

SAVINGS BANKS GROUP'S  
SUSTAINABILITY REPORT

2018



Savings Bank

# CONTENTS

Sustainability in the Savings Banks Group .....	3
CEO Foreword .....	3
Operational environment .....	4
Reporting on material sustainability themes in the Savings Banks Group .....	10
Scope, coverage and focus of reporting .....	10
Financial responsibility and good governance .....	11
Responsible investments .....	14
Responsible lending and customer work .....	18
Competent and engaged employees .....	20
Promoting social wellbeing locally .....	22
Customer data protection .....	24
Environmental impact of our operations .....	25
GRI index .....	26

# SUSTAINABILITY IN THE SAVINGS BANKS GROUP



” We want to be known for our deeds for the financial wellbeing of the Finnish people.

## CEO FOREWORD

Savings Banks Group supports its customers by strengthening their financial stability and by improving their financial well-being, which is key to maintaining a Nordic welfare society.

Responsibility and sustainability are in the very core of the Finnish Savings Banks group strategy and business model. Indeed, its entire mission is to support local communities on a non-profit basis.

Throughout its 190 years of history, Savings banks have been supporting good practices in personal financial management and promoting responsible spending. With deep roots in history, the practices in responsibility and sustainability have always been in the DNA, but have not been very formal or structured. A recent development has been to formalise practices and policies around sustainability. This report is an important part of that formalisation of practices.

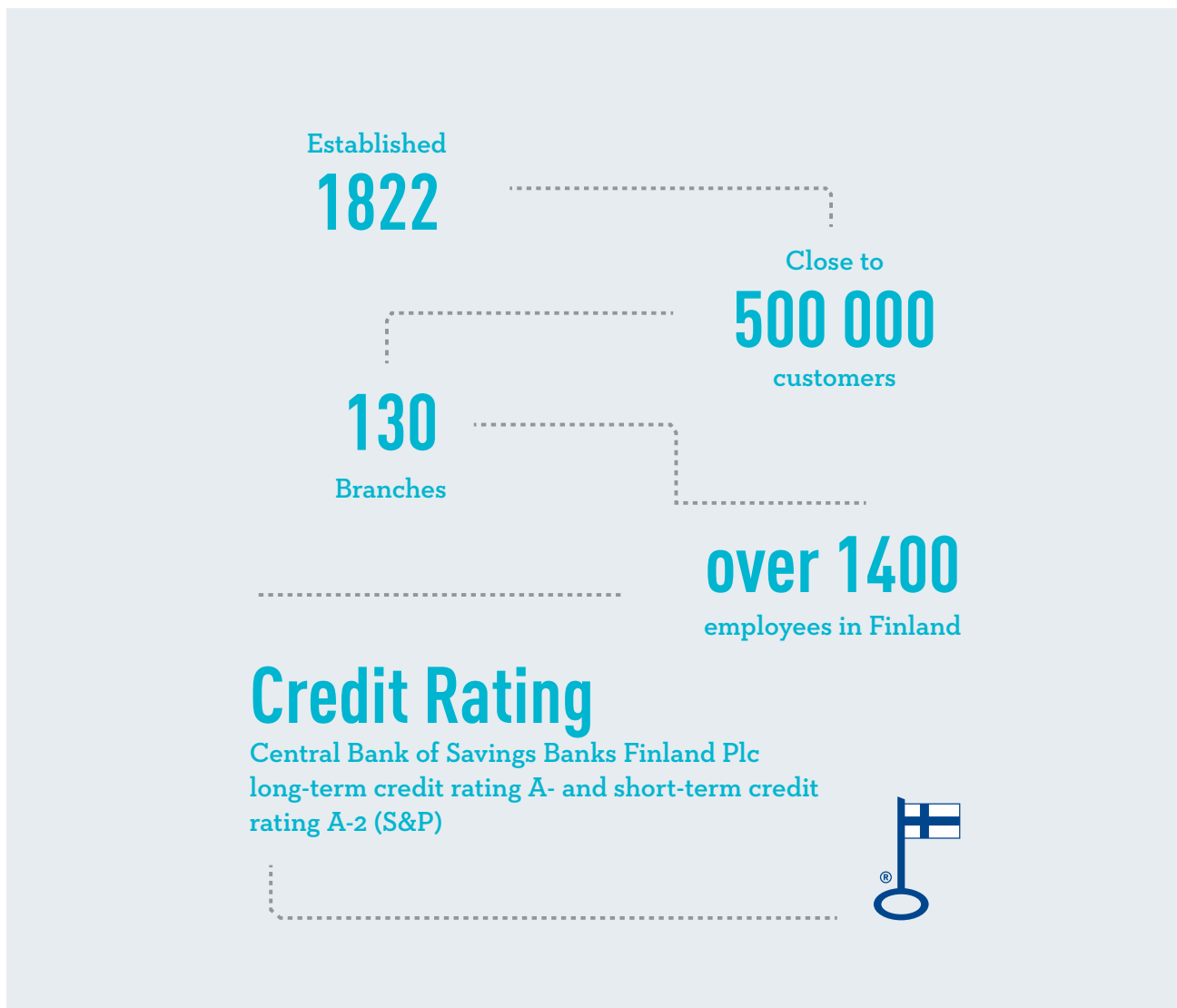
Going forward, Savings Banks Group will publish an annual sustainability report including disclosure of material environmental, social and governance data. I hope that this report is well received and attracts dialogue and feedback on how to further improve our sustainability actions and reporting in the future.

Tomi Närhinen  
CEO, Savings Banks' Union Coop

## OPERATIONAL ENVIRONMENT

The Savings Banks Group is the oldest banking group in Finland. The 23 Savings Banks, Central Bank of Savings Banks Finland Plc (CBSBF), Sp Mortgage Bank Plc (SPMB) and their central institution the Savings Banks' Union Coop together with certain other product and service companies form the Amalgamation of 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 Sp Life Insurance Ltd and Sp-Koti Ltd. The number of Savings Banks will diminish to 20 during 2019 due to mergers within the Savings Banks Group.

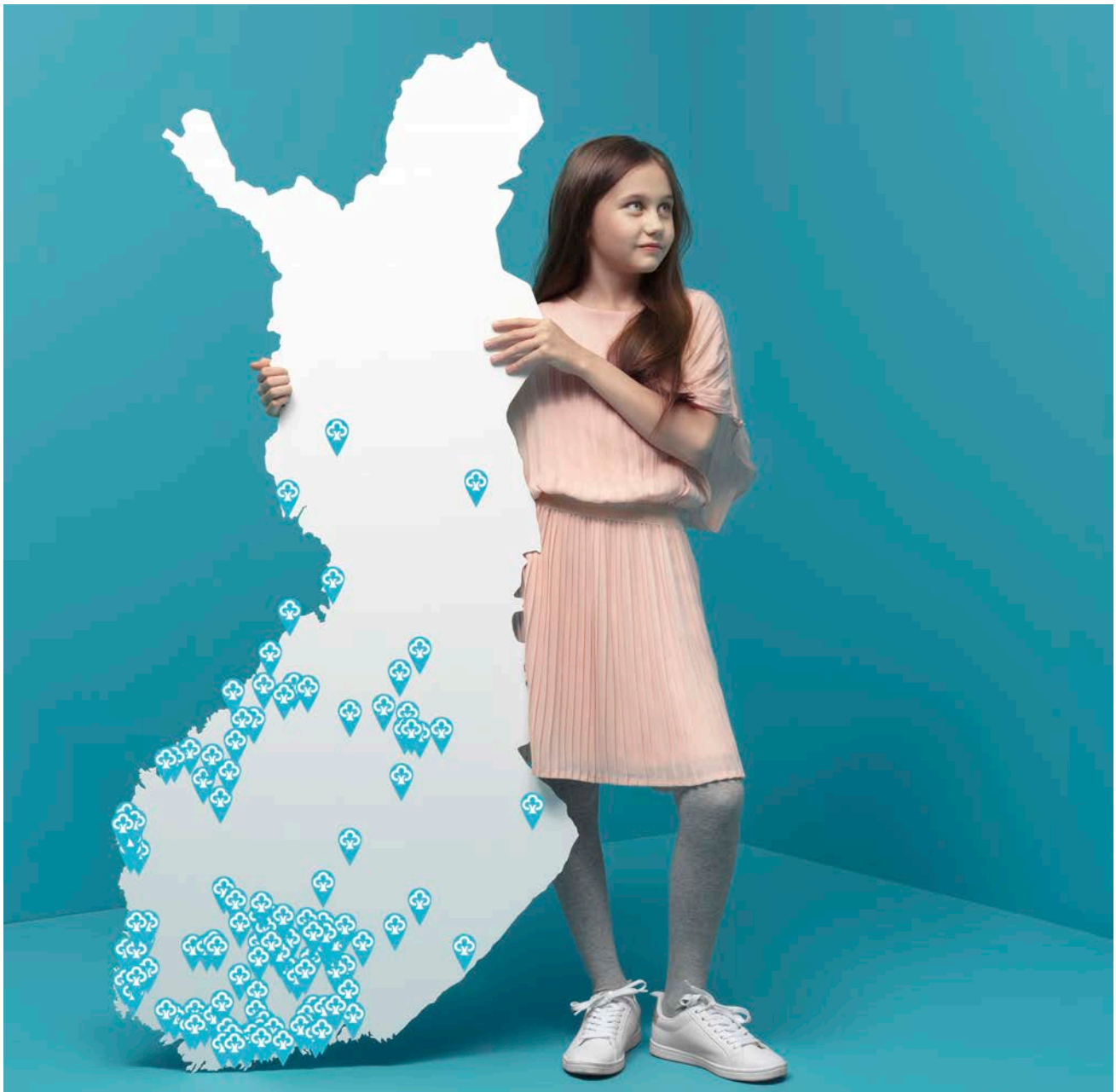


The structure of the Savings Banks Amalgamation, and the Savings Banks Group formed around it, is described in the diagram below.



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 basic objective of the Savings Banks is to promote savings, the financial wellbeing of their customers and to operate near their customers. The Savings Banks focus on retail banking, particularly services related to daily business, savings 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 by 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, Sp Life Insurance Ltd, Sp-Fund Management Company Ltd, Savings Banks Services Ltd and Sp-Koti Ltd.



*Savings Banks Group branches on the map*

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. 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 formed by the Savings Banks Group. All entities consolidated in the Savings Banks Group's financial statements, Note 45.

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.

## COMMITMENTS TO EXTERNAL INITIATIVES

Sp-Fund Management Company Ltd has signed the United Nations' Principles for Responsible Investing (PRI) in 2014 and is committed to following the PRI principles and reporting annually to PRI on the realisation of responsible investments. In June 2018, Sp-Fund Management Company Ltd joined the CDP (previously Carbon Disclosure Project) as an investor signatory.

### MEMBERSHIPS IN ASSOCIATIONS

The Savings Banks Group wants to be an active operator and have an impact for example through the associations and organisations, which it has joined as a member. Savings Banks' Union Coop, which acts as the central institution of the Savings Banks Group, is a member of 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 participates in the work of Committees in Finance Finland (FFI). Sp-Fund Management Company Ltd is a member of Finland's Sustainable Investment Forum (Finsif).

### ETHICS AND INTEGRITY

The basic objective of the Savings Banks Group is to promote savings, the financial well-being of their customers and to operate near their customers. The values of the Savings Banks Group are customer-drivenness, cooperation, responsibility and performance.

The Savings Banks Group adheres to Savings Banks Group's principles of corporate governance, openness and the Group's

ethical rules. (The Savings Banks Group's Code of Conduct is available on the Savings Banks Group website at [www.saastopankki.fi](http://www.saastopankki.fi)). The fundamental management practices are defined in the Governance principles of the Savings Banks Group (the governance principles are available on the Savings Banks Group website at [www.saastopankki.fi](http://www.saastopankki.fi)). The activities of the Savings Banks Group comply with the provisions of current legislation, orders issued by the authorities, good banking practice and securities trading instructions published by Finance Finland (FFI), as well as the governance principles of the Savings Banks Amalgamation along with the Amalgamation's other internal guidelines. The 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.

Savings Banks Group's social responsibility is 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 long term saving and use of money in our own areas. Under the Savings Bank Act, the promotion of savings is one of the basic tasks of the Savings Banks, and the theme of saving is kept actively aloft in the banks' operation. Therefore, the Savings Banks 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.

” The values of the Savings Banks Group are customer-drivenness, cooperation, responsibility and performance.





## GOVERNANCE STRUCTURE

### Savings Banks' Union Coop General Meeting

The highest decision making authority in the Savings Banks' Union Coop (hereinafter the "Central Institution") belongs to the members participating in the general meeting. The general meeting confirms, among other things, the supervision fees collected from the members of the Savings Bank's Group and the principles behind the fees, based on the proposal of the Board of Directors.

### Supervisory Board

The general meeting elects the members of the Supervisory Board and their personal deputies for the term extending until the next ordinary general meeting. The Supervisory Board consists of 9-35 members.

On 2018 the Supervisory Board had 22 members and each member had a deputy member. The Chairman of the Supervisory Board has been Mr. Eero Laesterä with Mr. Juha Viljamaa and Mrs. Kirsi Hedman acting as vice-chairman. The members of the Supervisory Board are Chairmen of the boards of Savings Banks and the deputies are deputy Chairmen of the Savings Banks' board of directors.

The Supervisory Board is responsible for monitoring the governance of the Central Institution by the Board of Directors and the Managing Director making sure that the operations are managed with sound and professional manners, pursuant to the Cooperatives Act, and in the interest of the Central Institution and the Savings Banks Group. The Supervisory Board confirms, based on the proposal of the board of directors, the principles of the Savings Bank Group, the strategy, the principles for capital adequacy management and other common objectives and policies.

The Supervisory Board has confirmed its rules of procedure, which define the duties and meeting practices of the Supervisory Board.

### 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 Central Institution rules, the Board of Directors consists of six to nine members. The annual general meeting 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 members of the Board of Directors consists largely of directors of savings banks and the representation of all size of saving banks as well as Swedish speaking banks is ensured. The Board of Directors must comply with the regulation set by the Act of the Credit institution, ECB Banking Supervision and Finnish Financial Supervisory Authority regarding the competence and independence requirements for the Central Institution. Each member of the Board of Directors must present enough accurate information, so that their competence and independence can be justified. The principles concerning diversity have been taken into consideration in the composition of the Board of Directors. Each member of the Board is expected to have enough time to work for the Central Institution. The Board of Directors within the Saving Banks' Group are accounted to be one membership.

The principles concerning diversity has been taken into consideration in the composition of the Board of Directors, which have been approved 18.3.2015. The objective is to ensure the competence and diversity of the Board of Directors required by a sound corporate culture, to preserve the value through effective monitoring of business operations and to increase the value with insight and strategic thinking. The nomination committee assess regularly the composition of the Board of Directors and give recommendation for the possible changes.



The Board of Directors assess regularly through the self-assessment the members of the Board and their competence. The share of female board members was 38 per cent in 2018. By the decision of the Savings Banks Union Coop General meeting at 15.3.2018, the members of the Board of Directors were Mr. Kalevi Hilli (chairman), Mr. Toivo Alarautalahti (vice-chairman), Mr. Pauli Aalto-Setälä, Ms. Pirkko Ahonen, Mrs. Sanna Ahonen, Mr. Peter Finne, Mr. Jussi Hakala, Mr. Jan Korhonen and Mrs. Marja-Leena Tuomola. The Directors are CEOs of the Savings Banks, except Mr. Aalto-Setälä, Mrs. Ahonen and Mrs. Tuomola, who are the independent members of the Board of Directors.



The Board of Directors is responsible for leading the operations of the Central Institution in accordance with the provisions of the Cooperatives Act, the Act on the Amalgamation of Deposit Banks as well as the rules of the Central Institution. The Board of Directors is also responsible for guiding the operations of the Amalgamation, formulating a strategy for the Savings Banks Group and developing intra-group collaboration.

The Board of Directors has confirmed its rules of procedure, which define the duties and meeting practices of the Board of Directors.

## COMMITTEES

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

The task of the Nomination Committee is to prepare 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 for remuneration policies and systems of the Managing Director's

and the members of the management reporting directly to managing Director's in member credit institutions and other member organisations of the Amalgamation. Furthermore, the Committee shall prepare remuneration guidelines and schemes.

The task of the Audit Committee is to assist the Board of Directors of the Central Institution in ensuring that the Central Institution, the Amalgamation and the Group apply a comprehensive and appropriately organised accounting, accounting practices and financial reporting. The Committee also supports the Board of Directors in ensuring that the Amalgamation and the Group, to the extent necessary, possess adequate and appropriately organised internal controls, internal audit systems and audit procedures. It furthermore makes sure that the operations and internal controls of the member organisations are organised as required by law, regulations and good management and governance practices; it also supervises the internal control operations.

The task of the Risk Committee is to assist the Board of Directors of the Central Institution in matters concerning risk strategies and risk-taking and to monitor that the Amalgamation complies with the risk strategies as approved by the Board of Directors of the Central Institution. The Risk Committee monitors and ensures the efficiency and adequacy of the capital adequacy management process within the Amalgamation and evaluates the adequacy of the policies, controls and processes related to these risks. The Committee assists the Remuneration Committee in creating adequate compensation systems.

In addition, the Board of Directors of the Central Institution has appointed an Asset and Liability committee to assist the Risk Committee in its area of responsibilities and to plan and co-ordinate the funding of the Amalgamation together with the Central Bank of Savings Bank Finland's Treasury.

## MANAGING DIRECTOR

The Board of Directors elects the Central Institution's Managing Director and his/her deputy. The Managing Director's tasks include the day-to-day management of the Central Institution according to the provisions of the Cooperatives Act, implementing the Savings Banks Group's strategy in line with the Board's guidelines and provisions, preparing issues for presentation to the Board of Directors and assisting the Board of Directors in the preparation of issues to be taken up by the Supervisory Board and the general meeting.

The Managing Director of the Central Institution is Mr. Tomi Närhinen and his deputy is Mrs. Anita Aalto.

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

# REPORTING ON MATERIAL SUSTAINABILITY THEMES IN THE SAVINGS BANKS GROUP

## SCOPE, COVERAGE AND FOCUS OF REPORTING

This report is the second sustainability report of the Savings Banks Group. With regard to 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. The goal for the next couple of years is to develop sustainability reporting in accordance with the core level of GRI standards. The sustainability report of the Savings Banks Group covers the information for 2018 in accordance with the Group structure and financial reporting principles. The sustainability report of the Savings Banks Group is published electronically in separate Finnish and English versions.

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

The entities consolidated in Savings Banks Group's financial statements are listed in Note 45: Entities consolidated in Savings Banks Group's financial statements.

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

The purpose of the materiality analysis of the sustainability report is to identify the key aspects of sustainability of Savings Banks Group and its stakeholders. The reporting of material issues in Savings Banks Group is based on the materiality analysis performed in 2017. The materiality analysis was performed through internal interviews, stakeholder discussions and customer feedback.

The sustainability reporting of the Savings Banks Group follows largely 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 2018. The key figures related to the employees are obtained from the Savings Banks Group's human resources systems. The carbon footprint of listed stock holdings are calculated with the MSCI tool. The methodology applied in the calculation of the carbon footprints of investments is described in section Responsible Investments.

## STAKEHOLDER GROUPS

In line with the savings bank ideology, cooperation with stakeholders and stakeholder wellbeing are important for the Savings Banks Group. Our stakeholders are the groups that have a material effect on us and who are affected by our operations.

Stakeholder feedback and stakeholder dialogue help us identify new development areas and improve our operations

further. We communicate actively with our stakeholders through various channels, keeping the dialogue open. We primarily communicate with customers at our branches, by telephone or online, utilising various channels, such as chat, online banking or online meetings.

Our stakeholders are:

- Customers
- Employees
- The Boards and Trustees of savings banks
- Savings bank trusts
- Savings Banks Research foundation
- Local communities
- Product and service companies
  - Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Sp-Fund Management Company Ltd, Sp-Life Insurance Ltd, Sp-Koti Ltd, Säästöpankkien Holding Oy, Samlink Ltd, Savings Banks Services Ltd
- Cooperation partners
- Suppliers and service providers
- Investors
- Schools and universities
- Societal operators: the authorities, industry organisations etc.
- Media

## LIST OF MATERIAL THEMES

Based on the materiality analysis performed in 2017, the material sustainability themes of Savings Banks Group were:

- responsible investment
- responsible lending and customer work
- competent and engaged employees
- savings banks as part of local communities - promotion of regional wellbeing
- customer data protection
- and financial responsibility and good governance.

We will update the materiality analysis in 2019. At the same time, we will perform an analysis of the UN Sustainable Development Goals and their connection to the operations of the Savings Banks Group. The Sustainable Development Goals were approved in the UN General Assembly in 2015. This sustainable development programme is valid until 2030 (Agenda 2030).

## FINANCIAL RESPONSIBILITY AND GOOD GOVERNANCE

### FINANCIAL RESPONSIBILITY

Financial accountability refers to good profitability, capital adequacy and liquidity, good governance and responsible leadership. Savings Banks Group wants to ensure that its customers and partners are able to rely on the Group's judgment and sense of responsibility in all circumstances. To maintain financial responsibility, all the entities of the Savings Banks Group have to ensure their capital adequacy and liquidity even in poor economic conditions. In The Savings Banks Amalgamation, this is ensured by utilising a capital adequacy management 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. Capital adequacy management 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 we focus especially on families of active age as well as small and medium-sized enterprises, including agricultural entrepreneurs, and on providing the services they need.

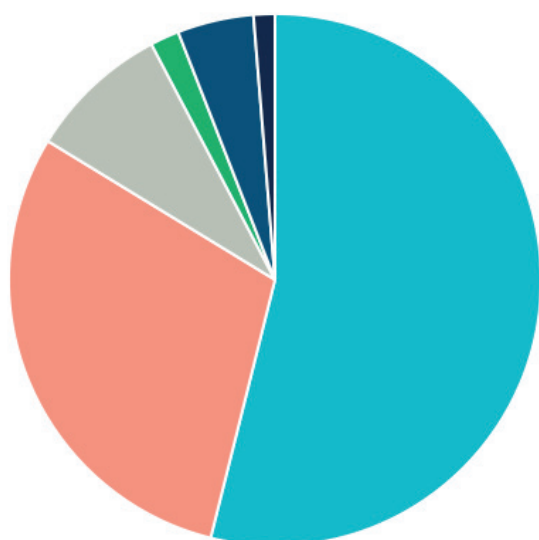
A particular feature that applies to the Savings Banks Group is that the savings banks belonging to the Group take responsibility for promoting saving and financial wellbeing among the local population. The Savings Banks Group focuses on strong customer orientation, which is referred to as the Savings Bank Experience. Savings Banks Group acquired some 31,000 new customers in 2018. The total number of savings bank customers was approximately 483,000 at the end of 2018. Of this, 88% are private customers, 8% corporate customers and 4% other customers.

million euros	2018	2017	2016	2015	2014*
Profit before tax	36.4	88.2	69.6	69.7	63.1
Total operating revenue	234.7	282.2	245.4	230.5	223.9
Total operating expenses	-197.7	-182.7	-158.1	-146.1	-143.8
Cost to income ratio (%)	84.3	64.7	64.4	63.4	64.2
Capital adequacy (%)	18.2	19.1	19.5	18.8	18.6
Income taxes paid	5.8	16.3	13.2	16.5	16.5

\* Additional financial information about the Savings Banks Group from the time before the Savings Banks Amalgamation started its operations (31 December 2014).

## THE MOST IMPORTANT INCOMES AND EXPENSES OF THE SAVINGS BANKS GROUP ARE:

### TOTAL OPERATING REVENUE 2018

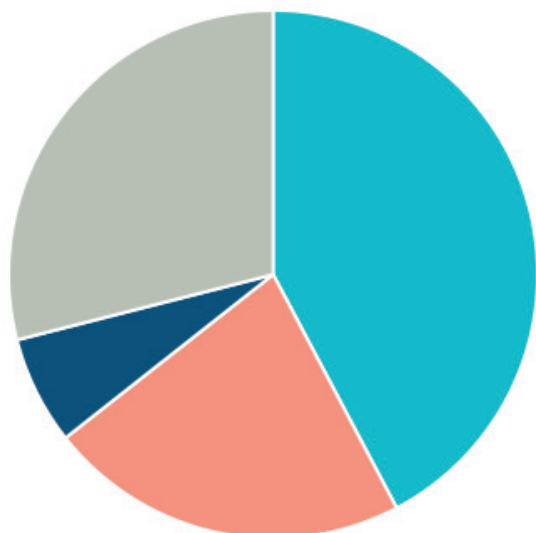


- Net interest income
- Net fee and commission income
- Financial assets at their fair value through P/L
- Net investment income
- Net life insurance income
- Other operating revenue

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 Bank 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 fund management fees. The fees paid for payment transactions are the most important fee expense item for the Savings Banks Group.

## TOTAL OPERATING EXPENSES 2018



- Personnel expenses
- IT expenses
- Depreciation, amortisation and impairment of property, plant and equipment and intangible assets
- Other operating expenses

Personnel expenses are the biggest expense item of the Savings Banks Group. The Savings Banks Group employs more than 1,400 financial and service professionals around Finland. IT expenses are the second largest expense item of the Savings Banks Group. IT expenses include, among other things, development costs and continuing service costs as well as IT equipment.

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. Savings bank trusts own the savings bank companies of the Savings Banks Group and, in their part, make donations for the promotion of local wellbeing. The remainder of the Savings Banks Group's profit is used for the development of the Group operations and ensuring of capital adequacy.

The Savings Banks Group also takes a responsible attitude towards the economy of Finland and Finnish towns. All companies of the Savings Banks Group pay all of their taxes directly to Finland. They do not participate in controversial tax planning practices. The local presence of savings banks is also reflected in the payment of taxes as savings banks are an important taxpayer in many Finnish municipalities. In 2018, we paid EUR 5.8 million in income taxes. In addition to income taxes, the companies of 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 financing of the Finnish social insurance system.

### ANTI-CORRUPTION AND BRIBERY

The Savings Banks Group has a Code of Conduct that all Savings Banks Group employees must adhere to, regardless of their role, position and place of work. The Code of Conduct is part of the orientation training of new employees. The content of the Code of Conduct is communicated regularly to the employees and it includes general operating principles on

how to deal with difficult situations. More detailed operating guidelines that supplement the Code of Conduct are available to all employees.

The Savings Banks Group does not condone corruption in any form, nor does the Group tolerate corruption in business activities or business partnerships. The member organisations of the Savings Banks Amalgamation cooperate with the authorities to prevent bribery and corruption. Normal business relationships involve the occasional offering and receiving of gifts and hospitality. As these can be interpreted as bribery on a case-by-case basis, all 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.

The following three principles are applied in anti-corruption efforts:

- The member organisations of the Savings Banks Amalgamation and their employees do not receive, or ask for, bribes of any kind.
- The member organisations of the Savings Banks Amalgamation are strictly opposed to bribes used to facilitate business dealings.
- The employees of the member organisations of the Savings Banks Amalgamation only give and receive gifts of minor financial value.

More detailed operating guidelines on the receiving of gifts and hospitality have been prepared for the employees. The line between right and wrong can sometimes be difficult to determine. An employee who is uncertain about a matter related to gift and hospitality must contact his or her supervisor.

Conflicts of interest may cast doubt over the integrity and professionalism of the Savings Banks Group, which is why they must be avoided. A conflict of interest may arise in any business unit of the Savings Banks Group if customers are offered a service that may benefit member organisations of Savings Banks Group (or their employees, or another customer on whose behalf a member organisation of Savings Banks Group is operating) or may have a negative effect on the customers

of the Savings Banks Group. In order to prevent conflicts of interest, we have prepared more detailed operating guidelines which help in identifying conflicts of interest in advance and also provide instructions on how to proceed in such cases.

The Savings Banks Group uses methods for customer due diligence and ongoing monitoring that comply with the provisions of the Act on Detecting and Preventing Money Laundering and Terrorist Financing. The methods cover employee training, guidelines and protection. Suspicious events are reported to the Financial Intelligence Unit in compliance with the legal requirements. Employees are required to complete an internal training programme annually on customer due diligence and the prevention of money laundering. The completion of this programme by all employees is monitored.

The Group adheres to operational risk management principles, according to which the Group's operational and compliance-related risks are regularly surveyed and assessed. The assessment is based on separately defined risks and risks identified in the course of business operations. No significant risks related to corruption have been identified in the risk assessment.

## 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 whistle-blowing system for employees to report any serious offences they observe.

The reported information can include, for example, suspected infringements against the regulations governing the financial markets and suspected infringements against the credit institution's internal operating guidelines (including activities that are in breach of the Act on Credit Institutions and infringements against the Securities Markets Act, such as the abuse of inside information and breach of bank secrecy or privacy legislation). Separate whistle-blowing procedures and guidelines have been drafted for the member organisations of the Savings Banks Amalgamation.

## RISK MANAGEMENT

The risk monitoring and compliance function also monitors non-financial risks. The compliance function is responsible for ensuring regulatory compliance. The realisation of non-financial risks could compromise the Savings Banks Group's reputation and result in potential damage to customer relationships and other stakeholder relations. Non-financial risks are addressed in the regular risk assessments conducted as part of business operations. Potential non-financial risks are also taken into account in the development of new products and services. Risk management is part of the Group's day-to-day activities, and employees receive regular training and instructions regarding risk management.



Sustainability is an integral part of our investment operation and we use different strategies to practice it. End of last year, we launched our first thematic fund: Säästöpankki Ympäristö which has a strong focus on climate change mitigation and environmental innovations. It also enhances sustainable development.

This year we aim to improve sustainability reporting of our funds. We measure the

carbon footprint of our equity funds according to TCFD recommendations. Säästöpankki Ympäristö publishes quarterly an investment report that focuses on impact such as positive environmental impact.

**Anna Varpula**

Responsible Investment Specialist,  
Savings Bank

## RESPONSIBLE INVESTMENTS

Sp-Fund Management Company Ltd, an investment fund and asset management company owned by the Savings Banks Group, is committed to taking the environment, social responsibility and good corporate governance into account in its investment activities. These factors are often referred to as ESG (environmental, social, governance).

We believe that responsible investments lead to better returns in the long term. Taking ESG factors into account helps manage the risks and identify opportunities because these factors and the related regulation may have substantial financial impacts on the investee companies. We also aim at contributing to the shift towards more sustainable businesses and society as a whole. Sp-Fund Management Company Ltd has signed the United Nations-supported Principles for Responsible Investing (PRI) in 2014 and is committed to following the PRI principles and to report annually to PRI on the activities of responsible investments. Sp-Fund Management Company Ltd is also a member of Finland's Sustainable Investment Forum (FINSIF).

In June 2018, Sp-Fund Management Company Ltd joined the CDP (previously Carbon Disclosure Project) as an investor signatory in 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 emissions.

Sp-Fund Management Company Ltd's approaches to responsible investments include ESG integration, norm-based screening,

exclusion, and active ownership. In 2018, we expanded our approach to thematic investments. The Säästöpankki Ympäristö investment fund promoting the sustainable use of the environment was launched 31 December 2018. The investments of the fund focus on the mitigation of climate change, environmental innovations and sustainable development.

In 2018, we increased awareness of responsible investing in the Savings Banks Group. We held regular joint meetings between the investment and asset management functions with regard to ESG. At Savings Banks' events and web seminars, Sp-Fund Management Company Ltd prepared and gave presentations related to responsible investing and how it is done in practice.

### MANAGEMENT AND ORGANISATION OF RESPONSIBLE INVESTMENTS AT SP-FUND MANAGEMENT COMPANY LTD

Responsible investment is an integral part of our investment operations. The Managing Director is in charge of monitoring responsible investments and investments as a whole. Each portfolio manager is in charge of following and applying the principles of responsible investments in practice. A responsible investment specialist develops and coordinates responsible investment in the various asset types and reports on the sustainability activities in investment operations. The Board of Directors regularly approves the principles of responsible investments and monitors the execution.

## SUSTAINABILITY AS AN INTEGRATED PART OF OUR INVESTMENT OPERATIONS

At Sp-Fund Management Company Ltd, applying the principles of responsible investment have been directly integrated into the investment process, which means that ESG factors are part of our investment decisions and analysis. Portfolio managers also evaluate the ESG risks and opportunities as part of their investment analysis.

With regard to direct equity investments and corporate bonds, we prefer sustainable companies that take environmental and social factors into account in their operations. In relation to the environment, this includes giving due consideration to topics such as sustainable development, biodiversity and energy issues. The relevant areas of social responsibility include human resource policy and working conditions, respecting human rights and equality, taking local communities into consideration and appropriately addressing product responsibility. Assessments of governance include the independence and remuneration of the Board of Directors, the paying of taxes and maintaining anti-corruption and anti-bribery practices.

Sustainability is one criterion in the choice of partner. With regard to external fund investments, we aim to find partners whose investment philosophy and approach correspond to our choices. In the selection of external asset managers, we prefer those who have signed the Principles for Responsible Investment. At the end of 2018, all of our external asset managers had signed these principles. Furthermore, we only invest in funds whose management company is located in a country that has signed

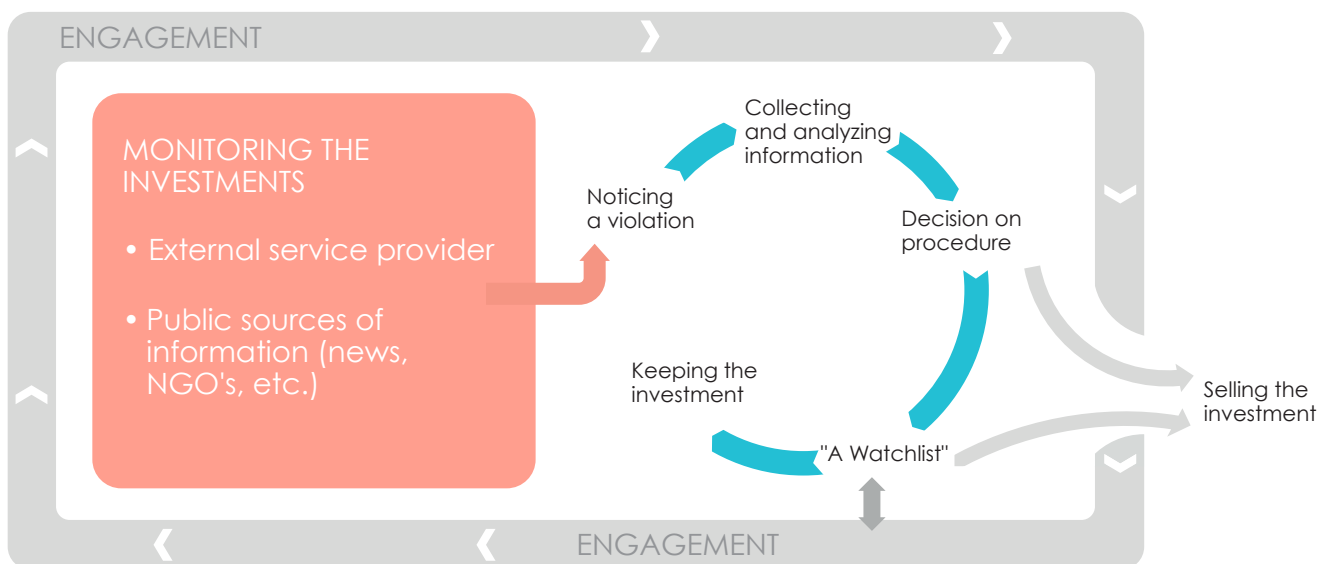
OECD's AEOI agreement, the agreement on the automatic exchange of tax information, or in the case of the USA, to the FATCA agreement similar to the AEOI.

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

## COMPLIANCE WITH INTERNATIONAL NORMS AND EXCLUSIONS

We use norm-based screening with the aim of avoiding companies that do not comply with international agreements and standards. This means compliance with the principles of UN Global Compact initiative on corporate responsibility. We exclude from our direct investment universe companies that constantly violate the international agreements related to human rights, decent work and the environment or infringe against good governance practices. Where possible, our priority is to engage with the company directly or through a service provider or other stakeholder with the aim of assessing the company's capacity and willingness to rectify the underlying factors. The use of a business model that repeatedly violates norms will lead to divestment.

We also exclude companies that manufacture, sell or market controversial weapons that are prohibited by international agreements. We regularly review all of our direct equity investments and corporate bonds with regard to violations against norms and controversial weapons. We use an external service provider in our monitoring activities related to norm-based screening and controversial weapons.



Process description for engagement and monitoring breaches against international norms.

## CLIMATE CHANGE MITIGATION IN INVESTMENT OPERATIONS

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

In our investment operations, we analyse the climate risks of the investee companies. We utilise a carbon footprint key figure that

helps us increase the transparency of the environmental risks and carbon risk of our funds. We aim to allocate our investments to companies that take environmental values, sustainable development and the climate into account in their operations.

Carbon intensity is one way of evaluating the climate effects of investments. This figure is calculated every six months to Savings Bank equity funds which have direct equity investments. We encourage our investee companies to report their greenhouse gas emissions as well as their actions against climate change.

31.12.2018		
Funds	Coverage (%)	Carbon intensity (tonnes CO <sub>2</sub> e/USD million)
Säästöpankki Amerikka	93	83,4
Säästöpankki Eurooppa	100	418,1
Säästöpankki Itämeri	84	124
Säästöpankki Kiinteistöosake Eurooppa	86	46,3
Säästöpankki Kotimaa	82	387,9
Säästöpankki Osake Maaailma	86	80,5
Säästöpankki Pienyhtiöt	48	69,9



The carbon intensity used in the calculation of the carbon footprint describes the carbon emissions of the fund in proportion to the sales of holdings. In the calculation, the emissions of individual holdings are divided by the company's sales. The company-specific carbon intensity figures are weighted by the company's share in the fund, and the weighted figures are summed. Greenhouse emissions are reported as carbon dioxide tonnes and the sales 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. 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 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 market also affects the carbon footprint. The emission calculations are based on figures reported by companies as well as sector-specific estimates. Information of some companies is therefore not available.

### ACTIVE OWNERSHIP AS A PART OF SUSTAINABILITY

Sp-Fund Management Company Ltd is an active owner. Among other things, this means that we participate in the Annual General Meetings of the investee companies and engage in dialogue with them. Our aim is to increase openness, transparency and sustainability in the operations of the investees. Where necessary, the fund management company maintains direct contact with the companies and aims to exercise influence in order to ensure that the companies take action in response to grievances and promote a sustainable way of operating. The Fund management company discusses ESG issues in meetings and emphasises their significance.

In 2018, Sp-Fund Management Company Ltd met regularly with the senior management and investor relations (IR) units of listed companies. There were meetings with more than one hundred companies in total.

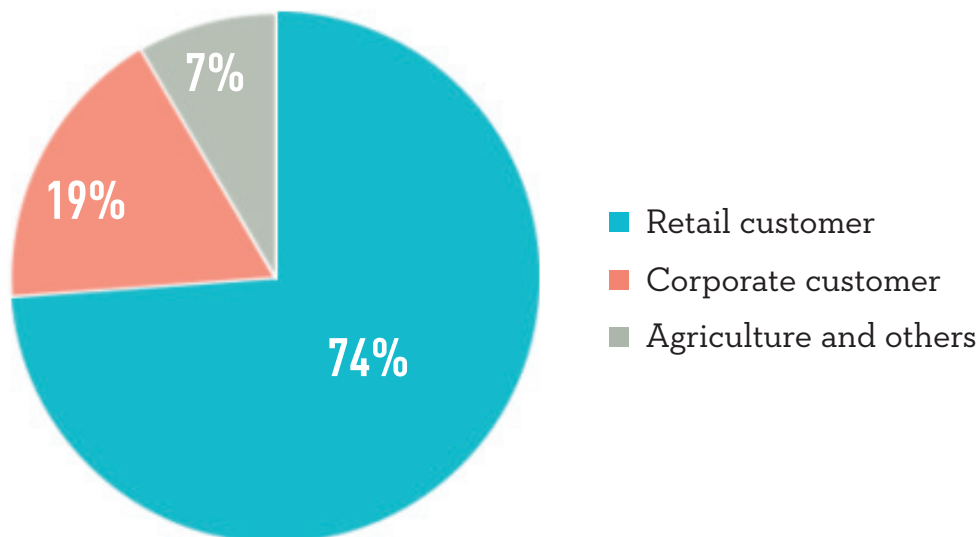
Sp-Fund Management Company Ltd puts its ownership policy into practice by participating in the Annual General Meetings of the investee companies, in accordance with the principles of ownership steering. The ownership policy approved by the Board of Directors of Sp-Fund Management Company Ltd was last updated in 2016. Sp-Fund Management Company Ltd decides on participation in General Meetings based on their agendas and an assessment of the extent to which the fund management company can influence in an individual meeting. In 2018, the relative size of the holding was one criterion in deciding whether to participate in General Meetings. Based on this criterion, six of the funds managed by Sp-Fund Management Company Ltd participated in the Annual General Meetings of Finnish listed companies in spring 2018. Investment funds: Säästöpankki Pienyhtiöt; 12 Annual General Meetings, Säästöpankki Kotimaa: 12, Säästöpankki Itämeri: 8, Säästöpankki Korko Plus: 6, Säästöpankki Eurooppa: 1 and Säästöpankki Osake Maailma: 1.

## RESPONSIBLE LENDING AND CUSTOMER WORK

### Responsible lending

The loan portfolio of the Savings Banks Group's banking segment was EUR 8,424 million at the end of 2018. Lending to retail customers was 74 %, lending to corporate customers 19 % and lending to agricultural and other customers 7 %.

#### BREAKDOWN OF LOANS BY CUSTOMER GROUP 31.12.2018



In corporate lending the savings banks target micro and small businesses, self-employed entrepreneurs and forestry and agricultural customers that are mainly located within the operating area of each savings bank.

The lending of the Savings Banks Group is always based on the Act on Credit Institutions, Consumer Protection Act, regulations of the Financial Supervisory Authority and good banking practice applicable to the sector. 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 guides the lending of savings banks by means of Savings Banks Group-level guidelines, based on which each savings bank confirms its own bank-level instructions.

When granting a loan, the customer's creditworthiness is determined by means of the information available, and the customer is required to provide adequate collateral. Savings

banks take a responsible approach to lending and try to ensure that the financed operation will be reliable and successful. As part of responsible lending, interest rate risk is considered in the customer's repayment ability, and the customer is encouraged to prepare for unexpected events with continuous savings solutions.

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

In the coming years, the Savings Banks Group's development processes will continue with further automation and digital development of lending processes. We aim to provide the customers with expert support and self-service features in the various phases of credit lifecycle, with maximum coverage regardless of time and location.

## Corporate exposures by industry

Toimiala (1 000 euroa)	30.12.2018	31.12.2017
Basic industries, fisheries and mining	6.3 %	6.4 %
Industry	5.8 %	5.9 %
Energy, water and waste disposal	1.1 %	1.4 %
Construction	8.8 %	8.9 %
Trade	7.6 %	8.3 %
Hotels and restaurants	3.0 %	3.3 %
Transport	3.2 %	3.9 %
Financing	1.6 %	1.3 %
Property	51.9 %	48.9 %
Research, consulting and other business service	5.7 %	6.2 %
Other services	4.9 %	5.4 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>

### RESPONSIBLE CUSTOMER WORK

Customer satisfaction is always the core of responsible customer work. The Savings Banks Group was among the leaders in Finland in 2018 with regard to the customer experience. The customer experience produced by savings bank, or Savings Bank Experience, is built through highly professional service, a human and respectful approach to customer encounters and the courage to respond to the customers' financial needs and act as a financial partner to customers. Going forward, we want to continue to respond to customer needs by combining first-class personal service with convenient self-service solutions delivered across digital channels.

We achieved excellent results among both private and corporate customer segments in the 2018 EPSI Rating survey. In the retail customer segment, the satisfaction rating improved from the previous year and was the second-highest in Finland and the Nordic region. We participated in the EPSI Rating survey for

corporate customers for the first time. Corporate customers' satisfaction with Savings Banks exceeded the industry average by a clear margin and Savings Banks were ranked second among the surveyed banks.

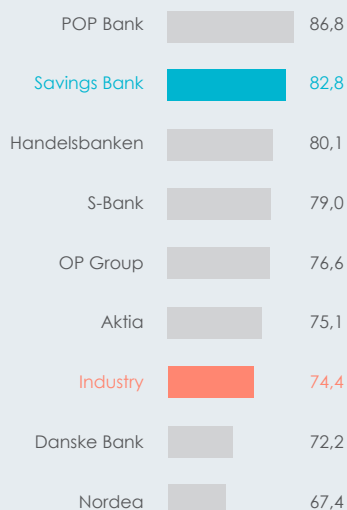
In the Finnish Customer Marketing Union's annual Customer Index survey, Savings Bank was ranked among the leaders in terms of both customer loyalty and the customer experience in 2018. The survey included 56 companies representing various sectors.

We also continuously measure our success in customer negotiations. The Net Promoter Score (NPS) for negotiations improved substantially year-on-year in 2018 and stood at 81.0 (79.6).

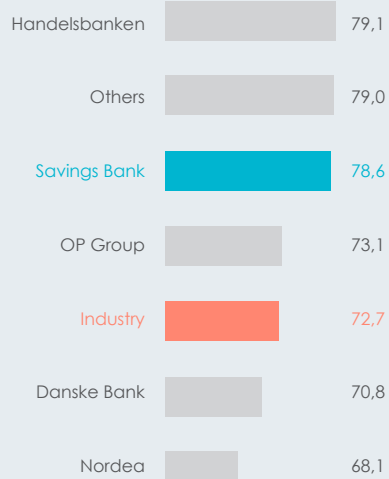
The long-term work to develop the recognition of the Savings Banks has produced results also in 2018. In the study on brand valuation of Markkinointi&Mainonta magazine and Taloustutkimus Oy in 2018, the Savings Banks brand is the third most valued bank.

## EPSI CUSTOMER SATISFACTION

### Personal Banking 2018



### Corporate Banking 2018





” The operation is based on a good working environment and respect for the individual.

## COMPETENT AND ENGAGED EMPLOYEES

Our aim is that people working in the Savings Banks Group feel that their work is meaningful and important. We want our employees to feel that they work in an environment where learning and development are valued. Our success is based on competent and committed employees and goal-directed leadership through shared responsibility in an open and interactive work culture. Success demands that every individual bears the responsibility attached to his or her role for the success of his or her own community.

The Board of Directors of the Savings Banks' Union Coop approves the policies concerning employees, the purpose of which is to ensure its reliability, professional competence and sufficient employee numbers. Employee development is based on group strategy, the principles of HR management, cooperation, and the focal points of employee planning in business planning. The member entities of the Savings Banks Group draw up their individual HR management policies in accordance with the guidelines of the Savings Banks Group and are responsible for implementing them in practice. The HR management principles are guided by the Savings Banks Group values and responsibility. Taking care of a company's employees is a crucial part of responsible operation. The operation is founded on a good work community and appreciation of the individual. HR management policies also help to create uniform employee management procedures within the Group, which take into account the efficient use of financial resources, the employees wellbeing, and the competitiveness of the Amalgamation as an employer. In all its activities, the goal of the Savings Banks Group is to develop a work community based on equality.

Strategic projects on the Group level ensure that the competence and wellbeing of employees are retained and improved. From the perspective of the employees, the future strategic goals and focal areas are the overall development of human resources, comprehensive development of competence and strengthening the external employer image and the internal employee experience. In accordance with our group strategy, the Savings Banks Group also invests in the development of management and supervisory work. This development work is aimed at the identification of one's strengths and development needs as a supervisor and the regeneration of one's leadership. Savings Banks Group's annual employee survey monitors the management work, and supervisors also ask for feedback to support their leadership as a part of performance appraisals.

### INFORMATION ABOUT EMPLOYEES

At the end of 2018, Savings Banks Group had 1,409 employees (1,359). Converted into full-time equivalent (FTE), the average number of employees for the financial year was 1,386 (1,250). Women accounted for 76% and men for 24% of all employees (in 2017, women accounted for 77% and men for 23%), with the proportion of men increasing from the previous year. The average age of employees decreased to 42 years (43). Rate of employee turnover of was 4.6% (4.8%).

Employees of the Savings Banks Group work in 28 independent Savings Banks and product companies of the Savings Banks Group. The Group has approximately 130 branches and locations across Finland.

Total number of employees by employment contract 2018, by gender	Female	Male	Total	%
Permanent	945	292	1 237	87 %
Temporary	129	43	172	13 %
<b>Total</b>	<b>1 074</b>	<b>335</b>	<b>1 409</b>	

Total number of employees by employment type 2018, by gender	Female	%	Male	%	Total	%
Full-time	953	68 %	316	22 %	1 269	90 %
Part-time	121	9 %	19	1 %	140	10 %
<b>Total</b>	<b>1 074</b>		<b>335</b>		<b>1 409</b>	

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. Sp-Life Insurance Ltd is covered by the generally binding collective agreement for the insurance sector. The collective agreements do not apply to executives, HR managers, cleaners, caretakers and summer trainees. 93 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 minor in the Savings Banks Group level. At the end of 2018, the central institution of the Savings Banks Group had 16 leased employees, mostly in various IT management and development duties.

## EMPLOYEE SURVEY

The employee survey for all Savings Banks Group employees was renewed in 2018 to align with the renewed Group strategy. The survey's response rate has been very high in the past and in 2018 the response rate was 85.4%. The employee survey supports the realisation of Savings Banks Group strategy and gives the employees the opportunity to bring out their perspective on the development of their work and workplace. The survey results are used for creating organisation-specific development and action plans drawn up and implemented in cooperation with the employees.

According to the employee survey, our main strengths are the positive employer image and the development of competence. The employees' net promoter score of the Savings Banks Group as an employer (87% of all respondents) clearly exceeds the results of similar surveys in peer groups. Also, pride of being a savings bank employee (92%) is emphasised, which is the end result of many things that work well. In the development of competence, focus is on personal professional development (97%), active sharing of good practices and competence with colleagues (95%) and engaging and actively participating in the possibilities to develop operations (91%).

## EMPLOYEE AND COMPETENCE DEVELOPMENT

In the Savings Banks Group, every employee is an expert in their own work, and we provide everyone with an opportunity and responsibility for the continuous maintenance and development of their own expertise.

The development of employee competence is in the core of the new Savings Banks Group strategy. Our vision is to be the most competent and trusted financial partner. To support competence development, the Sp-Academy has been established in the Savings Banks Group, aimed at ensuring the continuous development of the competence of the employee. The workgroups of the Sp-Academy plan and implement a diverse range of learning paths and training content for different employee groups and roles, with which we respond to the rapidly changing competence needs in the financial sector and the key development areas specified in the Group strategy. In 2018, a new workgroup was established in Sp-Academy, focusing on the strengthening of development competence, among other things.

The Group's training offering in 2018 was diverse in terms of content as well as methods. Nearly 300 training events took place during the year, with more than half of these taking the form of video or online training. The training especially focused on the creation of an excellent Savings Bank Experience in customer encounters in the various service channels. Group-level training was attended by 1,194 persons in total.

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 agreed upon. In 2018, salary discussions were also implemented in the entire Savings Banks Group in accordance with the collective agreements for the financial and insurance sectors.

The realisation 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 employee survey renewed in autumn 2018 and the development actions specified as a result, and by means of other continuous feedback channels.

## WELLBEING AT WORK

The foundation and key resource underlying all of the Savings Banks Group's operations is engaged employees with a high level of wellbeing who are well looked after by their employer. The most common methods of promoting well-being used by the Group include recreational days, sport and culture benefits, ergonomics inspections and close cooperation with pension insurance companies and occupational health care services aimed at maintaining a high level of wellbeing.

## PROMOTING SOCIAL WELLBEING LOCALLY

Savings banks have been an important part of the Finnish society for almost 200 years already, and we still have an important duty. According to our mission, savings banks promote saving and their customers' financial wellbeing close to the customer. Customers need a reliable and close partner for their financial matters to help them create better everyday life and future. When our customers prosper and their welfare increases, it is reflected in the entire society.

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

service range covers 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 highest power of decision in the Savings Banks rests with the 'masters', who are representatives of the depositors and possible equity capital shareholders. In savings bank limited companies, the highest power of decision is wielded at the annual general meeting by the savings bank trusts, the Boards of which are similarly comprised of representatives of the depositors. The masters or the annual general meeting elect the Board for the bank.





# GOOD DEEDS

Savings Banks donate yearly to various charities.

It is important to the Savings Banks Group that towns, villages and communities in Finland retain their vitality and positive development trends. From the start, 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 give their support to several interesting local projects. In recent years, savings banks have also called on their customers to contribute to their efforts related to sustainability. For example, customers can propose Finnish recipients for donations for the annual Good Deeds campaign. The decision of the final Good Deeds donations is made by each savings bank independently.

In 2018 Good Deeds responsibility campaign the Savings Banks donated more than EUR 785,000 to various charities. The themes highlighted among the beneficiaries included children and young people, for example through sports clubs, other forms of recreational activity and helping volunteer workers. There were more than 500 beneficiaries across Finland. The Savings Banks Research Foundation granted scholarships to university researchers and study projects totalling EUR 107,500. In addition, savings banks trusts have made significant charitable contributions in various parts of the country.

## CUSTOMER DATA PROTECTION

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 other secrecy requirements regardless of whether the customer is a private customer or a corporate customer. 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 WITH REGARD TO CUSTOMERS AND STAKEHOLDERS

The purpose of data protection is to protect personal information and to 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 things, following good data processing practices. We listen to the expectations of our stakeholder groups with regard to the development of data protection work. 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 product or service company processes 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 appropriate technical, organisational and administrative procedures to protect all data in our possession against loss, misuse, unauthorised use, disclosure, modification and destruction. The operations of the Savings Banks Group are steered by the data protection requirement governance principles approved by the Amalgamation's central institution, implemented in the Boards of Directors of each savings bank and product and service company. The top and executive management of the savings banks and product and service companies belonging to the Savings Banks Group is responsible for the implementation of data protection. 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 duties of the data protection officer include, for instance, monitoring the observation and implementation of requirements set out in GDPR and data protection legislation and providing information and advice to savings banks and product and service companies of the Savings Banks Group, the central institution of the Amalgamation and their employees. A data protection organisation led by the data protection officer has been set up in the Savings Banks Group to support the data protection officer's work. 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 product and service company of the Group is primarily responsible for responding to their own customer queries.

### FOCUS AREAS OF DATA PROTECTION EFFORTS IN 2018

We develop and maintain our data protection processes and operational models to ensure the rights and freedoms of our customers and other stakeholder groups in the processing of personal data. In 2018, we strengthened and clarified the responsibilities and principles related to the implementation of data protection. In 2018, we also focused on the development of technical solutions related to the implementation of customers' data protection rights and implemented these by means of training and sharing of information. The Savings Banks Group requires its employees to complete the online training on data protection. In addition, all employees must participate in targeted data protection training. Members of Boards of savings banks as well as all product and service companies of the Group have received data protection training. The approved data protection principles and guidelines are available to all savings bank employees. Data protection is considered in annual planning.

### FOCUS AREAS OF DATA PROTECTION EFFORTS IN THE FUTURE

Data protection is an extensive, continuously evolving area which will require significant investments from the Savings Banks Group also in the future. In the future, the Savings Banks Group will report data protection matters regularly in the form of 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. We also want to create a common data protection management model for all savings banks and entities of the Savings Banks Group and for the central institution of the Amalgamation.



## ENVIRONMENTAL IMPACT OF OUR OPERATIONS

As a responsible Finnish banking group, the Savings Banks Group recognises its role in promoting environmental sustainability. The Savings Banks Group's business does not have significant direct environmental impacts. However, our goal in 2019 is to further develop the calculation of the carbon footprint of our operations. Calculating the carbon footprint is a central measurement used for the management of climate risks.

We in the Savings Banks Group want to take care of the environment in our daily actions. We encourage our employees to use public transport, replace business trips and meetings with

telephone and video conferences and encourage our employees to reduce the use of paper and to sort waste at the workplace.

Approximately one third of the electricity bought for the Savings Bank Centre's Vallila office in Helsinki (Vallilla33 Business Park) is produced with renewable energy. The property also has solar panels installed on its roof. All of the electricity produced is utilised in the property. In comparison the specific electricity and heat consumption of Vallilla33 Business Park was, on average, lower than in other office buildings (Motiva). Charging stations for electronic cars were installed in the property's parking garage at the end of 2018.



”As a responsible Finnish banking group, the Savings Banks Group recognises its role in promoting environmental sustainability.

## GRI INDEX

This report references the GRI Standards 2016 versions.

\*Reported content is stated in cases where all the information required in the GRI disclosure is not reported.

Code	Part*	GRI Content	Location	Further information
GRI 102 General disclosures				
102-1		Name of the organisation	Operational environment	
102-2		Activities, brands, products, and services	Operational environment	
102-3		Location of headquarters	Operational environment	
102-4		Location of operations	Operational environment	
102-5		Ownership and legal form	Operational environment	
102-6		Markets served	Operational environment	
102-7		Scale of the organisation	Operational environment	
102-8		Information on employees and other workers	Competent and engaged employees	
102-12		External initiatives	Operational environment	
102-13		Memberships of associations	Operational environment	
102-14		CEO Foreword	CEO Foreword	
102-16		Values, principles, standards, and norms of behaviour	Operational environment	
102-18		Governance structure	Operational environment	
102-40		List of stakeholder groups	Scope, coverage and focus of reporting	
102-41		Collective bargaining agreements	Competent and engaged employees	
102-45		Entities included in the consolidated financial statements	Scope, coverage and focus of reporting	
102-46		Defining report content and topic Boundaries	Scope, coverage and focus of reporting	
102-47		List of key topics	Scope, coverage and focus of reporting	
102-48		Restatements of information	No changes.	
102-49		Changes in reporting	No changes.	
102-50		Reporting period	1.1.2018 - 31.12.2018	
102-51		Date of most recent report	25.4.2018	
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		<b>Economic performance</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	
201-1		Direct economic value generated and distributed	Financial responsibility and good governance	
205		<b>Anti-corruption</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	
205-1	b	Operations assessed for risks related to corruption	Financial responsibility and good governance	Information is not available on a more detailed level
205-2	b	Communication and training about anticorruption policies and procedures	Financial responsibility and good governance	Information is not available on a more detailed level
205-3		Confirmed incidents of corruption and actions taken	Financial responsibility and good governance	No incidents have emerged in 2018.

Social impacts				
<b>404</b>		<b>Training and education</b>		
103-1		Explanation of the material topic and its Boundary	Competent and engaged employees	
103-2		The management approach and its components	Competent and engaged employees	
404-2	a	Programmes for upgrading employee skills and transition assistance programmes	Competent and engaged employees	
404-3		Percentage of employees receiving regular performance and career development reviews	Competent and engaged employees	
<b>418</b>		<b>Customer privacy</b>		
103-1		Explanation of the material topic and its Boundary	Customer data protection	
103-2		The management approach and its components	Customer data protection	
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer data protection	No substantiated complaints in 2018.
<b>419</b>		<b>Määräystenmukaisuus</b>		
419-1		Non-compliance with laws and regulations in the social and economic area	Financial responsibility and good governance	No incidents have emerged in 2018.



Savings Bank