traditional savings bank or a savings bank limited company. The supreme decision-making power in the Savings Banks rests with the trustees, who are representatives of the depositors and possible equity capital shareholders. In savings bank limited companies, the supreme decision-making power at the General Meeting is used by the savings bank trusts, the Boards of which are similarly comprised of representatives of the depositors. The Trustees or the General Meeting elect the Board for the bank. Owing to the Savings Banks Amalgamation, they have mutual financial responsibility. If necessary, the obligations of individual Savings Banks are backed by all the Amalgamation's Savings Banks and service companies via the Savings Banks' Union Coop, which means the liability ultimately lies with the Savings Banks' Group as a whole.

Decision-making in Savings Banks is different from many other banks because the administration of a Savings Bank consists of customer representatives. Each Savings Bank has Trustees, elected by the bank's depositors. A Savings Bank may also have a Supervisory Board elected by the trustees. The

Board of Directors of a Savings Bank is elected by the Trustees or the Board of Supervisors, if the bank has one. All Savings Banks are members of their central organisation, the Savings Banks' Union Coop. The Savings Banks' Union Coop promotes the development and cooperation of the Savings Banks and advocates their interests. The joint banking policy decisions of the Savings Banks are made by the Savings Banks' Union Coop.

It is important to us that towns, villages and communities in Finland retain their vitality and positive development trends. From the very beginning, Savings Banks have directed a proportion of their profits to enhancing welfare within their operating areas. Rather than making major one-off donations, savings banks prefer to support several interesting local operators and projects.

## We want to take responsibility for local actors and people's well-being

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

The 2020 Good Deeds campaign started in February when project proposals were submitted and voted on. By the end of March, 1,330 local projects needing help were proposed, receiving 251,520 individual votes.

The 2020 Good Deeds campaign saw Savings Banks donate more than EUR 550,000 to more than 300 charities. The themes highlighted among the beneficiaries included children and young people,

**” From the very beginning, Savings Banks have directed a proportion of their profits to enhancing welfare within their operating areas.**





# GOOD DEEDS

Savings Banks  
donate yearly to  
various charities.

for example through sports clubs, other forms of recreational activity and helping volunteer workers. In this year's donations, a major theme was providing food assistance to low-income families during the COVID-19 pandemic, which meant that there was an urgent need for help.

In 2020, the Good Deeds vote coincided with the time in early spring when the seriousness of the coronavirus pandemic started to become clear. This was also reflected in the proposals for the projects to be supported and, as in previous years, the number of votes received was not the only criterion for eligibility; it was possible to receive support even based on a lower number of votes.

In the Helsinki Metropolitan Area, for example, Savings Bank's support focused on highly concrete basic issues experienced by many families and children. The epidemic caused financial difficulties for families, such as in terms of food and clothing, and the need for adult discussion aid also increased significantly after schools closed. Three organisations were selected among the projects having received votes. These organisations provided concrete support to families in the Helsinki Metropolitan Area: HelsinkiMissio, Apuna Ry and Hope Ry. Our personnel also participated in various voluntary activities in the Helsinki Metropolitan Area, including transporting food to those in need, providing financial advice and obtaining donations.

## Support for companies

The Savings Banks Group views supporting companies as another important social duty. The Savings Bank, LocalTapiola, Elo, Innovestor and regional operators executed the "Will to renew" programme in cooperation to help Finnish companies renew and succeed.

The purpose of the "Will to renew" programme was to encourage companies to renew their business and bring new energy into business. The "Will to renew" programme enabled entrepreneurs to forge networks and develop their business in cooperation with specialists and other entrepreneurs. The programme gave the entrepreneurs concrete tools for the development of their company through workshops run by specialists as well as diverse online content.

"Will to renew" events were organised both online and live during spring 2020. The programme, completely free of charge for businesses, reached more than one thousand entrepreneurs, 94% of whom recommended it.

Savings Banks reacted quickly to the effects of the COVID-19 crisis on companies. One of the response measures was to organise, together with their partner LocalTapiola, several webinars on this topic for customers. In the webinars, experts from Savings Banks, LocalTapiola and other partners described



The "Will to renew" programme enabled entrepreneurs to forge networks and develop their business in cooperation with specialists and other entrepreneurs.

” We believe that everyone has a chance for a more prosperous future, even if there is still some way to go.



the forms of support available for tackling the effects of the crisis and took questions from the participants.

Savings Banks helped their corporate customers cope with the COVID-19 crisis by granting instalment-free periods for a significant proportion of corporate loans and by offering liquidity financing to companies suffering from a cash crisis.

Entrepreneurs are also supported in their daily lives. Our specialist is ready to assist entrepreneurs in all financial challenges and act as financial partners of entrepreneurs regardless of company size. We organise various kinds of events, briefings and webinars for entrepreneurs and provide them with comprehensive, updated information about financing, saving, investments and other aspects of financial management.

### Support for scientific research

We value support for research and continuous development. Founded in 1968, Savings Banks Research Foundation is a non-profit corporation aimed at supporting scientific research. The Research Foundation supports financial, social and legal research and publishing activities related to the money markets, the demand for banking services, housing, saving and investment by awarding annual scholarships and research grants.

In 2020, the Savings Banks Research Foundation granted scholarships to university researchers and research projects totalling EUR 73,000. In addition, the savings bank trusts that own Savings Banks,

structured as limited liability companies, have made significant charitable contributions in various parts of the country.

### Increasing financial literacy and knowledge in society

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

We implement 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 2020, Savings Banks Group participated in the financial literacy working group, coordinated by Finance Finland. The working group was formed because the Bank of Finland began to coordinate activities related to the financial literacy of households in Finland and the finance sector wanted to contribute to this project. The objective of the project, coordinated by the Bank of Finland, is for Finns to have the world's best financial literacy by 2030. During the year, the working group held several discussions with the Bank of Finland and contributed to the progress of the financial literacy project. In January 2021, the Bank

of Finland submitted a proposal to the Ministry of Justice for Finland's national financial literacy strategy. Many other countries already have a similar national financial literacy strategy. Information about the Bank of Finland's project: <https://www.suomenpankki.fi/en/learn-economy/learn-economy/financial-literacy-project/>.

To gain information about the status of financial wellbeing among Finnish people, we collect data annually through the extensive Savings Barometer. This information is important for us to focus efforts on areas where there is most room for improvement.

In 2020, Savings Bank also offered financial coaching. Financial coaching is suitable for most life situations - whether the issue is current financial problems, the desire to learn to manage wellbeing finances better or to prevent financial problems in the future. Our goal is to develop an understanding of how the customer is doing financially and to teach concrete methods and offer tips on how to use money. The coaching provides practical tools for a more balanced everyday life. Financial coaching is suitable for customers of all banks and does not include product sales. [www.saastopankki.fi/talouden-valmennus](http://www.saastopankki.fi/talouden-valmennus).

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

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

In 2020, as in previous years, Aito Säästöpankki has continued to provide the "My first euros" financial

education package for secondary schools in its operating area. Education sessions were provided both on-site in the educational institutions and remotely, providing students with up-to-date and concrete information about financial matters. Aito Säästöpankki has also offered athletes at Tampere Sports Academy the opportunity to engage in financial coaching for personal finances. The aim is to help the athletes build their future finances on a sustainable basis while minimising the burden that finances place on athletes. [www.saastopankki.fi/aito/omantaloudenvalmentaja](http://www.saastopankki.fi/aito/omantaloudenvalmentaja)

In 2020, as in previous years, Someron Säästöpankki invested in financial skills for all ages. Of course, the coronavirus changed normal everyday life in various ways. Banking lessons given by Someron Säästöpankki at Salo and Halikko upper secondary schools were Teams sessions during the year, due to the coronavirus. The economics class of the eighth grade commercial group of Somero Secondary School is held by Someron Säästöpankki, and the Savings Bank's "My first euros" material is part of the learning material for their exams. In 2020, informal discussion sessions were arranged with the Salo local branch of the Finnish Pensioners' Federation on the topics of banking services, saving and the authorisation to supervise one's interests. In addition to financial matters, the health and ability to function of members of the Salo local branch of the Finnish Pensioners' Federation were supported through gym training.

In its operating area, Säästöpankki Optia organised "Guidance for everyday banking services" events, in which banking services that make everyday life easier, such as payment cards and online and mobile banks, as well as savings bank services, were introduced to small groups.

**” To gain information about the status of financial wellbeing among Finnish people, we collect data annually through the extensive Savings Barometer.**

# ENVIRONMENTAL RESPONSIBILITY

**” We provide our customers with the opportunity to do their banking from home, which reduces the need to travel by car, for example, and therefore reduces the carbon footprint.**

As a responsible Finnish banking group, we recognise our role in promoting environmental sustainability. Our business does not cause any significant direct environmental impacts and our direct impact on climate change is low. Environmental risks, including climate change, may also have an indirect impact on our operations through the impacts on our customers or stakeholders.

The investments made by Sp-Fund Management Company Ltd may involve indirect environmental impacts. Climate change related risks and environmental regulation may also have significant economic impacts, particularly in certain industries or with regard to the geographic location. Sp-Fund Management Company Ltd aims to evaluate the impacts of sustainable development and climate change on investment targets. We continuously develop the reporting and monitoring of the environmental aspects of investments, including the carbon footprint and carbon risk. We actively monitor the development of EU legislation on sustainable financing.

At the Savings Banks Group, we want to take care of the environment in our daily actions. We encourage employees to use public transport, replace business trips and meetings with telephone and video conferences, and prioritise eco-friendly alternatives in purchasing. With our digital services, we also attempt to reduce our customers' need to travel to branches to use banking services. We provide our customers with the opportunity to do their banking from home, which reduces the need to travel by car, for example, and therefore reduces the carbon footprint.

Indirect greenhouse gas emissions (scope 2) are caused by the consumption of electricity and heat in our offices. All emissions are calculated as CO<sub>2</sub> equivalents. In 2020, the total carbon footprint of Savings Bank Centre's Vallila property was 266.1 t CO<sub>2</sub>eq. The property also houses other offices and a restaurant. The property was not fully leased in 2020, and a part of the property was under renovation in 2020. Savings Bank Centre rents 42% of the property's leasable floor area. In proportion to the leased floor area, the carbon footprint of Savings Bank Centre's Vallila premises was 111.76 t CO<sub>2</sub>eq in 2020. The figure is not fully comparable with the

figure reported in 2019 as the calculation method has been refined. In the corrected calculation, the figures for 2019 were 289.4 t CO<sub>2</sub>eq for the entire Savings Bank Centre's Vallila property and 121.55 t CO<sub>2</sub>eq for Savings Bank Centre's Vallila offices. We have utilised the Finnish Environment Institute SYKE's Y-HIILARI tool, developed for the calculation of the carbon footprint of companies.

Approximately one third of the electricity bought for the Savings Bank Centre's Vallila property in Helsinki (Vallilla33 Business Park) is produced with renewable energy. The property also has solar panels installed on the roof. All the electricity produced is utilised on the property. The property offers e-car charging stations and a bicycle parking area for commuters. In 2020, plugs were installed in the bicycle park for charging electric bicycles. In 2020, energy efficiency measures have also been implemented to reduce the property's carbon footprint.

Our goal in the future is to further develop the calculation of the carbon footprint of our operations. Calculating the carbon footprint is a central indicator used for the management of climate risks.

## **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 and 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 incorporate the environment, social and good governance issues into 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 responsible investments and monitors the activities and progress of responsibility.

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

### Risk management

The management of sustainability aspects, including the monitoring of climate matters, is an integrated part of our portfolio management. We utilise external service providers' data about the sustainability of companies, including the risks and opportunities related to climate change.

We monitor how the companies in our direct investments comply with international standards and norms. Environmental issues 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. Regarding electricity companies, exclusion concerns companies that use significant amounts of coal as fuel. An exception can be made for such a company if it can present credible plans for the reduction of its coal use and climate impacts.

We have also identified opportunities related to sustainable development and the mitigation of climate change. Säästöpankki Ympäristö is a special investment fund promoting the sustainable use of environment. The fund's investments focus on environmental innovations and the mitigation of climate change.

Together with other investors, we are part of international cooperation initiatives aimed at reducing adverse sustainability impacts on the climate and the environment. We are an investor signatory of CDP (previously Carbon Disclosure Project) in the climate change, water and deforestation 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.

” Together with other investors, we are part of international cooperation initiatives aimed at reducing adverse sustainability impacts on the climate and the environment.





## Metrics and targets

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

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




	 <b>Carbon intensity</b> (t CO <sub>2</sub> / revenue, million USD)	 <b>Coverage (%)</b>
Säästöpankki Amerikka	87,3	94
Säästöpankki Eurooppa	277,0	86
Säästöpankki Itämeri	91,3	75
Säästöpankki Kiinteistöosake Eurooppa	62,9	93
Säästöpankki Kotimaa	312,4	83
Säästöpankki Osake Maaailma	154,6	87
Säästöpankki Pienyhtiöt	52,7	51

Table 7. The carbon footprints of Savings Bank funds on 31 December 2020

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

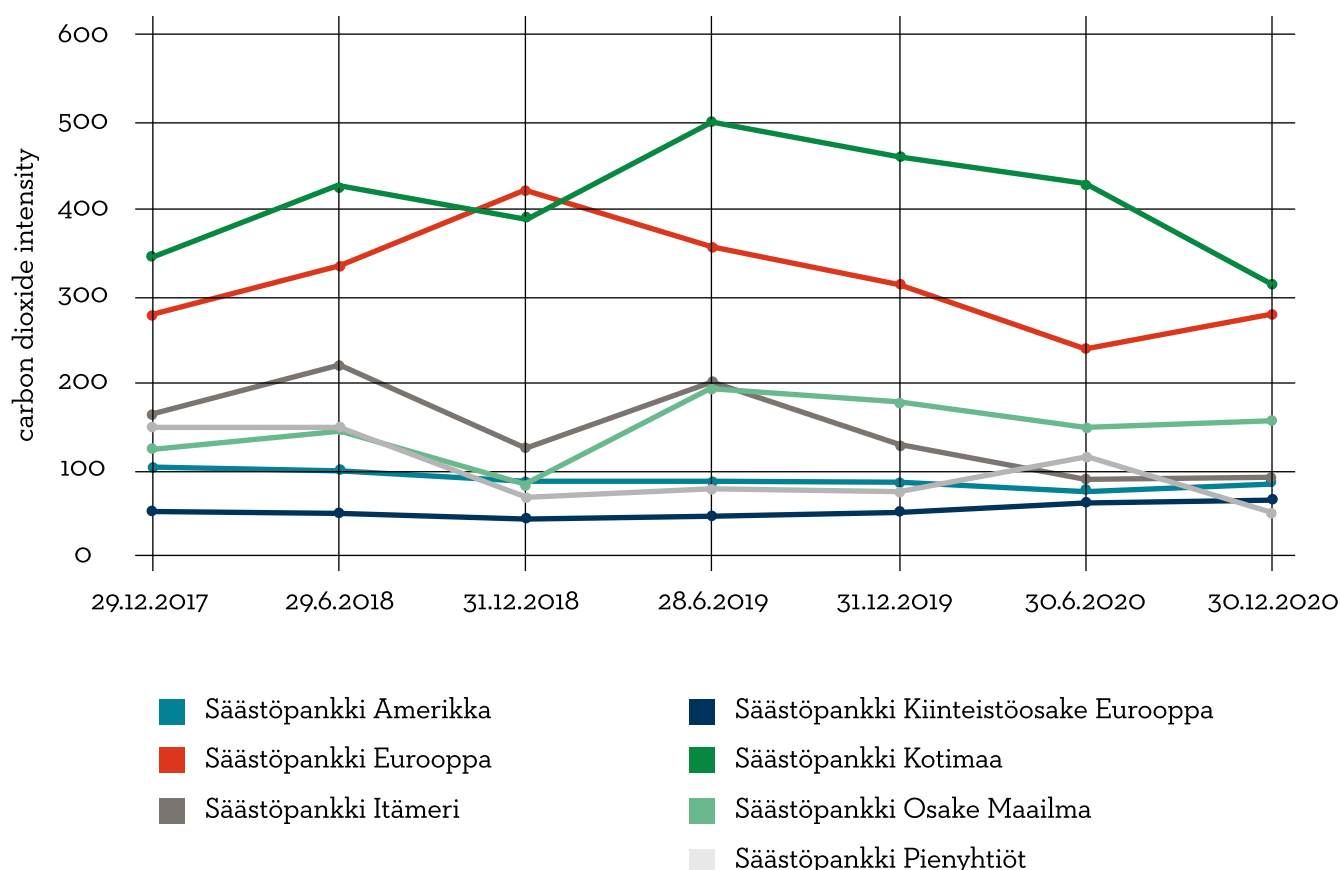


Figure 17. Development of the Savings Bank funds' carbon footprints 2017-2020  
(Sources: Sp-Fund Management Company Ltd, MSCI ESG Research LLC)

### Carbon footprint calculation of the investments

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

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

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

The weighting of the fund's holdings at the time of calculation 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 has an effect on 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

In 2020, we calculated the climate scenario analyses and stress tests for our equity and fixed income funds for the second time. The scenario analyses

were performed according to 2 degree Investing Initiative's PACTA method. The PACTA method analyses the most significant climate gas releasers of specific sectors and the relationships of the outlooks of such companies to IEA's sustainable development scenario. Likewise, the stress tests were performed using the tool developed by 2 degree Investing Initiative. The tool calculates any changes in the portfolio value regarding three climate scenarios specified by the Bank of England. The analysis was performed for 13 Savings Bank funds.

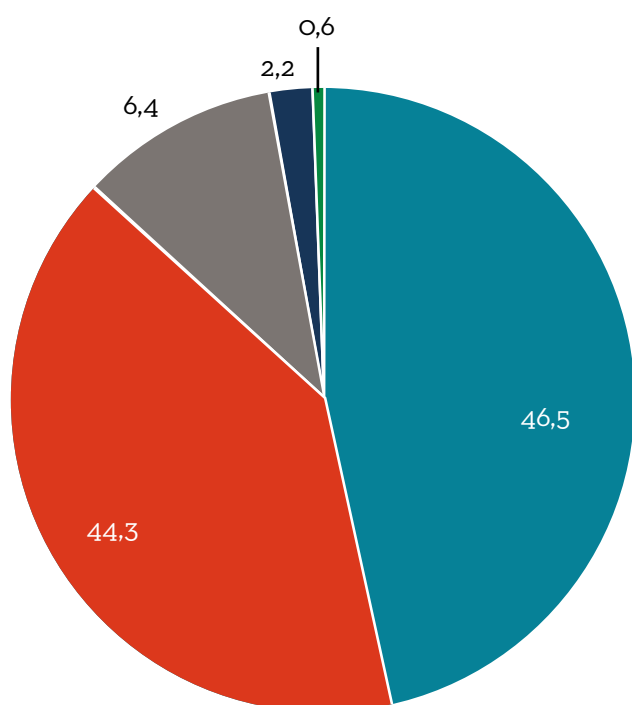
### Säästöpankki Ympäristö special investment fund

The special investment fund Säästöpankki Ympäristö started on 31 December 2018. The fund's investments focus on environmental innovations and the

mitigation of climate change. At the end of 2020, the fund capital totaled EUR 15.96 million, which corresponds to 0.44 per cent of the total AuM of Savings Banks' Asset Management funds.

The investments of the Säästöpankki Ympäristö fund comprise direct equity investments, equity funds, alternative investments and fixed income investments. Direct equity investments are made in companies promoting environmentally sustainable production. The equity funds include equity funds and ETFs with an environmental theme. Fixed income investments are green bonds. Alternative investments are sustainable projects, such as renewable energy. The picture below shows the distribution of the Säästöpankki Ympäristö special investment fund's investments in more detail on 31 December 2020.

### ALLOCATION OF INVESTMENTS



### ALLOCATION OF INVESTMENTS %

- Equity funds with environmental theme
- Direct equity investments
- Alternative investments
- Cash
- Direct green bonds

*Source: Sp-Fund Management Company Ltd*

Figure 18. Distribution of the Säästöpankki Ympäristö special investment fund's investments on 31 December 2020

## ENVIRONMENTAL SOLUTIONS %

Clean tech	37,4 %
Renewable energy and alternative fuels	27,5 %
Mitigation and adaptation of climate change	26,7 %
Low emission solutions and the circular economy	18,8 %
Preservation of natural capital	14,3 %
Energy efficiency	6,5 %
Sustainable and responsible use of water	4,4 %
Energy efficient buildings	1,2 %
Sustainable agriculture	0,3 %

Percentage share of revenue corresponding to the services or products of the company that help solve major environmental challenges.

The figure is a weighted average of companies held in the portfolio, using the share of revenue consisting of solutions related to sustainable development. A company may be active in several categories.

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

Figure 19. Positive environmental impacts of the direct equity investments of the Säästöpankki Ympäristö special investment fund on 31 December 2020

## The UN's Sustainable Development Goals (SDG)

The Sustainable Development Goals (SDG) were approved in the UN General Assembly in 2015. This SDG programme is valid until 2030 (Agenda 2030).

The goals are universal, i.e. they belong to all of us. The objective of SDGs is to end extreme poverty and aim for sustainable development. This can be done by observing nature, 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 see which SDG they promote. These investments promote specifically SDG 13, which aims at sustainable climate action.

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



Figure 20. Sustainable development goals of the Säästöpankki Ympäristö special investment fund

# SCOPE AND FOCUS OF REPORTING

We want sustainability to be reflected in everything we do – in how we relate to our customers and our partners, our operating area, the authorities and other stakeholder groups. Regarding reporting principles, the Savings Banks Group refers to the GRI (Global Reporting Initiative) Standards guidelines (GRI-referenced). The content reported in accordance with the GRI guidelines is listed in the GRI Content Index.

Our goal for the next couple of years is to develop our sustainability reporting to correspond to the core level of GRI standards. The sustainability report of the Savings Banks Group covers the information for 2020 in accordance with the Group structure and financial reporting principles. The Savings Banks Group's sustainability report is published electronically in separate Finnish and English versions. The sustainability report is not subject to external assurance.

The report is published annually. The data in the report relate to the financial year 1 January–31 December 2020, unless otherwise stated. The previous sustainability report was published on 14 June 2020. The GRI index lists the GRI standard indicators used by the Savings Banks Group and indicates where the data can be found.

The Sustainability Report is available for download at [www.saastopankki.fi](http://www.saastopankki.fi) and any questions about the report can be addressed to [sustainability@saastopankki.fi](mailto:sustainability@saastopankki.fi).

The next sustainability report will be published in spring 2022.

## Scope and focus of reporting

### Entities consolidated in the Savings Banks Group's financial statements

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

### Identifying the contents of the report and boundaries of subjects discussed

Our sustainability reporting mainly follows the same calculation boundaries as the Group's financial reporting. The financial responsibility highlights are based on the Savings Banks Group's accounting and approved financial statements for 2020. The key figures related to the personnel are obtained from the Savings Banks Group's human resources systems. The carbon footprint of listed stock holdings in the Savings Bank funds are calculated with the MSCI tool. The methodology applied in the calculation of the carbon footprints of investments is described in section Sustainable investment and ownership.



# GRI INDEX OF THE SAVINGS BANKS GROUP

This report references the GRI Standards 2016

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

Code	Reported data*	GRI content	Location	Further information
GRI 102 General disclosures				
102-1		Name of the organisation	The structure of the Savings Banks Group	
102-2		Activities, brands, products and services	The structure of the Savings Banks Group	
102-3		Location of headquarters	The structure of the Savings Banks Group	
102-4		Location of operations	The structure of the Savings Banks Group	
102-5		Ownership and legal form	The structure of the Savings Banks Group	
102-6		Markets served	The structure of the Savings Banks Group	
102-7		Scale of the organisation	The structure of the Savings Banks Group	
102-8	a,c,d,e,f	Information on employees and other workers	A prosperous work community and corporate culture of highly competent professionals	
102-10		Significant changes to the organisation and its supply chain	The structure of the Savings Banks Group	
102-12		External initiatives	Our commitment to external initiatives	
102-13		Memberships of associations	Memberships in associations	
102-14		Statement from senior decision maker	CEO Foreword	
102-16		Values, principles, standards, and norms of behaviour	Values and vision, ethics and integrity	
102-18	a	Governance structure	Management and governance of the Savings Banks Group in brief	Item b is reported for Sp-Fund Management Company Ltd in section Sustainable investment and ownership.

Code	Reported data*	GRI content	Location	Further information
GRI 102 General disclosures				
102-40		List of stakeholder groups	Stakeholders	
102-41		Collective bargaining agreements	A prosperous work community and corporate culture of highly competent professionals	
102-42		Identifying and selecting stakeholders	Stakeholders	
102-43		Approach to stakeholder engagement	Stakeholder cooperation	
102-44		Key topics and concerns raised	Stakeholder cooperation	
102-45		Entities included in the consolidated financial statements	Scope and focus of reporting	
102-46		Defining report content and topic boundaries	Scope and focus of reporting	
102-47		List of key topics	Reporting on the material sustainability themes in the Savings Banks Group	
102-48		Restatements of information		No changes.
102-49		Changes in reporting		No changes.
102-50		Reporting period		1.1.2020–31.12.2020
102-51		Date of most recent report		14.6.2020
102-52		Reporting cycle		Annual
102-53		Contact point for questions regarding the report		sustainability@saastopankki.fi
102-54		Claims of reporting in accordance with the GRI Standards		GRI referenced
102-55		GRI content index		GRI Content Index
102-56		External assurance		No external assurance.

Topic-specific content: Topic-specific content is reported regarding aspects identified as material.

Economic impacts				
201		Economic performance		
103-1		Explanation of the material topic and its boundary	Financial responsibility	
103-2		The management approach and its components	Financial responsibility	
201-1		Direct economic value generated and distributed	Financial responsibility	
205		Anti-corruption		
103-1		Explanation of the material topic and its boundary	Risk management	
103-2		The management approach and its components	Risk management	
205-1	b	Operations assessed for risks related to corruption	Anti-corruption and bribery	Information is not available on a more detailed level.
205-2	b	Communication and training about anticorruption policies and procedures	Anti-corruption and bribery	Information is not available on a more detailed level.
205-3		Confirmed incidents of corruption and actions taken		No incidents have emerged in 2020.
Social impacts				
404		Training and education		
103-1		Explanation of the material topic and its boundary	A prosperous work community and corporate culture of highly competent professionals	
103-2		The management approach and its components	A prosperous work community and corporate culture of highly competent professionals	
404-2	a	Programmes for upgrading employee skills and transition assistance programmes	Personnel and competence development	
404-3		Percentage of employees receiving regular performance and career development reviews	Personnel and competence development	
417		Marketing and labelling		
103-1		Explanation of the material topic and its boundary	Ethics and Integrity	

Social impacts			
103-2	The management approach and its components	Ethics and Integrity	
417-3	Incidents of non-compliance concerning marketing communications		No incidents have emerged in 2020.
<b>418</b>	<b>Customer Privacy</b>		
103-1	Explanation of the material topic and its boundary	Customer data protection and information security	
103-2	The management approach and its components	Customer data protection and information security	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No substantiated complaints in 2020.
<b>419</b>	<b>Socioeconomic compliance</b>		
103-1	Explanation of the material topic and its boundary	Financial responsibility and good governance	
103-2	The management approach and its components	Financial responsibility and good governance	
419-1	Non-compliance with laws and regulations in the social and economic area		No incidents have emerged in 2020.
Ownership			
	<b>Ownership</b>		
103-1	Explanation of the material topic and its boundary	Sustainable investment and ownership	
103-2	The management approach and its components	Sustainable investment and ownership	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Säästöpankki Ympäristö special investment fund	Included information for Sp-Fund Management Company Ltd.
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Active ownership as a part of sustainability	
FS11	Percentage of assets subject to positive and negative environmental or social screening	Exclusion	



Savings Bank