

SUSTAINABILITY POLICY
SAVINGS BANKS GROUP

Approved by the Board of the Savings Banks' Union Coop 18.12.2019

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1. Background

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

Throughout our 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 policy is an important part of that formalisation of practices.

2. Purpose

The Sustainability Policy is the proactive partner of the Code of Conduct. The purpose with the policy is to provide a governing platform for the Savings Banks Group's sustainability framework and the work in the area of sustainability as well as clarify the general principles for our sustainability activities.

This policy contains general principles rather than a complete set of detailed rules that cover all situations. The more detailed rules are, or will be as deemed necessary, described in subordinate internal rules, such as guidelines and standard operating procedures as relevant for each respective Business Area.

3. Scope

This policy applies to the Savings Banks Group and covers its operations and employees as well as all activities in relation to customers, suppliers and other business partners. This policy is revised annually or as needed. The Board of the Savings Banks' Union Coop must approve any amendments to this policy.

It is the responsibility of each manager to ensure that this policy is where relevant known and conformed to within his/her respective area of responsibility.

4. Savings Banks Group's Principles for Sustainability

The below principles for sustainability guide behaviour in the daily work and when making business decisions. We aim to take these principles and other relevant environmental, social and governance principles into consideration when evaluating business risks and opportunities. The below principles are based on the Savings Banks Group's Code of Conduct and guide the daily work.

- We are committed to good corporate citizenship and to ethics, honesty and sincerity.
- We emphasize equal opportunities, diversity and the wellbeing of our employees.
- We are committed to social responsibility and strive to be a positive contributor to societal development in the local communities of which we are part.
- We will endeavour to minimize the negative effect on the environment and climate and to increase the positive impact together with our customers.
- We will not accept corruption, bribery, money laundering or terrorist financing.

5. Sustainable Investing and Financing

Savings Banks Group aims to integrate financial, social and environmental sustainability into all its operations by combining financial performance with environmental and social responsibility as well as sound governance practises. The below principles shall be used as a guide on behaviour in the daily work and when making business decisions. Savings Banks Group shall take these principles and other relevant environmental, social and governance principles into consideration when evaluating business risks and opportunities in connection to investing and financing.

5.1. Investing

- We are committed to include and integrate environmental, social and governance issues as part of our investment process.
- We are committed to utilise our rights and responsibilities as a long-term shareholder with companies to influence companies' environmental, social and governance performance. We believe a sound corporate governance structure is essential for creating long-term shareholder value.
- We are committed to being transparent and promoting the appropriate environmental, social and governance reporting of our investment targets.
- We aim to develop and supply investment products that support sustainable development.
- We are committed to engage with relevant stakeholders in order to ensure continuous development of our activities.

5.2. Financing

- We make responsible lending decisions based on an objective assessment of the customer's repayment capacity.
- We strive to address sustainability issues that are relevant and meaningful to the Savings Banks Group, our customers and the markets in which we operate.
- We aim to reduce the risk of negative social and environmental impact related to our financing activities together with our customers.
- We are committed to prevent financial crime and to include measures to manage these risks in financing activities.

6. Exclusion list

The exclusion List defines sectors or types of clients that do not fit in Savings Banks Group's profile.

We do not directly finance or invest in companies that manufacture, modernise, sell or buy controversial weapons that are prohibited by international agreements (eg. cluster bombs, biological weapons, chemical weapons and nuclear weapons).

We will exclude certain coal users and producers from our direct investments and direct financing. The exclusion applies to mining companies where more than 25% of their turnover comes from coal used for energy production or if the company produces large amounts of thermal coal. The exclusion of electricity companies concerns those who use significant amounts of coal as fuel. If the company has credible plans to make the transition to a low-carbon society and plans to reduce its climate impact and carbon footprint, exclusion can be avoided.

We do not directly finance or invest in companies that are in constant violation of international norms related to human rights, decent work and the environment or infringe against good governance practices.

7. Dialogue with stakeholders

In order to receive important feedback, Savings Banks Group will maintain dialogue and consultation channels with its main stakeholders, employees, customers, investors, suppliers, authorities and regulators.

8. International commitments

Savings Banks Group recognizes the importance of participating in and supporting international commitments that enable businesses to operate in a more sustainable way.

9. Follow-up and reporting

Savings Banks Group will report on sustainability efforts. We will publish these reports on our website www.saastopankki.fi.