

SAVINGS BANKS GROUP'S SUSTAINABILITY REPORT

2023

 Savings Bank

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CEO FOREWORD



Karri Alameri
CEO, Savings Banks'
Union Coop

Sustainability is an important part of the over 200-year-old savings bank ideology and our related values, as well as our strategy. In 2023, we made significant progress with our sustainability efforts, and sustainability was highlighted as one of the Savings Banks Group's spearhead projects. The key priorities were to disseminate sustainability thinking and make it an integral aspect of everything we do, develop sustainable products, services and operating models, and prepare for compliance with the requirements introduced by sustainability regulations.

We continued to put the key themes of our sustainability strategy into action in 2023. Our main themes are responsibility for the customer's financial wellbeing, community wellbeing, sustainable financing and products, responsible growth and good governance, and ecological efficiency and the climate. We made positive progress, for a large part, with regard to our sustainability targets and performance indicators. We provide more information on these in this sustainability report. One example of our excellent sustainability performance was the annual Customer Index survey of the Data & Marketing Association of Finland (ASML), in which the Savings Banks Group was selected as Finland's most sustainable bank and the third-most sustainable company in the study as a whole.

We were also ranked in third place in the financial services industry in the Sustainable Brand Index survey and the private customer category of the EPSI Rating sustainability index. Our sustainability efforts are also reflected in the promotion of regional wellbeing and vitality. For example, in our annual Good Deeds campaign, our local Savings Banks donated over EUR 2 million in 2023 to support the wellbeing of children and young people.

We engaged in the systematic management of sustainability and continued our focused development measures. We updated our sustainability governance model and roadmap for 2023–2025 and our materiality analysis of sustainability. We adopted principles of responsible and sustainable lending as part of our lending guidelines and credit risk strategy. We also launched an energy loan campaign to support private customers' investments in energy efficiency and renewable energy in their homes and summer houses. In addition, we updated our

Responsible Investment Policy, our ESG guidelines for portfolio management and the ESG criteria for investments included in the guidelines to correspond to a new tool that we deployed.

We also made preparations for the upcoming obligations introduced by the EU's Sustainable Finance Disclosure Regulation and Taxonomy Regulation, as well as the Capital Requirements Regulation concerning Pillar 3 ESG risk disclosures. In our sustainability report, we continued to take steps towards fulfilling the obligations stipulated by the Corporate Sustainability Reporting Directive*. We also published taxonomy alignment information on our balance sheet in our Board of Directors' report for the first time.

Responsible investment and lending create business opportunities and support the Savings Banks Group's strategic objectives for sustainable growth in the customer business. The ongoing green transition, increasingly strict energy efficiency regulations and investments in energy efficiency and renewable energy sources create significant opportunities for some of our customers. We want to be involved in supporting our customers in their green transition and sustainability goals.

At the same time, the banking sector and its sustainability efforts will be challenged in the future by, among other things, increased and stricter regulation, as well as obligations for collecting data throughout the value chain for the purpose of reporting on corporate responsibility. With this in mind, we identified the development of sustainability data collection as a key development area and continued the systematic management of data collection through our ESG data map project. We have also identified opportunities to reduce paper consumption, for example. Our goal is to meet our stakeholders' expectations concerning responsibility, continue developing dialogue with our stakeholders and integrate responsibility into our business.

Karri Alameri
CEO, Savings Banks' Union Coop

* In our sustainability report, we have made preparations geared towards the obligations of the Corporate Sustainability Reporting Directive, but the report does not yet correspond to the Directive. The obligations stipulated by the Directive will enter into effect for disclosures concerning the year 2024.

SAVINGS BANKS GROUP

Established in
1822

Total
380 000
customers

Nearly
100
Branches

Balance sheet value
13,2 bn EUR

1350
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)

Customer satisfaction
NPS 84,8

Donations as part of the Good Deeds campaign
more than 2 million EUR

111 meetings
with investee companies in the Savings Banks Asset Management



8 of our funds have the Morningstar Low Carbon Designation™

Finland's most sustainable bank

in Customer Index survey of the Data & Marketing Association of Finland (ASML)

SAVINGS BANKS GROUP, STRATEGY AND SUSTAINABILITY MANAGEMENT

VALUES, PURPOSE AND HISTORY

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

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

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

Figure 1. The Savings Banks Group's values

The Savings Banks are independent, regional and local banks. Together, the Savings Banks form a banking group that operates locally as well as nationally. Our business operations are based on low-risk retail banking. In addition, we offer investment, insurance and real estate

services. Our range of products and services covers all of the main banking services for both private and corporate customers. Our particular growth areas include small-business and entrepreneur customers and Asset Management Services.

THE STRUCTURE OF THE SAVINGS BANKS GROUP

The member companies of the Savings Banks Amalgamation form a financial institution as defined in the Act on the Amalgamation of Deposit Banks, in which Savings Banks' Union coop and its member credit institutions are ultimately jointly and severally liable for each other's liabilities and commitments. The Amalgamation comprises the Savings Banks' Union Coop which acts as the central institution of the Amalgamation, 14 Savings Banks, Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc and the companies within the consolidation groups of the above-mentioned entities, as well as Sp-Fund Management Company Ltd. The coverage of the Savings Banks Group differs from that of the Savings Banks Amalgamation in that the Savings Banks Group also includes institutions other than credit and financial institutions or service companies. The most notable of these are Sb Life Insurance Ltd and Sp-Koti Oy.

Lieto Savings Bank relinquished its membership of Savings Banks' Union Coop and the Savings Banks Amalgamation effective from 1 March 2023. In connection with this, Lieto Savings Bank transferred its entire business to Oma Savings Bank Plc. The business transfer took effect on 28 February 2023. According to the accounting principles confirmed by Savings Banks' Union Coop, Lieto Savings Bank's result for 2023 is included in the Savings Banks Group's result until the date of the demerger. As a result of the exit, the number of savings banks in the Savings Banks Amalgamation and the Savings Banks Group decreased from 15 to 14.

Further information about the structure of the Savings Banks Group can be found at www.saastopankki.fi/en/savingsbanksgroup.

In the Savings Banks Group, the transparency and functionality of the roles and responsibilities in all governing bodies benefits all the stakeholders. More information on the governance and management of the Savings Banks Group is provided in the Board of Directors' report and on our website at www.saastopankki.fi/en.

STRUCTURE OF THE SAVINGS BANKS GROUP

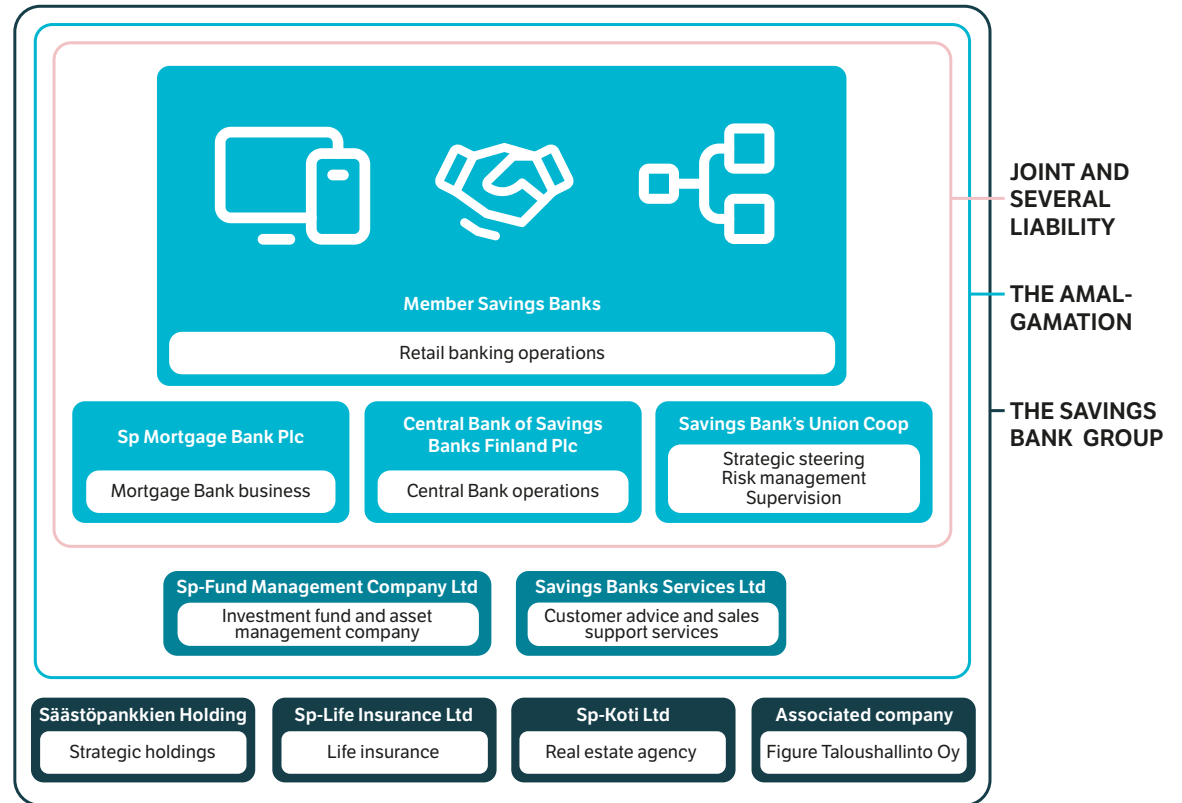


Figure 2. Structure of the Savings Banks Group

SUSTAINABILITY MANAGEMENT

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

The Board of Directors of the Savings Banks' Union Coop has approved the Savings Banks Group's sustainability governance model, which defines the structures and responsibilities for the effective management of the Group's sustainability work. The management model is examined in more detail in the following figure. Sustainability issues – such as economic, social and environmental responsibility and sustainability impacts, risks and opportunities – are discussed two to three times a year on the agenda of the Savings Banks' Union Coop's Management Group and at least twice a year on the agenda of the Board of Directors of the Savings Banks' Union Coop.

Sustainability issues are discussed two to three times a year on the agenda of the Savings Banks' Union Coop's Management Group and at least twice a year on the agenda of the Board of Directors of the Savings Banks' Union Coop.

The Audit Committee approves the entire report on non-financial information, as well as the sustainability report and the sustainability strategy, including targets and KPIs, the sustainability roadmap and, where necessary, sustainability programmes, sustainability-related principle-level policies and guidelines, and presents sustainability matters to the Board of Directors of the Savings Banks' Union Coop for approval. The Risk Committee reviews and approves the estimates, KPIs, performance and limits of ESG (environmental, social, governance) risks and opportunities approximately once per year as part of other risk reviews. The Board of Directors

monitors the work of the Audit Committee and the Risk Committee. The Risk Committee as a whole monitors and supervises the management and compliance of sustainability impacts, risks and opportunities, and the corresponding supervisory role has thus far not been assigned to any individual. In addition, the operating principles of the risk control function state that representatives of the Compliance function also participate in the assessment of the amalgamation's sustainability risks. The assessment of sustainability impacts, risks and opportunities has been integrated into other management of risks and opportunities and thus features the same controls and processes. More information on this is provided in the sections Risk management and Internal control.

In 2023, sustainability was highlighted as one of the Savings Banks Group's spearhead projects, and a steering group for sustainability was established. The steering group meets approximately once a month to discuss sustainability issues.

Our sustainability efforts are guided by the Savings Banks Group's sustainability strategy, sustainability policy and sustainability roadmap. The Savings Banks Group wants to operate in an ethically sustainable manner observing the principles of good corporate governance, openness and the Savings Banks Group's Code of Conduct. The key management practices are specified in the Savings Banks Group's principles for reliable management and internal control. The activities of the Savings Banks Group comply with the provisions of current legislation, orders issued by the authorities, good banking practice regulations and 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.

We conducted a survey to assess the senior management's experience pertaining to sustainability and the Savings Banks Group's business areas, products and geographical area of operations. Based on the responses, the majority of the representatives of the Management Group of the Savings Bank Centre had approximately one to three years of experience in sustainability, and they rated their expertise as average (3/5). Of the representatives of the Board of Directors of the Savings Banks' Union Coop, half had more than seven years of sustainability experience, and half had one to three years, and all of the respondents rated their expertise as average (3/5). For both the Management Group and the Board of Directors, a majority of the respondents had

more than seven years of experience in the Savings Banks Group's business sectors, products and geographical area of operations. A majority of the respondents indicated that they have excellent opportunities to contact sustainability experts in connection with questions concerning sustainability, and good or excellent opportunities to participate in internal or external sustainability training. Sustainability-related concerns can be communicated to the management, the Audit Committee and the Board of Directors as necessary.

The Management Group of the Savings Banks' Union Coop, as well as the committees and the Board of Directors the Savings Banks' Union Coop, have the opportunity to contact and take advantage of the expertise of the Head of Group Sustainability & ESG and the sustainability specialists in sustainability teams, the sustainability steering group or a working group. In 2023, the ESG Guide for Board Members prepared by Boardman, PwC and Futurice was communicated to the management and Board of Directors of the Savings Banks' Union Coop and the boards of directors of savings banks, and the administrative personnel of the Savings Banks Group were provided with sustainability training on the theme of taking climate and environmental risks into account in the operations of the Savings Banks Group.

To increase sustainability awareness and engage the whole organisation in sustainability work, regular training activities are also arranged for other parts of the organisation on Compliance issues and on topical themes. For example, in 2023, online training was arranged for the entire Savings Banks Group on the basics of sustainability, and the marketing organisation and sustainability working group participated in training on greenwashing. Training on responsible investment and preliminary disclosure forms for investment products was also arranged for the distribution partners for the funds we manage. The Head of Group Sustainability & ESG and business-level sustainability specialists also support our senior management with regard to sustainability awareness. Sustainability issues were on the Board of Directors' agenda at least three times in 2023. The theme of sustainability was also featured in our training days for administrative personnel and the training on current topics for business-level management in 2023.

In 2023, sustainability was highlighted as one of the Savings Banks Group's spearhead projects

Sustainability awareness is also increased by sustainability reporting and our communications on sustainability highlights and actions taken. The figure on the next page provides more information on our highlights in sustainability in 2023.



Figure 3. Sustainability governance model of the Savings Banks Group

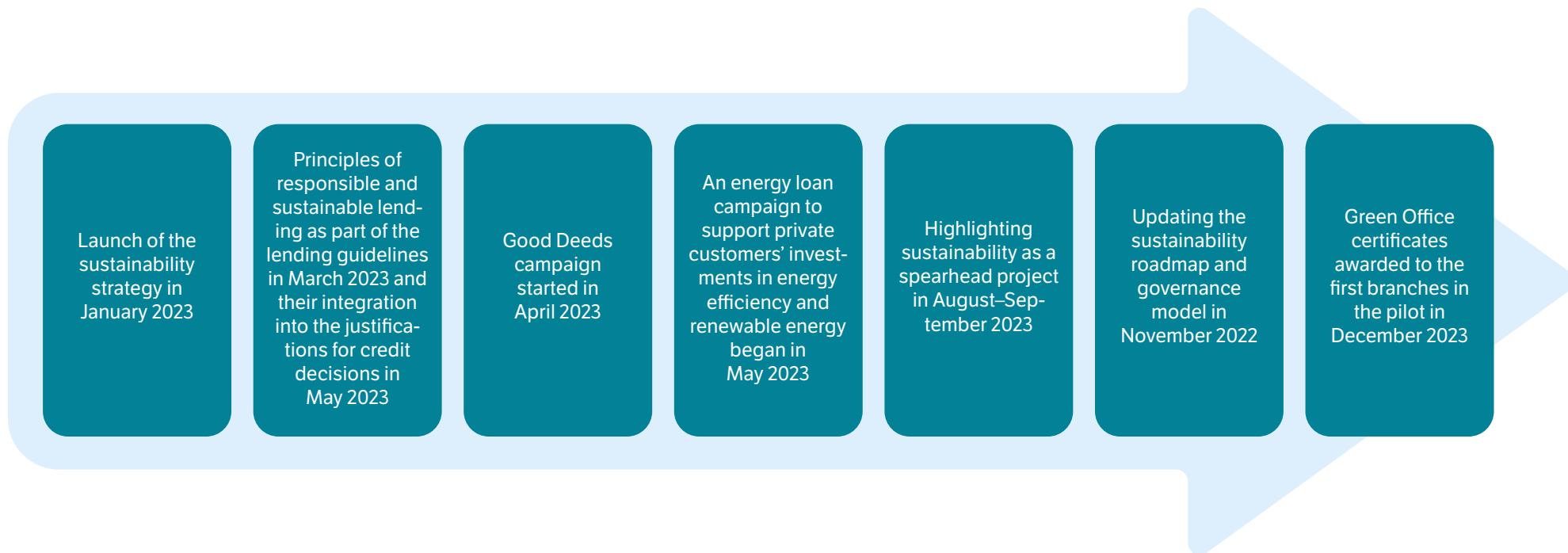


Figure 4. Highlights in sustainability in 2023

As part of the controls and processes of sustainability reporting, the sustainability report is reviewed by the sustainability working group, the Management Group of the Savings Banks' Union Coop, the Audit Committee of the Board of Directors and the Board of Directors. The information included in our sustainability reporting on 2023 has also been reviewed by a third party in the form of a preliminary assurance engagement.

We have also integrated ESG risks into our remuneration principles. In 2023, sustainability KPIs were applied in the remuneration of the Management Group, the CEO and, in asset management, our portfolio managers. Sustainability was selected as one of the Savings Banks Group's spearhead projects in 2023. In connection with this, common targets for bonuses will be set for 2024. To improve the impact of sustainability, we are planning to expand the use of sustainability KPIs in our organisation over several stages.

BUSINESS STRATEGY AND THE CREATION OF ADDED VALUE

In the Savings Banks Groups strategy, the customer is the focus of operations. Successful customer business lays the foundation for the success of the entire Savings Banks Group and the ability to serve customers according to their needs. At the heart of our strategy is our competitive advantage, the Savings Bank Experience, which is created through professional, personalised and human service, both in person and digitally. The Savings Banks Group wants to be a responsible operator that knows its customers and their needs and wants to develop with them as the operating environment develops.

The Savings Banks Group operates in Finland and we serve private and corporate customers. The Savings Banks Group had 1,350 employees in 2023. Our business operations are based on low-risk retail banking. In addition, we offer investment, real estate agency and insurance services. There were no changes to the markets or customer groups served during the reporting period.

The elements of our business strategy that support sustainability are the promotion of financial wellbeing and prosperity, customer business aimed at sustainable growth, and social responsibility through a work community that is efficient and has a strong team spirit and capacity for renewal. One example of how these elements influence the business model is that we strive to find product and service solutions that correspond to the customer's needs and promote the customer's financial wellbeing. For example, our aim is to only finance profitable and ethically acceptable projects that are within the customer's ability to pay back the debt. We also promote the launch of sustainable products and services by monitoring customer expectations with regard to sustainable products and services.

Leveraging data and analytics extensively in management, the steering of our operations and the provision of personalised services is one of our strategic goals and focus areas for development. This also helps us ensure the collection and utilisation of sustainability data to fulfil future sustainability reporting obligations.

The climate targets established in our sustainability strategy and our sustainability KPI concerning the introduction of a sustainable corporate guarantee or loan are also related to both the private customer segment and the corporate customer segment and our operations in Finland. In setting the targets of the sustainability strategy, we have taken into consideration an analysis

of our business operations, products and services, the stakeholders' sustainability expectations as communicated in our stakeholder survey and, with regard to the development of the property stock in our geographical market, for example, the Finnish long-term renovation strategy. The targets of our sustainability strategy pertaining to products and services are discussed in more detail on page 13.

The sustainability impacts linked to our business strategy can be evident in our value chain with regard to, for example, customers who have a need for, or interest in, sustainable financing and investment products. During the reporting period, we launched an energy loan campaign to support our private customers in reducing the energy consumption of their homes and summer houses and making the transition to renewable energy, for instance. In our financing activities, we also adopted sustainable lending ESG criteria for sustainable activities that we wish to promote. More information on the assessment of sustainability impacts, risks and opportunities is provided in the section Sustainability risks and opportunities.

WE CREATE ADDED VALUE FOR OUR STAKEHOLDERS

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

The Savings Banks Group also assumes responsibility for the wellbeing of its communities. We are a self-directed work community of highly competent professionals, with a strong capacity for renewal, where we promote wellbeing at work, leadership, diversity and equality. We promote growth, wellbeing and financial skills in our communities, and savings banks distribute part of their profits to local communities as part of the Good Deeds campaign. In addition, savings bank trusts support research and education by giving out grants. In 2023, over EUR 2 million in donations and grants were given out as part of the Good Deeds campaign and by Savings Banks Group banks and savings bank trusts.

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

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

Creating added value for our stakeholders

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

UTILISED CAPITAL AND INPUTS

Financial resources

- Balance sheet EUR 13.206 million*
- Equity EUR 1.138 million and liabilities EUR 12.068 million
- Operating profit 136 M€

Intangible capital

- Responsible brand
- Responsible values in the Savings Bank ideology
- Selected as Finland's most sustainable bank in the annual Customer Index survey of the Data & Marketing Association of Finland (ASML)
- Growing knowledge capital and product development processes

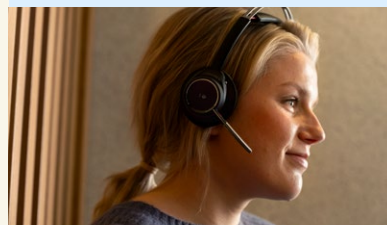
Social capital

- A self-directed and coherent work community of top talent with excellent capacity for renewal: 1,350 Savings Banks Group employees
- Expertise: approximately 200 training events
- Promoting leadership, wellbeing at work and equality in the work community
- Women accounted for 22% of the members in the Board of Directors of the Savings Banks' Union Coop and 30% of the members in the Management Group of the Savings Banks' Union Coop.
- Increasing financial literacy and knowledge in society

Natural resources

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

STRATEGIC PRIORITIES



COMPETITIVE ADVANTAGE

The best combination of personal and digital services

THE WAY WE WORK

Communal and effective team



BUSINESS

Sustainable customer business

COMPETENCE

Highly competent work community with capacity for renewal

OUTPUTS AND IMPACTS

Financial wellbeing of customers and local communities

- Number of A Moment with Your Personal Finances meetings approximately 44 000
- EPSI: excellent and above the industry average (77.2) in all categories.
- NPS (Net Promoter Score): private customers 84.7 and corporate customers 85.7
- The Good Deeds campaign and charitable donations more than EUR 2 million

The best combination of personal and digital services

- High-quality services, award-winning funds and the development of sustainable financing solutions
- Diverse and functional service channels: Average customer service response time for private customers 1 minute and corporate customers 48 seconds.
- Secure digital services, information security and data protection
- Transparent and responsible communications and marketing

Sustainable growth and operations

- 14 Savings Banks and product companies
- Net interest income EUR 264 million, CET 1 19.5 per cent
- Income taxes paid EUR 30 million

Ecological footprint and handprint

- The carbon intensity of funds 894.6 t CO₂e/million EUR. Carbon handprint of capital investments through the Ympäristö fund 44.139 t CO₂e
- Footprint of our own offices 3.575 t CO₂e

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

Figure 5. Creating added value for our stakeholders

SUSTAINABILITY STRATEGY






The five main themes of the Savings Banks Group's sustainability strategy are responsibility for the customer's financial wellbeing and the wellbeing of the community, sustainable financing and products, sustainable growth and good corporate governance, and responsibility for the environment and the climate. The sustainability strategy also specifies the UN Sustainable Development Goals that are supported by the Savings Banks Group's sustainability efforts.

The main themes of the sustainability strategy are based on the Savings Banks Group's key sustainability themes and sustainability roadmap, which sets out the Group's sustainability actions and their schedule for 2023–2025. Our material themes of sustainability are discussed in more detail in the materiality analysis section of this report. The roadmap actions were updated in late 2023. Our sustainability policy defines the scope and basic principles of the Savings Banks Group's sustainability efforts.

In our sustainability strategy, we have set climate targets aimed at supporting the mitigation of climate change. Due to its industry, the Savings Banks Group is part of the Paris Agreement benchmark group. The Savings Banks Group's targets that are aligned with the Paris Agreement with regard to the magnitude of CO₂ emission reductions and the target schedule include the carbon neutrality of investments by 2050 at the latest, and the carbon neutrality of housing, residential and commercial real estate loans by 2050 at the latest. In late 2023, we began to work together with an external partner to create a climate transition plan to ensure alignment with the Paris Agreement and promote the setting of interim targets. However, customer behaviour becoming more sustainable may create pressure to reduce emissions and achieve climate targets earlier than planned. Changes in customer behaviour may either facilitate or complicate the achievement of the climate targets set. Regulatory and technological developments may also make it easier to achieve climate targets if they promote funding recipients' actions to reduce emissions.



Savings Banks Group's Sustainability Strategy

| | | |
|---|--|---|
|  | <p>RESPONSIBILITY FOR THE CUSTOMER'S FINANCIAL WELLBEING We responsibly promote the financial wellbeing and prosperity of Finns. Our expertise enables a better life for our customers. We know our customers and their needs. We have the ability to serve our customers and develop with them. We ensure secure digital services, information security and data protection.</p> | <p>GOAL: With our financial wellbeing solutions, we promote a positive Savings Bank Experience and secure digital transactions. KPIs: Net Promoter Score (NPS) for in-person, online and telephone meetings*: target 80, and the resolution rate by phone, target 85.</p> |
|  | <p>RESPONSIBILITY FOR THE WELLBEING OF THE COMMUNITY We are a self-directed work community of highly competent professionals, with capacity for renewal, where we promote wellbeing at work, leadership, diversity and equality. We promote growth, wellbeing and financial literacy in our communities. We promote sustainability in our partnerships.</p> | <p>GOAL: Develop the management culture and employee experience of our working community. Prevent discrimination and harassment. Support local microenterprises and SMEs. We promote sustainability in our partnerships. KPIs: Introduction of a sustainable corporate guarantee or loan during 2024. The KPI for the working community will be set during 2023 based on a new personnel survey.</p> |
|  | <p>RESPONSIBILITY FOR SUSTAINABLE FINANCING AND PRODUCTS We finance and invest responsibly according to the customer's needs, developing sustainable financing and services. We support our customers in their green transition and targets.</p> | <p>GOAL: Increase the share of green assets and sustainable investments. KPIs: Share of investments aligned with selected UN Sustainable Development Goals in the selected Savings Bank funds and insurance products at a minimum level of 25%**.</p> |
|  | <p>RESPONSIBILITY FOR SUSTAINABLE GROWTH AND GOOD GOVERNANCE We promote sustainable growth and sustainable economy. We operate transparently and in accordance with good governance and ethical principles. We prevent money laundering and corruption, assess and manage risks. Our marketing is responsible.</p> | <p>GOAL: We maintain good solvency while growing, and we act ethically. KPIs: CET 1 (Common Equity Tier 1) describing the core capital at least 18.0%. 95–100% of regularly monitored Compliance training completed.</p> |
|  | <p>RESPONSIBILITY FOR THE ENVIRONMENT AND THE CLIMATE We operate in an environmentally sustainable and climate-friendly way. We assess our footprint and promote eco-efficiency.</p> | <p>GOAL: We reduce our ecological footprint and increase positive environmental impacts in our own operations and in our value chain. The operating environment permitting: 1) Carbon neutrality of investment by 2050 at the latest*** 2) In financing, climate-supporting ESG criteria will be set for 30% of corporate loans (€) in selected sectors by 2035 at the latest. For housing loans, residential and commercial real estate loans, we aim for carbon neutrality by 2050 at the latest**** 3) Carbon positivity***** of the branches' own operations (Scope 1–2) by 2035 at the latest. KPIs: The percentage share of companies committed to Science-Based targets and Paris Agreement alignment will increase in assets under management by Sp-Fund Management Company by 2026, operating environment permitting. Own activities: reducing the carbon footprint of the electricity consumption of our branches by 50% (compared to 2021) by the end of 2030 at the latest.</p> |

* Does not include centralized customer service.*

** At least 85% of the selected Savings Bank's funds and the 'Varainhoitajan parhaat' products and 'Varainhoitovakuutus' Insurance products. Does not include insurance portfolios or insurance envelopes. The goal will be updated, if necessary, during 2024.

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

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

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

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| Combined NPS for private customers and corporate customers 84.8 | ● |
| Customer service resolution rate by phone: 82% for private customers and 81% for corporate customers | ● |
| Work on the introduction of a sustainable corporate loan product will continue in 2024 | ● |
| Share of investments aligned with selected UN SDGs in all of the selected Savings Bank funds and insurance products was at least 25%. | ● |
| CET1 (Common Equity Tier 1) describing the core capital at least 19,5% | ● |
| The completion rate of Compliance training ranged from 85.0% to 91.4% depending on the training | ● |
| The percentage share of companies committed to Science-Based targets and Paris Agreement alignment was 38.3%. | ● The increase in the percentage share will be reported from the financial year 2024 onwards. |
| The change in the carbon footprint of the electricity consumption of branches was +16% | ● |

Figure 6. The Savings Banks Group's sustainability strategy and the UN Sustainable Development Goals (SDG)

In the annual Customer Index survey of the Data & Marketing Association of Finland (ASML), we were selected as Finland's most sustainable bank and the third-most sustainable company in the study as a whole. We also ranked third among Finnish banks in the Sustainable Brand Index study. We also performed well in the EPSI Rating Sustainability Index, particularly in the private customer segment, placing third in our industry. The purpose of our sustainability strategy is to strengthen the Savings Banks Group's positioning as a sustainable operator in the financial sector. At the same time, the strategy aims to enhance our positive impacts and reduce our negative impacts on the environment and society through our products, services, processes and partnerships, for example.

We were selected as Finland's most sustainable bank in the annual Customer Index survey of the Data & Marketing Association of Finland (ASML)

SUSTAINABILITY INDEX RANKING

Private customers

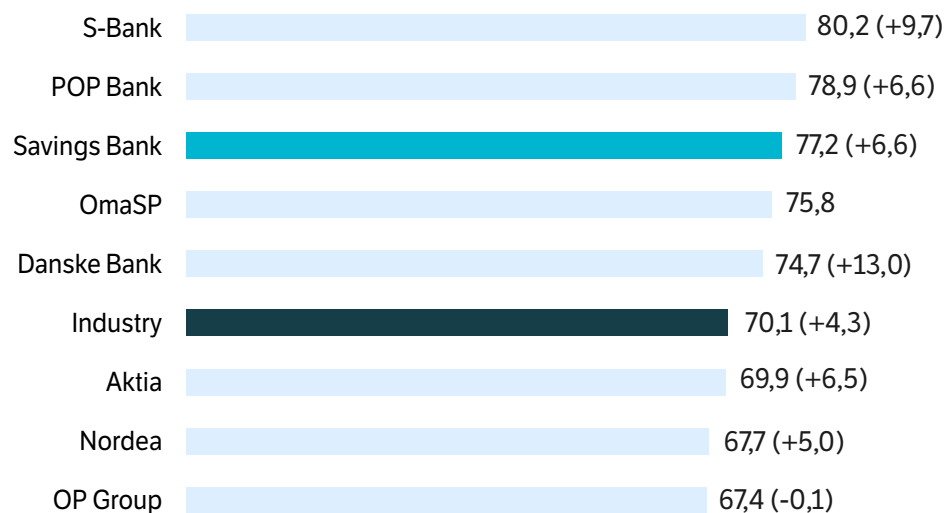


Figure 7. EPSI Rating Sustainability Index, private customers

SUSTAINABILITY INDEX RANKING

Corporate customers

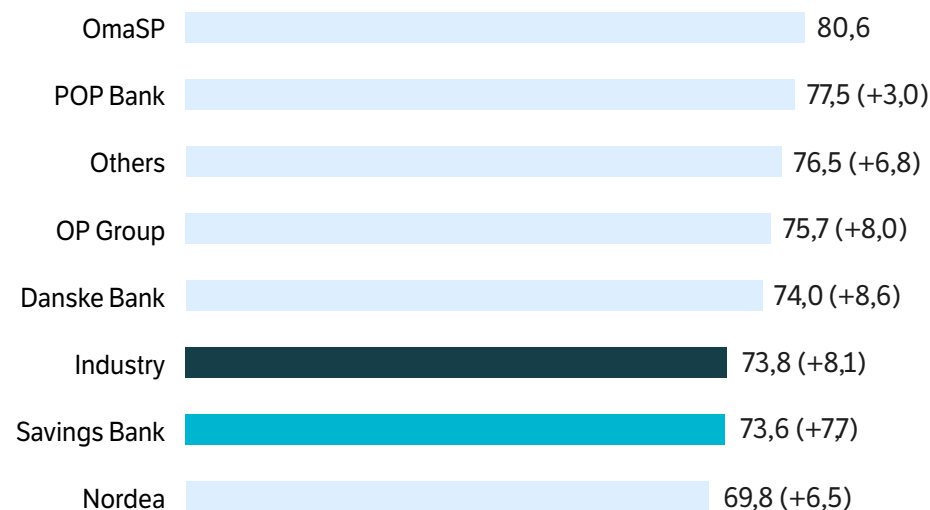


Figure 8. EPSI Rating Sustainability Index, corporate customers

THE SAVINGS BANKS GROUP'S MATERIAL SUSTAINABILITY THEMES

The purpose of the materiality analysis of sustainability is to identify, assess and prioritise the key sustainability aspects of the Savings Banks Group and its stakeholders with regard to sustainability impacts, risks and opportunities. The Savings Banks Group's reporting of material topics is based on a materiality analysis that was updated in 2023. We updated our materiality analysis because we wanted to gain insight into our stakeholders' expectations concerning sustainability and analyse the sustainability themes that are material with regard to the impacts of our business operations. The outcome was a materiality matrix that illustrates the themes highlighted by the Savings Banks Group and its stakeholders as being the most material in the operations of the Savings Banks Group. These efforts were aimed at preparing for the requirements of the new Corporate Sustainability Reporting Directive (CSRD).

MATERIALITY ANALYSIS

The introduction of the Corporate Sustainability Reporting Directive (CSRD) will make the principle of double materiality a significant guideline in sustainability reporting. It requires companies to assess their actual or potential impacts on society and the environment, as well as the materiality of those impacts. Companies are also required to assess the business risks and opportunities, as well as financial effects, associated with sustainability issues. This means assessing the financial materiality of sustainability impacts.

The obligations stipulated by the CSRD will enter into force for the Savings Banks Group in 2024, and we will report on them more extensively for the first time in connection with the financial statements for 2025. In future, the content of sustainability reports will be determined by the European Sustainability Reporting Standards (ESRS), which are part of the CSRD. The CSRD will replace the EU's current Non-Financial Reporting Directive (NFRD). The new directive will bring expanded reporting requirements based on a double materiality assessment, increase the transparency of operations and harmonise reporting standards for corporate sustainability.

With regard to stakeholders, the materiality analysis was updated by conducting an extensive stakeholder survey in spring 2023. The respondents were requested to assess sustainability

themes that are material for the Savings Bank's business impacts. The themes may have a material impact on either the Savings Bank's own operations or activities that are external to the Savings Bank. The themes were based on the themes used in our previous sustainability reporting, which was based on the Global Reporting Initiative framework, and they were supplemented with themes aligned with the CSRD. A total of 4,808 representatives of private and corporate customers, the management of savings banks, personnel in employment relationships, suppliers of goods and services and other external stakeholders and representatives of the management of the Savings Banks Group responded to the online survey. Aside from the survey, stakeholders were not consulted in other ways.

The sustainability themes were examined by assessing issues of economic, ecological and social responsibility with regard to the features of the Savings Banks Group's business operations, including business relationships. To provide more perspective with respect to business relationships, we also had partners, customers and investors, for example, participate in the stakeholder survey designed to assess the material themes pertaining to our impacts.

In spring 2023, we organised a review with the Management Group of the Savings Banks' Union Coop regarding the materiality of the sustainability themes and the materiality of the related sustainability risks and opportunities. Examples of the background information we used in identifying and assessing the material impacts included the stakeholder survey and general information concerning the financial sector, such as the Sustainability Accounting Standards Board's assessment of financially material sustainability themes in the financial sector. The industry's material, prioritised and likely sustainability impacts identified on the basis of that assessment included themes related to customers' data protection and information security, good leadership and corporate culture, including employee engagement, as well as the physical impacts of climate change and themes related to risk management, which are included in our materiality matrix under "sustainability in the principles and operating methods steering our business".

We also conducted a separate survey of the Management Group with regard to sustainability risks and opportunities, and their materiality, in connection with the assessment carried out in

the spring. We utilised the results as we integrated sustainability risks more extensively into the Savings Banks' annual risk assessment. We took advantage of external expertise in the form of consulting assistance for the stakeholder survey conducted in the spring and the Management Group assessment concerning materiality analysis.

We continued the materiality analysis with regard to sustainability impacts, risks and opportunities in autumn 2023 by conducting a second Management Group survey concerning sustainability risks and opportunities, as well as a sustainability reporting workshop. The starting information for the second survey and workshop included of the Management Group's assessment conducted in the spring and the results of the Savings Banks' annual risk assessment, which was carried out in the autumn and included an expanded set of sustainability risks. The Management Group's analysis examined all of the Savings Banks Group's business activities with the aim of covering all of the business functions.

Based on the materiality analysis, the Savings Banks Group's material themes of sustainability impacts are as follows:

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

Targets and KPIs have been set for most of the themes of the sustainability impacts, except for the themes "customer data protection, information security and physical security", "wellbeing at work, equality and diversity" and "good leadership, corporate culture and highly competent own employees". The targets and KPIs are discussed in the section "Sustainability strategy". Our plans and actions pertaining to these themes are discussed in the section "Sustainability risks and opportunities" and in the section on each theme in this report.

The material themes of the Savings Banks Group's sustainability impacts are shown in the materiality matrix below, where the vertical axis describes the impact on stakeholders and the horizontal axis describes the current or potential impact on the Savings Banks Group and the Savings Banks Group's impact on society. The significance for stakeholders has been assessed

as a whole, and the weight of individual stakeholders is not reflected in the matrix. The location of the impacts of that are material for sustainability reporting in accordance with the GRI (Global Reporting Initiative) framework was determined by the Savings Banks Group. Themes classified as material were utilised when determining the contents of the report and are discussed in this report in the selected scope, based on their weight and materiality.



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

One change from the previous year with regard to the identified material themes of sustainability was that sustainable marketing was left out. The reason for this was that the theme was not deemed to be material based on the analysis conducted in the Management Group's workshop. The materiality score for the theme of local wellbeing reached also a low level in the stakeholder survey. However, in the context of the Savings Bank ideology, it was deemed important to include in our sustainability report in the future, as a section outside the CSRD requirements. It was also considered to be included in the broader theme of promoting the customer's financial wellbeing, growth and financial literacy.

Although the materiality scores for climate change mitigation and climate change adaptation in the survey results reached a low level, it was deemed to be material in the Management Group's workshop. The risk of the likelihood of the negative impacts of climate change was also considered to be elevated and material in accordance with the Sustainability Accounting Standards Board's material sustainability themes for the financial sector. However, as regards business relationships, we have limited the risk as follows: the industry restrictions laid out in the principles of responsible and sustainable lending in the Savings Banks Group's lending guidelines state that we apply careful separate case-by-case discretion when making financing decisions in the case of, for example, energy companies that use fossil energy sources and peat in energy production to a significant extent, as well as entities that have major environmental impacts, such as significant airborne emissions, water consumption, biodiversity impacts and waste volume. The likelihood and consequences of the risk must be assessed when considering financing in such cases. For entities that meet these criteria, the Savings Banks Group requires a statement regarding the sustainability of their business operations. Our responsible investment principles also include the exclusion of carbon users and producers. More information on this is provided in the section "Responsible investment approaches".

For child labour and forced labour it was determined in the Management Group's sustainability reporting workshop, that they are not material in operations in the financial sector, as the Savings Banks Group does not operate in a production-oriented industry, and the country of our operations is Finland. We also strive to avoid financing entities that are the subject of a verified suspicion of using child labour, and we request a sustainability statement and apply careful separate discretion with regard to entities that have been found to have human rights and labour rights violations. Sp-Fund Management Company Ltd also applies careful discretion regarding investments in entities subject to verified suspicions of child labour, and Sp-Fund Management Company Ltd does not make direct investments in entities that violate the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Child labour, forced labour and promoting the rights of communities are also not among the material sustainability themes identified for the financial sector by the Sustainability Accounting Standards Board. The Savings Banks Group's own operation also does not include activities that could potentially violate the rights of communities, such as native populations.

The identified material sustainability themes and their sustainability impacts may thus also be linked to the Savings Banks Group's business model and the four strategic priorities, which concern profitable and sustainable customer business, the best combination of digital services, a communal and effective team, and a highly competent work community with a capacity for renewal. With respect to sustainability impacts, the Savings Banks Group applies the due diligence principle to identify, assess and manage impacts, strive to influence or prevent impacts,

and monitor and report on performance. We will continue the assessment of sustainability impacts as part of preparing for the sustainability reporting of year 2024.

SUSTAINABILITY RISKS AND OPPORTUNITIES

As part of the materiality analysis, we worked with the Management Group of the Savings Banks' Union Coop to identify risks and opportunities related to the material themes of sustainability and assess their financial materiality for business operations. Together with the Management Group, we carried out a process of prioritisation by assessing the magnitude and likelihood of the impacts of the risks and opportunities. They were assessed quantitatively on a scale of 1–5 and qualitatively by means of discussion. At the same time, we defined risk management methods and actions to take advantage of the opportunities.

At present, sustainability risks and opportunities are not prioritised over other risk types. Sustainability risks are subject to the same risk assessment and risk management processes as other risks. For example, in the Savings Banks' annual risk assessment, sustainability risks are fully integrated into other risk assessments to support the assessment of the organisation's overall risk profile and risk management processes. Sustainability-related opportunities have thus far not been integrated into the organisation's other assessment of risks and opportunities.

The Snow tool was used for the first time in the Savings Banks' annual risk assessment in 2023. As a change to the previous year, the number of sustainability risks included in the Savings Banks' annual risk assessment was increased, and risks relating to social responsibility for the work community were also included in the assessment in addition to climate risks. The Savings Banks Group's business functions, such as Sp-Fund Management Company Ltd, also use various third-party tools to assess the ESG risks of investments and, in lending activities, information on sustainability risks is entered into credit systems as part of the credit process. In addition, a project has been launched in lending activities to adopt a third-party tool with regard to flood risks, for example.

Compared to the previous reporting period, we report new risks and opportunities related to sustainability impacts. Our actions with regard to the previously reported sustainability risks and opportunities have remained unchanged. In a change from the previous report, we have now also determined risk concentrations for the risks. The risk assessment process will continue as the introduction of CSRD obligations draws nearer. The assessment of sustainability-related opportunities and sources of competitiveness will also continue as part of the work of the Savings Banks Group's sustainability working group.



| Sustainability-related opportunities | Actions to take advantage of the opportunity |
|--|--|
| Supporting customers in the green transition by channelling/allocating funds to sustainable corporate financing through green bonds. | Making use of ESG criteria and integrating energy certificates into the collateral portfolio, and assessing and increasing green assets in lending. |
| Supporting the Savings Banks Group's growth targets by offering products and services that take account of opportunities related to climate change and energy efficiency, for example, and support customers in their transition to lower-carbon activities. * | Developing current and new products and services from the sustainability perspective, e.g. demand-driven products such as energy loans. Focused sustainability communications. |
| A more attractive image (personnel, customers, partners) and better personnel satisfaction and wellbeing, and the organisation's growth as a credible sustainable operator through establishing the right profile and a strong brand. * | Good performance in third-party sustainability assessments and integrating sustainability into all activities and leadership. |

Table 1. Sustainability opportunities identified as material

* The opportunity is currently being taken advantage of, and it is also included in future plans or the sustainability strategy



| Sustainability risk | Risk management measures | Risk concentration |
|--|--|---|
| Employer and reputation risk: Wellbeing at work, reputation and employee retention and recruitment are adversely affected because leadership is ambiguous or inconsistent, or the Code of Conduct is not observed (e.g. inappropriate behaviour). | Workplace surveys and training on the avoidance of inappropriate behaviour, Code of Conduct adherence and leadership. | Management and personnel (culture and competence) |
| Risk related employee fatigue: Challenges related to the employees' ability to cope with the demands of work and mental wellbeing (e.g. excessive workload and stress). | Planning of work and resources, workload sharing and occupational health care and early support model that supports wellbeing. | Management and personnel (culture) |
| Political transition risk caused by climate change*: The value of collateral decreases due to the energy efficiency level of the housing, commercial and residential real estate loan portfolio (e.g. the introduction of stricter regulations on energy efficiency). | Monitoring regulatory developments. Monitoring the energy efficiency of the housing loan portfolio and improving it through loans with ESG criteria and green products. | Customers with properties that are low in energy efficiency or located in flood risk areas. |
| Risk related to extreme weather events: Unexpected or legally required repair needs concerning own properties or customers' properties, or declining property values due to extreme weather events associated with climate change (floods, storms, drought). Decreasing value of properties owned or held as collateral and/or increasing investment needs related to such properties. | Preparing for extreme weather events in the planning of the repair and maintenance of properties with regard to the Savings Banks Group's own properties. Risk management and monitoring collateral values. Supporting customers and enabling flexibility through diverse solutions. | Customers with properties that are low in energy efficiency or located in flood risk areas. |

Table 2. Sustainability risks identified as material

*The risk may have an impact on the Savings Banks Group's financial development, performance and market position, or the cost and availability of financing.

The current effects of sustainability impacts, risks and opportunities on the business plan, value chain, strategy and decision-making are manifested, for example, in stakeholders' increasing sustainability expectations and requirements arising from sustainability regulations concerning the goal-driven and transparent promotion of sustainability with respect to products, services and operations. In order to respond to these, the Savings Banks Group has highlighted sustainability as one of its spearhead projects, and the aim is to incorporate sustainability into everything the Savings Banks Group does. The current effects of responding to sustainability impacts, risks and opportunities on the business plan, value chain, strategy and decision-making are reflected in the following, for example:

- Expanding the resources of the sustainability working group and establishing a sustainability steering group, and designating persons responsible for sustainability activities in all business and support functions.
- Pursuing opportunities identified as material, including new, sustainable product launches in the form of the energy loan campaign carried out in spring 2023, for example, and the plan to launch a sustainable corporate loan/guarantee product and conduct an energy certificate review for collateral in the mortgage portfolio, and our offering of investment products that are light green in accordance with Article 8 of the EU's Sustainable Finance Disclosures Regulation, or which have a specified minimum percentage of sustainable investments.
- Updates to the Responsible Investment Policy and drafting responsible and sustainable lending principles to be incorporated into lending guidelines, credit management guidelines and the exclusion criteria laid out in the principles and, for example, discontinuing the financing of activities that are profitable but do not satisfy our exclusion criteria or cause significant environmental impacts. Our goal, the operating environment permitting, is to set climate-supporting ESG criteria in financing for 30% of corporate loans in selected sectors for sustainable activities that we wish to promote by 2035 at the latest. Another goal is to achieve carbon neutrality for investment activities and housing loans, residential and commercial real estate loans by 2050 at the latest.
- Plans to expand the adoption of sustainability KPIs as part of strategy KPIs, in collective incentive schemes and, in individual remuneration for the CEO and the Management Group, as well as selected business and support functions in the future.

The anticipated future effects of sustainability impacts, risks and opportunities are related to, for example, the political transition relating to climate change with regard to the regulation of energy certificates, as well as the assessment of the effects of regulatory changes with regard to the valuation of the collateral portfolio of housing loans and real estate loans. The Savings Banks Group does not, for the time being, assess the current or projected financial impacts of sustainability impacts, risks and opportunities. Due to reasons of business secrecy and competition, the Savings Banks Group also does not report on potential investments or divestments. The Savings Banks Group finances the execution of its strategy through the result of its business operations.

Based on the assessment of sustainability impacts, risks and opportunities, the Savings Banks Group's strategy and business plan appear to be resilient at present, and the analysis did not reveal any risks for which the magnitude or likelihood of the impacts would be higher than average (3) on a scale of one to five. The analysis was conducted by means of a survey of the Management Group of the Savings Banks' Union Coop and discussions based on the results of the survey at a sustainability reporting workshop organised for the Management Group. In the analysis, we applied time horizons in accordance with the CSRD. The short term corresponds to one reporting year, the medium term corresponds to the five-year period following the end of the reporting period, and the long term corresponds to a period exceeding five years. Based on the analysis, a majority of the sustainability risks and opportunities relating to the sustainability impacts are placed in the medium term. The sustainability risks and opportunities identified in the analysis in relation to sustainability impacts are related to the nature of the Savings Banks Group's own business activities rather than its business relationships. The Savings Banks Group has plans and the capacity to take sustainability impacts, risks and opportunities into consideration as part of its business plan and, to the extent that it is possible, the aim is to take them into account in the next update of the business strategy.

The work related to the double materiality analysis with regard to sustainability impacts, risks and opportunities is likely to continue in the coming years. The next double materiality analysis will be published in connection with the sustainability report on the financial year 2024, in spring 2025.

STAKEHOLDER ENGAGEMENT AND COOPERATION

In line with the Savings Bank ideology, cooperation with stakeholders and stakeholder wellbeing are important for us. Discussions with, and feedback from, our stakeholders help us identify new areas for development and improve our sustainability.

We communicate actively with our stakeholders through various channels, keeping the dialogue open both locally and on the Group level. The channels used include customer encounters, face-to-face and virtual meetings, workgroups, stakeholder and partner forums, surveys, studies and interviews, meetings of the Trustees and Board of Directors, our own events, participation in stakeholder events, our own media, as well as various digital channels. Savings Banks Group's stakeholders are customers, suppliers and partners, personnel, official and industry organisations, media and marketing, local communities, schools and universities, investors and analysts and management.

OUR COMMITMENT TO SOCIAL RESPONSIBILITY INITIATIVES AND OUR MEMBERSHIPS IN ASSOCIATIONS

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

We are involved in the Climate Action 100+ investor initiative, the CDP (formerly the Carbon Disclosure Project) climate change, water and deforestation initiatives, and the Science-Based Targets initiative (SBTi), which supports companies in setting science-based emission reduction targets. We also encourage companies to report more transparently on their environmental activities through the CDP's Non-Disclosure Campaign initiative regarding the CDP's above-mentioned sustainability initiatives. The more the companies report, the better the overall picture and investment analysis we can establish as an investor regarding the operations of our investee companies.

For several years, we have reported on our asset management with reference to the TCFD (Task Force on Climate-Related Financial Disclosures) framework, and we are now taking our first steps in applying the TNFD (Taskforce on Nature-related Financial Disclosures). We also encourage third-party funds to adopt TCFD reporting. TCFD is a voluntary framework intended to help companies understand and report the financial impacts of climate change on their

operations. At the beginning of this year, we decided to support climate reporting according to the TCFD framework. These themes are covered in more detail in this sustainability report in the sections Responsible investing and ownership and Savings Banks' Asset Management's reporting to the TCFD framework.

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

Signatory of:



Figure 11. Memberships and initiatives Savings Banks Group takes part in

A woman with blonde hair is smiling and looking towards a man in a dark suit and white shirt. They appear to be in a professional setting, possibly a meeting or a consultation. The background is blurred, showing other people in a group.

RESPONSIBILITY FOR THE CUSTOMER'S FINANCIAL WELLBEING

WE ARE THE CUSTOMER'S FINANCIAL PARTNER

Improving the customers' financial wellbeing and customer satisfaction lie at the core of our responsible work with customers. The Savings Bank Experience is built through highly professional service, a human and respectful approach to customer encounters and usefulness so that the customers' transactions with Savings Bank are as smooth as possible. The Savings Bank Experience continued to be a strong competitive asset and differentiating factor for us in 2023. Customers expected banks to provide both easy-to-use digital services and highly professional, human and personal face-to-face service. In line with our strategy, our aim is to provide customers with the best combination of digital and personal services and help them advance their financial wellbeing.

Our aim is to serve as financial partners to our customers. We want to support our customers both in the long-term planning of their finances as well as in providing smooth daily banking services. A particular feature that applies to Savings Banks is that we take responsibility for

promoting saving and financial wellbeing among the local population. For example, we only provide our customers with loans and credit that they can manage without straining their finances.

Our expertise and customer service are always based on the customer's needs, wishes and financial goals. Our experts are tasked with building long-term partnerships with our customers in a way that allows us to bring clear benefits and added value to the customers through our expertise. Our customers see the results of our work concretely through improved financial wellbeing and a better life. In 2023, we held approximately 44,000 A Moment with Your Personal Finances discussions with private customers. We also conducted financial discussions with our corporate customers to assess their financial situation. We collaborated with Aalto University on developing a financial wellbeing indicator to measure our results with regard to promoting the wellbeing of our customers.

Customer satisfaction

Personal Banking

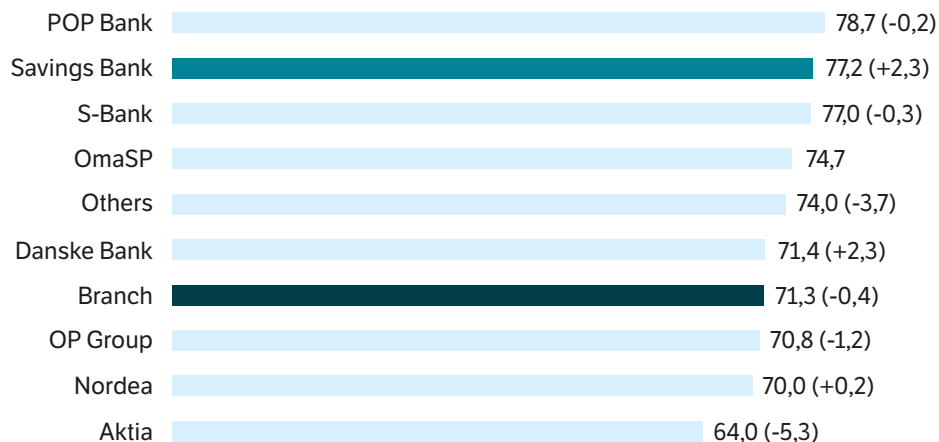


Figure 12. Customer satisfaction 2023, private customers (EPSI Rating)

Customer satisfaction

Corporate Banking

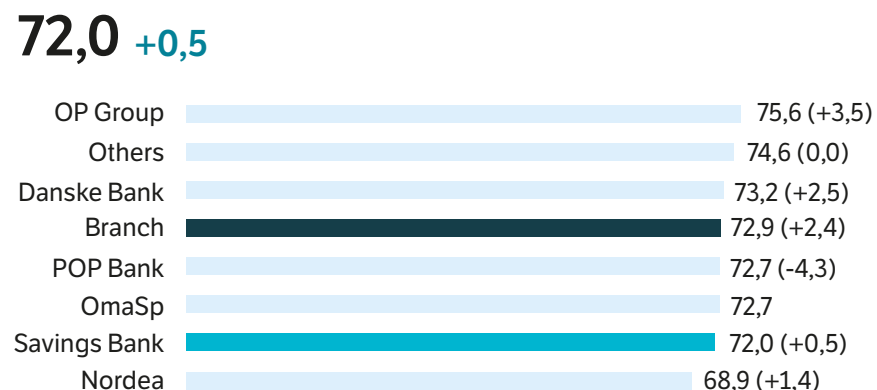


Figure 13. Customer satisfaction 2023, corporate customers (EPSI Rating)

CUSTOMER SATISFACTION AS AN INDICATOR OF SUSTAINABILITY

Customer satisfaction is one of the most important sustainability indicators for us at the Savings Banks Group. We monitor customer satisfaction continuously and aim to respond quickly to any changes observed in customer satisfaction. According to customer satisfaction surveys, we performed very well in our work with customers in 2023. 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 2023, the Net Promoter Score (NPS) for customer negotiations was 83.2, which is excellent, and higher than in the previous year (81.6). We also achieved excellent results in the EPSI Rating customer satisfaction and loyalty survey that included all of Finland's significant financial sector operators. Satisfaction with Savings Banks among both private and corporate customers exceeded the industry average by a clear margin. Savings Bank ranked second in the industry's customer satisfaction survey in 2023 in the private customer category.

DIGITALISATION AND DIVERSE CHANNELS

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

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

Our chatbot received an honourable mention in BearingPoint's Digital Leaders 2023 study.

software robotics and automation in a number of areas. We strive to actively promote the use of digital services and support our customers of all ages in the use of our digital services. The growth of digital services has had a significant impact on the reduction of paper consumption.

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

In addition to providing digital service channels, the Savings Banks Group has an extensive network of approximately 100 branches, through which the independent, local Savings Banks serve our customers throughout Finland.

CUSTOMER DATA PROTECTION AND INFORMATION SECURITY

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. Ensuring a high level of data protection and information security is paramount in all operations of the Savings Banks Group, as we operate in a sector requiring particularly high confidence. Our operations are steered by the data protection principles and guidelines approved by the amalgamation's central institution, implemented by the Boards of Directors of each Savings Bank and entity. In our sustainability programme, we commit to the responsible use of our knowledge capital in all of our operations.

PROTECTION OF CUSTOMER DATA

The Savings Banks Group takes information security and the protection of customer data seriously. The data of the banks and companies and their customers is covered by banking secrecy, insurance secrecy or corresponding duty to secrecy regardless of whether the customer is a private or a corporate one. Data protection is a part of customer-oriented operations, and we comprehensively take personal data processing issues into account. The Savings Banks Group complies with the EU's General Data Protection Regulation (GDPR) and other data protection legislation in its operations. In protecting customer data, the Savings Banks Group employs appropriate technical, organisational and administrative procedures to protect all data in our possession against loss, misuse, unauthorised use, disclosure, modification and destruction. We provide relevant information on the processing and use of personal data on our website, for example. The documents available on the website allow our data subjects and other stakeholders to, for example, check the purposes for which their data is collected and processed and in which cases the Group can disclose it. Changes in the processing of personal data are communicated as required by law.

INFORMATION SECURITY INCIDENTS

We take personal data breaches and other data protection incidents seriously. They are processed and reported to the injured parties, other data subjects and the Data Protection Ombudsman as required by data protection legislation. We also track, monitor and supervise the use of our information networks and systems, and any identified deviations are processed immediately and notified to the parties required by regulation. We have avoided serious data breaches and, for example, phishing attempts against our employees.

In 2023, the Savings Banks Group detected, or was notified of, 171 incidents that are categorised as personal data breaches under the GDPR. The reported figure also includes incidents of human error that are unlikely to cause a risk to the rights and freedoms of natural persons.

DATA PROTECTION ORGANISATION

The Central Institution of the Savings Banks Amalgamation (Savings Banks' Union Coop) has appointed an independent data protection officer for the entire Savings Banks Group. The data protection officer's duties include, for instance, monitoring GDPR compliance and providing information and advice. The data protection officer reports any identified risks and areas of development in accordance with the annual calendar and as necessary.

The data protection officer is supported by a data protection organisation. The data protection organisation comprises the persons in charge of data protection of the savings banks and companies, as well as the Data Protection Team, which includes representatives of the Central Institution's risk control, human resources and information management departments. Every employee of Savings Banks has the duty to observe the data protection rules and instructions according to their roles, including the duty to report any observations or issues.

FOCUS AREAS OF DATA PROTECTION EFFORTS IN 2023

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.

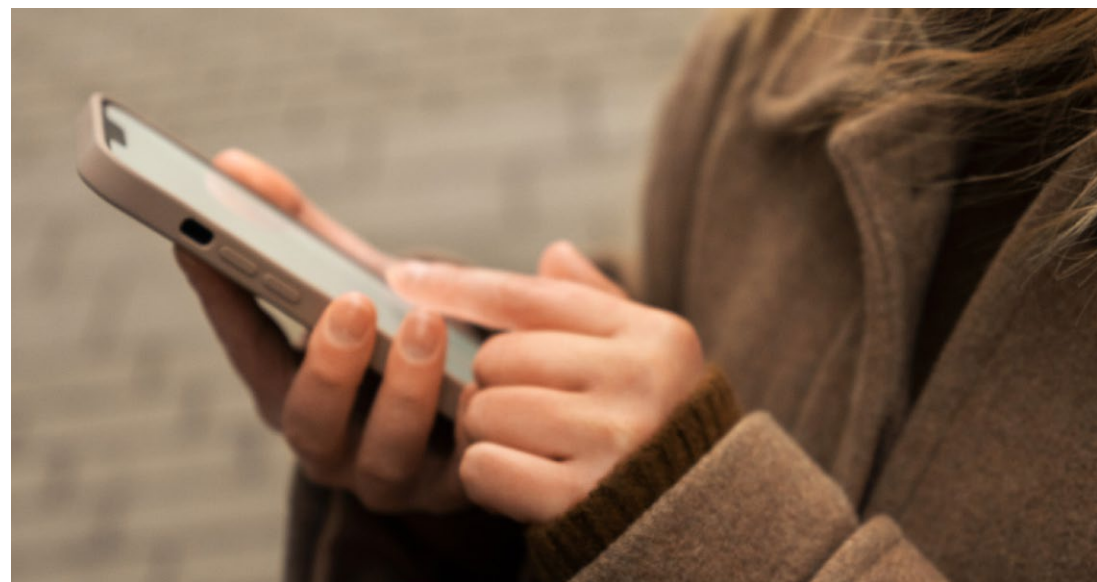
In 2023, we organised 10 training activities related to data protection for the personnel of the Savings Banks Group, some of which were targeted at specific personnel groups. In addition, all of the personnel of Savings Banks' Union Coop and Sb Life Insurance Ltd are required to complete mandatory online training on data protection each year. Data protection is also a separate

section in the induction training programme of new employees of the Savings Bank Centre.

The data protection officer's operations have been particularly focused on giving advice and instructions for the central institution and companies in different areas, such as projects impacting the entire Savings Banks Group and agreements related to the processing of personal data. At the same time, the data protection officer has performed the monitoring duties stipulated by data protection legislation. Furthermore, the data protection officer has received a few customer enquiries regarding the processing of personal data.

INFORMATION SECURITY

Information security and the provision of secure services to customers are the foundation for successful banking. The extensive phishing and scam attempts targeted at the customers of Finnish banks, which began in 2021, continued in 2023. This may continue in the years to come. The Savings Banks Group has developed the security of its services and IT systems on a long-term basis. Different cyber threats and changes in the activities of cybercriminals require that security in its various forms is one of the focus areas in our operational development in the future as well. In addition, the changing operational environment requires increasing investment in guiding, supporting and educating customers in the safe use of digital services.





RESPONSIBILITY FOR THE WELLBEING OF THE COMMUNITY

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

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

our donations. The theme of the campaign in 2023 was financial wellbeing, and investing in the wellbeing of children and young people was particularly prioritised in the donations made during the year. Donations were given to, for example, low-income families with children, the mental health of children and young people and children's hobbies, such as sports clubs. In addition to the campaign, savings bank trusts supported education and research, and Savings Banks made donations to a number of beneficiaries. The total amount of donations exceeded EUR 2 million.

SUPPORT FOR THE OPERATING CONDITIONS OF CORPORATE CUSTOMERS

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

The Savings Banks Group observes corporate social responsibility in the day-to-day operations of its corporate customers and entrepreneur customers by being a long-term and responsible partner to corporate customers across business cycles and through the various stages of a

In corporate financing, the Savings Banks emphasise the utilisation of Finnvera's loan products and guarantee programmes to the broadest possible extent.

company's life cycle. In corporate financing, the Savings Banks observe good lending practices and emphasise the utilisation of Finnvera's loan products and guarantee programmes to the broadest possible extent. Guarantee programmes help our corporate customers implement growth projects and they reduce the need for personal collateral put up by entrepreneurs in their corporate financing activities, Savings Banks also make very extensive use of Finnvera's guarantee programmes for micro and small enterprises from one year to the next. Indeed, the corporate customers of the Savings Banks Group constitute one of the largest customer groups for the guarantees in question.

SUPPORT FOR SCIENTIFIC RESEARCH

Supporting research and continuous development is important to us. 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 2023, the Savings Banks Research Foundation gave grants to university researchers and study projects totalling EUR 65,000. The Savings Banks Research Foundation also maintains the Savings Bank Museum, which operates in connection with Hämeenlinna City Museum.

INCREASING FINANCIAL LITERACY AND KNOWLEDGE IN SOCIETY

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

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

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

Global Money Week was organised in Finland for the first time in March 2022. The Savings Bank again participated in the Global Money Week awareness-raising campaign in March 2023. Global Money Week provides Finnish lower and upper secondary school students with ready-to-use teaching content that helps them to build important financial literacy skills. In 2022, we also started using TikTok, a social media platform that is popular among young people. We created TikTok content targeted at young people with the aim of turning financial confusion into financial understanding. We worked together with various influencers to raise young people's awareness of, for example, defaults and indebtedness, to explain abstract concepts about

money in plain, easy-to-understand language, and to encourage open discussion about money among young people.

As in the previous years, local Savings Banks continued their efforts to promote financial wellbeing among people of all ages. For example, they cooperated with educational institutions and pensioners' associations.

For example, Aito Säästöpankki signed a three-year cooperation agreement with the SASKY Municipal Education and Training Consortium in 2022, under which the bank will provide the consortium's students with "My first euros" financial literacy materials. The first round of visits to educational institutions took place in May–August 2022 and the second in May–September 2023. Financial education was provided to students at Huittinen Vocational and Business College, Iisakki Vocational College in Hämeenkyrö, Ikaalinen upper secondary school, Ikaalinen Business College, Ikaalinen College of Crafts and Design, Osara Agricultural College, Karkku College of Home Economics and Social Services, Tampere College of Services, Tyrvää College of Crafts and Design, and Vammala Vocational College.

Since 2019, Nooa Savings Bank has offered overall financial coaching to the customers of all banks. The financial coaching concept covers professional advice, blogs, webinars and free tools for financial management and investment. We report more on the topic at: www.saastopankki.fi/talouden-valmennus. Since 2022, Nooa Savings Bank has also provided financial coaching to the personnel of companies. The aim is to improve people's ability to cope with the demands of work and prepare for the future, and to make financial literacy part of the occupational wellbeing culture of companies. We report more on the topic at: www.saastopankki.fi/tyohyvinvointi.

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

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

In the spring, we conducted a revised personnel survey that covered themes such as the employee experience, job satisfaction and wellbeing at work, and our operating culture. The Savings Banks Group's shared values – customer-drivenness, cooperation, responsibility and performance – make up the framework of the survey. On the whole, the results of the personnel survey were mostly at a good level. The employee Net Promoter Score (eNPS) was higher than the average for the expert industry. We have utilised the results and the development suggestions given in the form of open feedback both locally and at the Group level in the development of work communities, supervisory work, leadership and cooperation.

In the Savings Banks Group, we have strengthened our consistent way of working through mentoring and learning from each other through harmonised mentoring discussion practices. We want everyone to be successful in their respective roles to enable the success of the Savings Banks Group as a whole. We use a coaching-oriented leadership style to strengthen each Savings Bank employee's ability to develop and manage their work, and we support individuals and teams in achieving their targets.

The Savings Banks Group again started new training that leads to a specialist vocational qualification in leadership and corporate management (JYET qualification). The one-year hybrid study programme for supervisors and experts in managerial positions develops their leadership skills and business expertise.

We have created "ABCs of Sustainability" online training recordings aimed at all of our personnel. We also have "Basics of Sustainability" training that explains how sustainability is reflected in our operations, giving all Savings Bank employees the opportunity to think about how they can contribute to sustainability.

In the latter part of the year, we created an orientation training plan for new recruits that applies

throughout the Savings Banks Group. It provides all new employees in the Savings Banks Group with a strong common foundation and comprehensive familiarisation with the Savings Banks Group's strategy, goals, operating practices and the work community. The orientation training plan makes the work of supervisors easier in the context of planning orientation training and helps ensure that all of the individuals involved in the orientation training of a new employees can work together to put together coherent orientation training content.

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

THE SAVINGS BANKS GROUP'S PERSONNEL

The Savings Banks Group's employees work in the 14 independent Savings Banks around Finland and in the Savings Bank Centre, which comprises seven (7) companies. The Group has nearly 100 branches and operating locations from Helsinki to Rovaniemi and from Närpiö to Joensuu. The number of employees in the Savings Banks Group in Finland on the last day of the reporting period in 2023 was 1,350 (1,268), representing an increase from the previous year. The same figure is reported in our financial statements release. The data was collected from the Savings Banks Group's HR system and is based on the total headcount on 31 December 2023.

The Savings Banks Group observes two different collective agreements. The Savings Banks and Sp-Fund Management Company Ltd, Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Savings Banks' Union Coop and Savings Bank Services Ltd are covered by the collective agreement for the financial sector, which is universally binding, while Sb Life Insurance Ltd is covered by the universally binding collective agreement for the insurance sector. Collective agreements are agreements between an employee organisation and the employer or an employers' organisation on the terms and conditions of employment in the sector, such as wages, working hours, holidays and other benefits. Approximately 90 per cent of the total number of employees are covered by a collective agreement, and we apply the same principles to jobs that are not within the scope of application of collective agreements. Our employees

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

In addition to the collective agreements for the financial and insurance sector, we comply with Finnish labour law regulations regarding the implementation of organisational changes and notification time, as well as national legislation, under which 100 per cent of employees have the right to organise.

We adhere to the Act on Co-operation within Undertakings and engage in regular dialogue with personnel representatives. As the employer, we are obliged to report and negotiate with employee representatives before the employer makes business restructuring decisions that affect the position of the employees. Under the law, changes to business operations must be communicated to the personnel within one week. At the start of the employer-employee negotiations, the employee representatives are given a written negotiation proposal.

In 2023, we had employer-employee negotiation councils in banks and companies with at least 100 employees. The use of leased workforce was very low at the Savings Banks Group level. On the last day of the year, there were six (6) leased employees in the Central Institution. We aim to apply the same principles with regard to leased workers as we do for our internal personnel.

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

PERSONNEL AND COMPETENCE DEVELOPMENT

Our success in the customer business and the digital transformation requires everyone to continuously maintain and develop their own expertise and work as a coherent team. We support the development of employee competence in the Savings Banks Group by building various models and by observing working practices, processes and customer encounters in order to develop our operations and expertise.

Our regular development and mentoring discussions are focused on performance management, supporting wellbeing and coping, as well as competence development and expectations concerning career advancement. In the discussions, each employee sets development targets for the next period and outlines the measures necessary to achieve those targets. The use of

| Number of employees | Women | Men | Total | |
|---------------------|------------|------------|--------------|-----|
| Permanent | 896 | 350 | 1246 | 92% |
| Fixed-term | 71 | 33 | 104 | 8% |
| Total | 967 | 383 | 1,350 | |

Table 3. Total number of the Savings Banks Group's permanent and fixed-term employees in Finland in 2023

| Number of employees | Women | | Men | | Total | |
|---------------------|------------|-------|------------|-------|--------------|-----|
| Full-time | 853 | 63.2% | 343 | 25.4% | 1,196 | 89% |
| Part-time | 114 | 8.4% | 40 | 3.0% | 154 | 11% |
| Total | 967 | | 383 | | 1,350 | |

Table 4. Total number of the Savings Banks Group's full-time and part-time employees in Finland in 2023

a job rotation model at the Savings Banks Group has promoted learning and the sharing of employee expertise. It has also provided employees with opportunities to participate in projects and take on new positions.

In 2023, the Savings Banks Group's training, mentoring and meetings with networks took place both remotely and in person. The Savings Bank Centre conducted about 200 training activities, awareness-raising briefings and other events during the year. They included training programmes for employees and management, shorter internal trainings and online training activities, informative awareness-raising briefings and training focused on current issues in various business functions. We also offer various online courses for self-directed study for various target groups in our learning environment on an ongoing basis. In addition to developing substance knowledge, we continued to increase our competencies in areas such as change management, coaching supervisory work and corporate customer business.

OCCUPATIONAL HEALTH, SAFETY AND WELLBEING

Satisfied employees with a high level of wellbeing, well looked after by their employer, are the foundation and key resource underlying all of our operations. We work in close cooperation with pension insurance companies and occupational health care partners to maintain work capacity and wellbeing. The number of absences caused by accidents at work or during commutes was low at seven (7) working days for the year. Over the past two (2) years, sickness-related absences have represented 2.7% of total working hours.

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

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

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

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

LEADERSHIP, DIVERSITY AND EQUALITY

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

Diversity is taken into consideration in the Savings Banks Group's joint development projects and learning methods. We form cooperation groups from persons who work in various roles in our organisations and represent diverse experiences and educational backgrounds. We also monitor diversity by reviewing the gender distribution of our personnel and management. Women account for 72 per cent and men for 28 per cent of all employees. The average age of our employees in 2023 was 42 years (42).

In 2023, the Board of Directors of the Savings Banks' Union Coop had nine members. Two of the nine members were women (22%) and the rest were men (78%). All nine members (100%)

were independent of the Management Group of the Savings Banks' Union Coop. The number of non-independent members and personnel representatives was 0. On the Board of Directors' committees that have sustainability on their agenda, the Risk Committee had four members, of whom one was a woman (25%) and the rest were men (75%). The Audit Committee had four members, all of whom were men (100%). Including the CEO, the Management Group of the Savings Banks' Union Coop had 10 members, of whom three were women (30%) and seven were men (70%). Of the members of the Savings Bank Centre's Management Group, Board of Directors, Audit Committee and Risk Committee, 100% were representatives of a Finnish local community.

The Savings Banks Amalgamation has diversity principles concerning the composition of the Board of Directors. The diversity principles were updated in 2023. The updated principles describe how diversity and gender equality should be realised with regard to the composition of the Board of Directors. In addition, the Board of Directors must approve a target for the equal representation of genders. The Board of Directors of the Central Institution recommends that savings banks and the other companies in the Savings Banks Group adhere to the operating principles outlined in the model and set a new target of having the less represented gender account for one-third of the members of the Board of Directors by 2024 at the latest. We also monitor diversity indicators with regard to our personnel, and we adhere to an equality and non-discrimination plan.

The Savings Banks Group has estimated that it has a low risk of human rights violations, such as the use of child labour or forced labour among the Group's own personnel or leased workers.

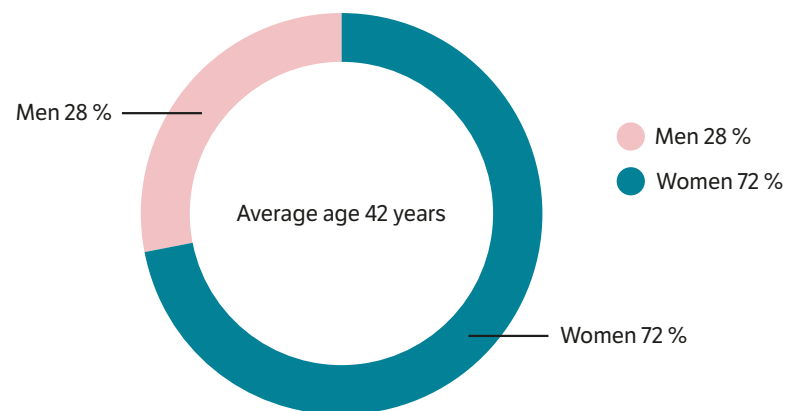


Figure 14. The Savings Banks Group's personnel – gender distribution and average age



RESPONSIBILITY FOR SUSTAINABLE FINANCING AND PRODUCTS

REGULATION OF SUSTAINABLE FINANCE IN THE EU

In recent years, the EU has developed legislation to establish a definition for sustainable finance. The basic pillars of the regulatory framework are the sustainability classification system (taxonomy) and disclosure obligations concerning sustainable finance.

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

The EU taxonomy is a sustainable financing classification system for environmentally sustainable economic activities. Taxonomy-eligible activities must promote at least one of the six sustainability objectives that are related to climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. In addition, the activity must not cause any significant harm to the achievement of other objectives in line with the DNSH (Do No Significant Harm) principle. The taxonomy also requires minimum safeguards for social responsibility, i.e., respect for human rights and the principles of working life and good governance. The taxonomy obliges the Savings Banks Group to report on the extent to which we finance taxonomy-aligned activities. Customers are also requested to specify their sustainability preferences in investment and insurance advisory services with regard to taxonomy-aligned investments, for example. To ensure the meeting of social minimum safeguards and Do no significant harm principles, The Savings Banks Group has adopted principles for human and labour rights, which cover the impacts, risks and opportunities on own workforce. The principles take into consideration the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the principles and right set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at work and the International Bill of Human Rights. We provide more information on our taxonomy reporting as part of the reporting of non-financial information in the Savings Banks Group's financial statements release for 2023.



Figure 15. Taxonomy structure

Source: Green Deal Office

With regard to the disclosure regulation and the taxonomy regulation, we have published information on our website and in our fund brochures, for example, on how we address sustainability-related factors and risks in our investment activities. If the investment does not cover the EU criteria for environmentally sustainable economic activities, we will also indicate this in the Sp-Fund Management Company's fund brochure, for instance. We monitor the development of the EU's sustainable finance regulations and we are also preparing for Pillar 3 sustainability risk reporting obligations under the Capital Requirements Regulation and the expansion of sustainability reporting obligations upon the entry into force of the Corporate Sustainability Reporting Directive (CSRD). The new obligations are aimed at ensuring that investors and other stakeholders have access to the information they need to assess investment risks arising from climate change and other sustainability issues. The regulations also increase the transparency of companies' impacts on people and the environment. The Savings Banks Group will be required to apply the new regulations for the first time in the financial year 2024, for which the reports will be published in 2025.

In Savings Banks' Asset Management, determining customers' sustainability preferences has been integrated into investment and insurance advisory service tools, including the "A Moment with your Personal Finances" tool, the corresponding tool for corporate customers, and the suitability assessment. The determination of sustainability preferences is based on the Markets in Financial Instruments II Directive. In addition, pursuant to the regulations, financial service providers must determine the extent to which the investment solution should include investments that correspond to the sustainability preferences of the customer in question. In investment and insurance advisory services, it is also a requirement to discuss the meaning of sustainable investments and products that take indicators of Principal Adverse Impacts into account.

RESPONSIBLE INVESTING AND OWNERSHIP

Savings Banks' Asset Management is committed to taking the environment, social responsibility and good corporate governance into account in its investment activities. These factors are referred to as ESG (environmental, social, governance). For Savings Banks' Asset Management, responsible investing means more than risk management – it also means business opportunities. Our aim for responsible investing is to achieve the highest possible returns at the selected level of risk. Our approaches to responsible investing include taking into account ESG factors and risks, norm-based screening, exclusion, active ownership and influencing as well as thematic investments.

We believe that responsible investing helps achieve good long-term returns. Taking ESG factors into account helps manage the risks related to investee companies and identify opportunities.

Sustainability factors and related regulations may have substantial financial impacts. Renewable energy sources and steps towards a green transition offer great opportunities for some companies. Not all companies can win in this competition. We also want to contribute to the shift towards better sustainability in business and in society as a whole.

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

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

The second half of 2023 was a period of active development in the Savings Banks' Asset Management. Expectations for transparency have increased and, effective from the beginning of 2024, the amount of required information to be published on funds and investment-based insurance products was increased by new regulations. In relation to the EU regulations on sustainable finance, we worked on SFDR product level periodic disclosures, and we developed sustainability assessment processes and guidelines with regard to our products as well as the collection of data via our ESG tools.

The net impact of the Savings Bank's funds was positive according to the model created by the Upright Project. The Upright Project Model utilises scientific articles and artificial intelligence to model the net impact of individual companies through their products and services. The net impact was measured in terms of the environment, health, society and knowledge creation and sharing. The positive net impact ratio means that on average, our funds have more positive than negative effects. The main positive net impacts were related to society, such as tax payments, job creation and social infrastructure. From an overall point of view, focusing on environmental issues (e.g. through existing investor initiatives) will generate the highest added value to net impact.

In addition to the net impact assessment, the Upright Project assessed the extent to which our funds' investee companies support the UN Sustainable Development Goals (SDGs) that are intended to guide global development efforts up to 2030. Our funds support, in particular, SDG 8 (decent work and economic growth), SDG 9 (sustainable industry, innovation and infrastructure), and SDG 7 (affordable and clean energy).

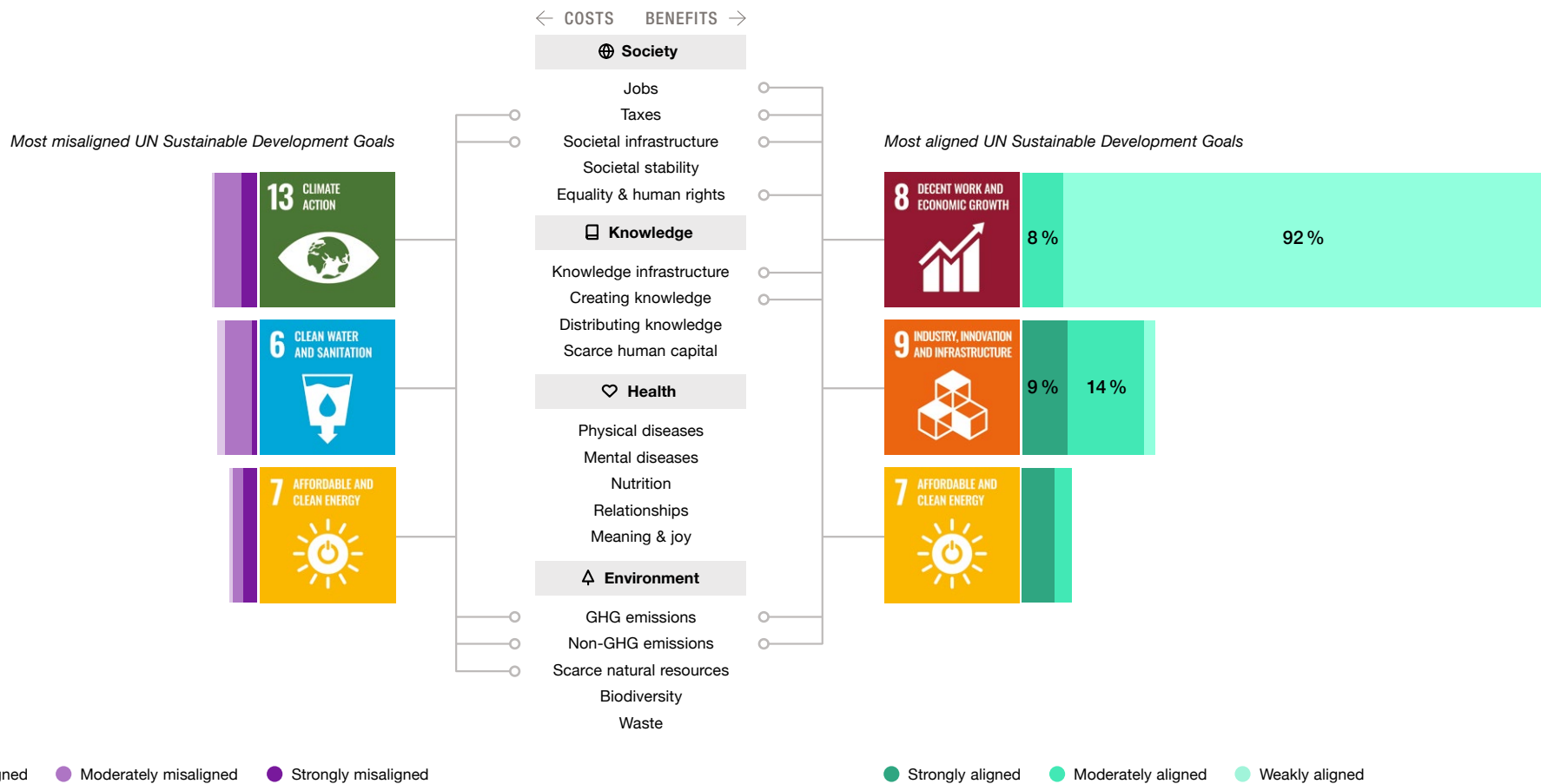


Figure 16. Support for the UN Sustainable Development Goals in the funds we manage

During the year, we increased awareness of sustainability both within the Savings Banks Group and outside of it. For example, we organised training activities, which are discussed in more detail on the section on sustainability management.

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

tion about the sustainability indicators of our funds. The fund-specific details include the ESG scores and ratings as well as carbon footprints, among other things. We also disclose which of our funds have received the Morningstar® Low Carbon Designation™ and discuss the positive environmental impacts and carbon risks of our funds' investments. For instance, at the end of 2023, as many as eight of the funds we manage had The Morningstar® Low Carbon Designation™. The review is available on our website.

MANAGEMENT AND ORGANISATION OF SUSTAINABILITY IN INVESTMENTS

Sustainability is an integral part of our investments, and the application of responsibility principles has been integrated into the investment process. The Managing Director of Sp-Fund Management Company Ltd is responsible for the sustainability of investments and the investments as a whole. Each portfolio manager is responsible for following and applying the principles of responsible investment in practice. Sustainability specialists develop, train and coordinate responsible investment in the various asset categories and report on the realisation of sustainability in investment operations. The Board of Directors of Sp-Fund Management Company Ltd regularly approves the principles of sustainable investing and monitors the realisation of sustainability.

RESPONSIBLE INVESTMENT APPROACHES AT SAVINGS BANKS' ASSET MANAGEMENT

Savings Banks' Asset Management takes responsibility into account in its investment activities. We adhere to the principles of responsible investment in all funds we manage. Implementation takes place through different approaches and varies slightly between asset classes. Our approach includes consideration for ESG factors and risks, monitoring compliance with international norms and conventions, theme-based impact investing and prioritisation, exclusion and active ownership, and influence. More information is provided on page 33.

Taking ESG factors and risks into account

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

Sustainability is one of the criteria in the choice of partners. With regard to external fund investments, we aim to find partners whose investment philosophy and approach correspond to our choices. In the selection of asset managers for our external funds, we favour operators who have signed the UN Principles for Responsible Investment. At the end of 2023, all external asset managers utilised by us had signed these principles. Furthermore, we only invest in funds whose management company is located in a country party to OECD's AEOI agreement, or the agreement on the automatic exchange of tax information, or in the case of the US, to the FATCA agreement similar to the AEOI.

Sp-Fund Management Company uses tools developed by external service providers as valuation methods. The tools enable identifying and examining a wide range of sustainability risks and factors in the investment decision process. The methods and tools used to identify the risks vary depending on the asset class and the effective regulation on sustainability risks. In addition to using external service providers, our assessment of the responsibility of investee companies is based on sustainability reports, news and information obtained from non-governmental organisations and other public sources.

Monitoring of international standards and conventions

We monitor the extent to which our direct investments comply with international standards and conventions. The norms and conventions we take into consideration are based on the principles of the UN Global Compact, which is based on the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption.

When observing a grievance, Sp-Fund Management Company decides on the measures and the company's possibilities and willingness to rectify the factors underlying the grievance systematically within six months. We may contact the company either directly or through a service provider in order to gain more information and to influence their actions.

The company's actions in violation of the Global Compact principles may lead to abandoning the investment. Such cases are always processed on a case-by-case basis. We regularly review all of our direct equity investments and corporate bonds with regard to infringements against norms. We use an external service provider's tool in our monitoring activities.

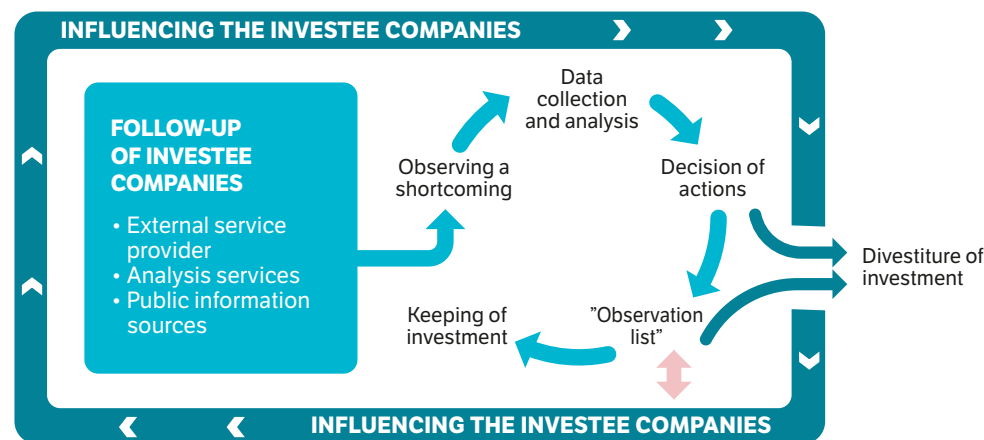


Figure 17. Monitoring of investee companies

Theme investments and impact

Theme-based investing and positive screening focus on selected sustainability themes. In addition to seeking returns, theme-based investing aims to create a positive and measurable impact through investment. Säästöpankki Ympäristö is a special investment fund whose investments focus on the mitigation of climate change and on environmental innovation. At the end of 2023, the fund capital totalled EUR 32.2 million, which corresponds to 0.7 per cent of the total capital of Savings Banks' Asset Management funds. More information on this fund is available in the Environmental Responsibility section of this report.

Exclusion

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

We have excluded coal users and producers from our direct investments. The exclusion concerns mining companies with more than 25% of revenue generated by coal used for energy production or with high production volumes of energy coal (over 30%). With regard to electricity companies, exclusion concerns companies that use significant amounts of coal as fuel (over 30% of total production). An exception can be made for such a company if it can present a credible plan or a plan that is aligned with the Paris Agreement for the reduction of its carbon use and climate impacts (for example, Science Based Targets). Furthermore, the exclusion from the Säästöpankki Ympäristö special investment fund concerns mining companies with more than 5 per cent of revenue generated by coal used for energy production or with high production volumes of energy coal (over 30 per cent of total production). However, in the case of companies that are material for the green transition, we make the investment decision on a case-by-case basis. We have also set climate targets for investments in the Savings Banks Group's sustainability strategy. More information on these is provided on page 13.

We are selective and careful in our approach to companies that:

- Produce peat for energy use
- Operate in the cannabis production industry
- Offer gambling or high-interest pay-day credit as their main business
- Manufacture, subcontract or distribute war supplies
- Have been subject to a verified suspicion of using child labour (e.g. by Finnwatch)

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

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

CONTAINING CLIMATE CHANGE IN INVESTMENT OPERATIONS

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

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

The phasing out of fossil fuels is accelerated by the RePowerEU programme drawn up by the EU, which will be implemented in parallel with the previously published Fit for 55 programme. The aim of the RePowerEU programme is to make Europe independent from Russian fossil fuels well before 2030. The programme is built around improving energy efficiency, increasing the use of renewable energy sources, increasing electrification, and increasing the use of hydrogen. A climate bill was also approved in the United States that involves investments of USD 370 billion in clean environmental technology and energy self-sufficiency with the aim of cutting US carbon emissions by 40 per cent by 2030. The UN's COP28 climate change conference in Dubai also approved a decision on transitioning away from fossil fuels.

In our investment operations, we consider the climate effects of the companies included in our funds. We have excluded certain sectors due to the financial impacts related to the climate

change. Furthermore, we utilise various key figures that help us increase the transparency of the environmental effects and carbon risk of our funds. More information on our operating approach is provided in the environmental responsibility section starting on page 47.

ACTIVE OWNERSHIP IS A KEY PART OF SUSTAINABILITY

We are an active owner, which means, among other things, participation in the Annual General Meetings of the companies that the funds we manage have invested in, and engage in dialogue with those companies. The aim is to increase openness, transparency and sustainability in the operations of the investee companies. Where necessary, we maintain contact with the companies either directly or through a service provider that organises such meetings, and we aim to exercise influence in order to ensure that the companies take action in response to grievances and promote a sustainable approach to their operations. We seek to discuss matters related to sustainability in our meetings with companies and to emphasise their importance.

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

In 2023, we engaged in discussions in company meetings with 111 companies. Savings Bank funds participated in 21 general meetings in Finland during the year. Säästöpankki Itämeri participated in 14 meetings, Säästöpankki Kotimaa in 18, Säästöpankki Pienyhtiöt in 16, Säästöpankki Korkopulus in eight, Säästöpankki Ympäristö in four, and Säästöpankki Osake Maailma in two.

At the general meetings, we voted in favour of the proposals of the boards of directors. We also want to develop sustainable investment and make it more widespread. We have given speeches about responsible investment in various events, such as intra-group events, customer events and other events. We have also supported awareness of responsible investment by participating in academic research, for example, with Oxford Economics.

SUSTAINABLE FINANCING

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

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

We also take sustainable development into account in financing, and we want to support our customers in the green transition. In 2023, we also updated the Savings Banks Group's responsible and sustainable lending principles and incorporated them into the Amalgamation's lending guidelines, credit management guidelines and the justifications of credit decisions for private customers, and we took new, pro-climate ESG criteria and, where applicable, taxonomy alignment into account as part of our lending systems. The purpose of the responsible and sustainable lending principles is to serve as a guideline for responsible lending in the Savings Banks Group as part of the lending guidelines and credit risk strategy, together with the Savings Banks Group's sustainability strategy, sustainability policy and other lending-related policies. The principles define how ESG factors and risks, exclusion criteria and the ESG criteria for sustainable lending are taken into account in the Savings Banks Group, and what kind of sustainable lending we want to support. Our sustainability roadmap also includes development projects relating to loan products and financing and collateral processes for 2023–2024.

We take climate change factors into account in our operations and aim to reduce our adverse climate impacts. In 2023, we continued to develop the CO₂ emission calculations of our loan portfolios together with a partner. In late 2023, we also started a project to integrate energy certificate and climate risk data on housing and real estate loan collateral into our loan portfolio.

FINANCING FOR PRIVATE CUSTOMERS

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

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

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

We also want to support our customers in their low-carbon projects. For example, in 2023, we launched an energy loan to support the our private customers' investments related to renewable energy and the energy efficiency of their homes and summer houses. The loans were offered with a zero margin during the campaign.

FINANCING OF CORPORATE CUSTOMERS

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

An external provider's service related to sustainable lending is used in the corporate financing activities of the Savings Banks Group. This service is constructed on the basis of the Group's needs, and it supports the credit process of small and medium-sized corporate customers.

We want to support companies in our local communities through sustainable product launches. The adoption of responsible corporate guarantees/loans was one of our performance indicators, and we will continue our efforts in that area in 2024.



SUSTAINABILITY IN INSURANCE SERVICES AND INSURANCE-BASED INVESTMENTS

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

GOOD INSURANCE PRACTICES

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

CLIMATE RISK ASSESSMENT

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

SUSTAINABLE INVESTING

The investment activities of Sb Life Insurance take into account ESG factors, including investment decisions' principal adverse impacts on sustainability factors, which Sb Life Insurance has reported on its website since 2023. The company continuously develops its principles and operations with regard to sustainability issues in alignment with the Savings Banks Group's common principles. The asset managers used in the company's investment activities have signed the UN Principles for Responsible Investment, and they are also committed to taking ESG factors into account in their investment activities. The company complements the scope of its investment activities by using the funds of international partners in its investment activities. The company chooses sustainable, financially solvent and reliable partners and favours operators that have signed the UN Principles for Responsible Investment.

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

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

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

RESPONSIBLE PRODUCT GOVERNANCE

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

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

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

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

Every six months, we release a responsible investment review for the funds that we manage, reporting publicly on the performance, risks and impacts of the funds based on our ESG tools and our comprehensive review. Savings Banks' Asset Management continuously assesses and

monitors the risks and opportunities related to the environment, society and good governance, including social impacts and risks. We also regularly train our personnel on the responsibility of our products.

TOOLS AND MECHANISMS FOR CUSTOMER FEEDBACK AND COMPLAINTS

The Savings Banks Group wants to provide an excellent customer experience and is committed to listening to its customers' feedback and possible complaints. Customers can give feedback by using the form on the website, via the online and mobile banking interfaces, by telephone, or in person at a branch. Our customer service and sales teams have the tools and mechanisms for collecting and analysing customer feedback and taking corrective action.

We handle all customer feedback uniformly and justly, in accordance with the procedures and principles specified in the Amalgamation's guidelines on the handling of customer complaints and feedback. Customer complaints and feedback are processed and recorded promptly and carefully, in accordance with the guidelines. Acute cases are corrected immediately, and in other cases, the customer receives a response without undue delay via the customer's preferred channel of communication. The executive directors receive regular summaries of the complaints and feedback. The Compliance function also regularly monitors customer complaints and feedback.

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

A close-up photograph of a person's hand reaching towards a row of solar panels. The hand is positioned just above the panels, with fingers slightly curled. The solar panels are blue and have a grid pattern. The background is a bright, hazy sky with some clouds. The overall tone is optimistic and focused on sustainable energy.

RESPONSIBILITY FOR SUSTAINABLE GROWTH AND GOOD GOVERNANCE

FINANCIALLY SOUND AND RELIABLE SAVINGS BANKS GROUP

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

To maintain financial responsibility, all entities in the Savings Banks Group have to ensure their capital adequacy and liquidity even in poor economic conditions. We ensure solvency management through a process aimed at evaluating that the volume and quality of capital are adequate

with regard to the nature of operations, extent and versatility of the bank and the Savings Banks Amalgamation and to cover all operational risks and risks related to the operational environment. The management of solvency is described in more detail in Note 5 to the financial statements of Savings Banks Group, "Risk management and capital adequacy management policies of the group". We have chosen CET 1 (Common Equity Tier 1) describing the core capital, as a sustainability KPI for being financially sound.

TAX FOOTPRINT

The Group also takes a responsible attitude towards the Finnish economy. Savings Banks 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 2023, we paid EUR 30.0 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

In 2023, Savings Banks Group paid EUR 30.0 million in income taxes.

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. The Savings Banks Group employs financial and service industry professionals around Finland and contributes actively to the development of the Finnish banking sector through its presence on the various committees of Finance Finland.

ETHICS AND INTEGRITY

Our Code of Conduct is aimed at ensuring that the Savings Banks Group operates responsibly, ethically and in compliance with laws as well as orders and guidelines issued by the authorities. All Savings Banks' Coop's and Sb Life Insurance Ltd's employees are required to complete online training on the Code of Conduct annually. In the sustainability strategy approved in late 2022, a target completion rate (95–100%) was set for the online training on the Code of Conduct as part of other mandatory compliance training.

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

ANTI-CORRUPTION AND BRIBERY

The Savings Banks Group does not condone corruption in any form, neither in business activities nor in business partnerships. The entities belonging to the Savings Banks Group do not condone the receiving or giving of gifts, hospitality or services that could be interpreted as bribery or an attempt to influence business. All employees are required to exercise very careful discretion in receiving gifts from or giving gifts to customers, partners or other people they interact with in their work. The Central Institution of the Amalgamation recommends that the euro limit for a gift of reasonable value be EUR 200 at a maximum.

To prevent violations, all Savings Banks' Coop's and Sb Life Insurance Ltd's employees are required to complete online training on the Code of Conduct annually. The online training covers our ethical operating principles, sustainable operating models and other key rules of conduct. The obligation to complete the training covers 100% of all Savings Banks' Coop's and Sb Life Insurance Ltd's functions, including senior management and excluding Sp-Koti Ltd and Urban Homes. Consequently, it also covers 100% of the functions that are especially prone to bribery and corruption. Completing the online training requires reading through the training material and passing a test. In our sustainability strategy, a target completion rate (95–100%) was set for the online training on the Code of Conduct as part of other mandatory compliance training. In 2023, the online training on the Code of Conduct had been completed within the past year by 85.5% of the Savings Banks' Coop's and Sb Life Insurance Ltd's personnel.

The operating principles concerning the prevention of corruption and bribery are communicated in the Savings Banks Group's intranet and online training on the theme for all employees to whom the principles are relevant. This way, we ensure that the operating principles are accessible and that all of our personnel understand their impacts.

Violations pertaining to bribery and corruption are reported via a whistleblowing channel that is used to monitor and process reports concerning violations. The channel is meant for internal stakeholders. The process is discussed in more detail in the section "Whistleblowing". There were no reported incidents of corruption in the Savings Banks Group in 2023, nor were any significant risks related to corruption or bribery identified in the operational risk assessment. There were no legal violations or fines related to legislation governing the prevention of corruption and bribery in the Savings Banks Group. There were no public lawsuits related to corruption or bribery against the Savings Banks Group or its own employees, and the number of employees dismissed or sanctioned for related violations was 0. The number of business relationships terminated or not renewed due to corruption and bribery violations was also 0. The Savings Banks Group has not identified any deficiencies relating to addressing violations or the processes pertaining to anti-corruption and bribery.

CUSTOMER DUE DILIGENCE AND PREVENTING MONEY LAUNDERING AND TERRORIST FINANCING

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

We follow customer due diligence procedures on a risk-based basis throughout the customer relationship. We collect data on customers and monitor customer relationships and the use of services by customers to ensure that each customer's activities correspond to the experience and information the bank has about the customer relationship. The customer's information is documented in the bank's systems and kept up to date throughout the customer relationship. Our aim is to manage the risks associated with customer relationships and detect abnormal behaviour, as well as to prevent abuse and criminal activity. We use systems to implement continuous monitoring and regularly assess and update the scenarios used for monitoring. Suspicious transactions are reported to the Financial Intelligence Unit in compliance with the legal requirements.

All employees in the Savings Banks' Coop and Sb Life Insurance Ltd are required to complete a mandatory annual online training programme on customer due diligence and the prevention of money laundering and terrorist financing. The training is part of the mandatory compliance training activities, for which a target completion rate (95–100%) was set in the sustainability strategy in 2022.

WHISTLEBLOWING

The Savings Banks Group values an environment that encourages the open exchange of information. We have established a special independent whistleblowing channel for Savings Bank Group's employees, that is open 24/7 and available in all the languages of the Savings Banks Group for the anonymous reporting of breaches of regulations and policies. Whistleblowing notifications are handled by designated persons representing independent functions, and the processing of the notifications is carried out in compliance with the confidentiality provisions laid out in the Whistleblower Act. Retaliation against employees is not tolerated in the Savings Banks Amalgamation. Our whistleblowing guidelines have been updated following the entry into force of the Whistleblower Act. No reports (0) were received via the whistleblowing channel in 2023.

The operating principles concerning the reporting of violations are communicated in the Savings Banks Group's intranet and online training on the theme for all employees. This supports the use and accessibility of the whistleblowing channel for the own employees of the Savings Banks Group. We assess our employees' awareness of the structures and processes relating to the whistleblowing channel by monitoring our employees' completion of Code of Conduct training annually. The reporting of violations and the related channel, structures and processes are one of the themes of our Code of Conduct training.

The Savings Banks Group assesses and identifies adverse impacts on its own employees. Savings Banks Group employees can also report negative impacts on employees, such as harassment, directly e.g. through the Savings Banks Group's whistleblowing channel or by discussing the issue with their supervisor or the HR function. The Savings Banks Group investigates the reported negative impacts and takes corrective measures as necessary. Reports that are submitted via the whistleblowing channel and are under investigation are actively monitored by the persons responsible for handling reports of violations as described above. We actively engage in interaction with personnel representatives and also take into account adverse impacts on personnel and the rectification of problems. We have also created work community development plans, for example, through dialogue with personnel representatives. More information on our cooperation with employees is provided in the section "The Savings Banks Group's personnel".

RISK MANAGEMENT

Risk management is a part of day-to-day operations, and everyone is responsible for it within their area of responsibility. Effective risk management is based on open dialogue, asking questions and expressing different perspectives to support decision-making.

The Central Institution is in charge of amalgamation-level risk management and the management of capital adequacy as well as the adequacy of the risk management system and keeping it up-to-date. The Central Institution provides the amalgamation's member entities with guidelines on the qualitative requirements necessary for securing their liquidity and capital adequacy, risk management, reliable governance and internal control, and compliance with consistent financial statement policies. Furthermore, the Central Institution supervises the member organisations' compliance with the amalgamation's internal principles as well as appropriate and ethically acceptable operating practices in customer relationships.

INTERNAL CONTROL

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

The function of the Board of Supervisors is to oversee the administration of the central institution, which is the responsibility of the Board of Directors and CEO, and to ensure that the operation of the Central Institution is conducted competently and diligently in accordance with the Cooperatives Act and for the benefit of the Central Institution and the Savings Banks Group. The Board of Directors of the Central Institution is tasked with governing the operations of the Central Institution in accordance with the Cooperatives Act, the Act on the Amalgamation of Deposit Banks and the governance policies of the central institution and to see to the arrangement of the internal control of the Savings Banks Amalgamation.

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

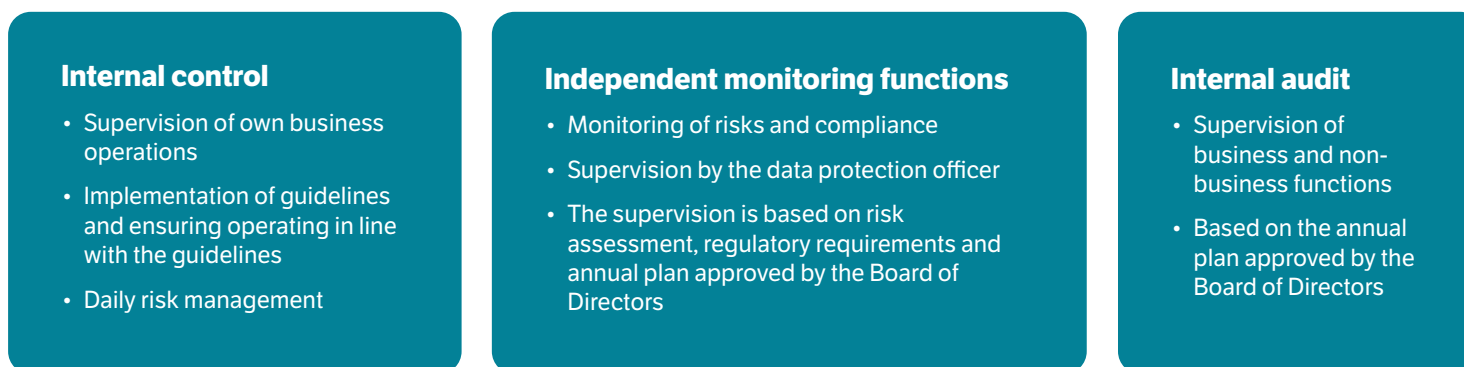


Figure 18. The “three lines of defence” monitoring model



RESPONSIBILITY FOR THE ENVIRONMENT AND THE CLIMATE

ENVIRONMENTAL RESPONSIBILITY

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

Indirect environmental impacts may arise through the investments made by Sp-Fund Management Company Ltd and the Savings Banks Group's credit portfolio. The Savings Banks Group takes sustainability risks into account as part of investment decisions and advice. Climate-related risks and environmental regulation may also have significant economic impacts, particularly in certain industries or with regard to the geographical location of activities. We also actively monitor the development of EU legislation on sustainable financing. In 2023, we also updated the Savings Banks Group's responsible and sustainable lending principles and incorporated them into the Amalgamation's lending guidelines, credit management guidelines and the justifications of credit decisions for private customers, and we took new, pro-climate ESG criteria into account as part of our lending systems. We began to integrate energy certificates and assess climate risks with regard to our housing and property loan portfolio in collaboration with a third party. We have set environmental and climate targets as part of the Savings Banks Group's sustainability strategy. More information on these is provided on page 13.

Sp-Fund Management Company Ltd seeks to evaluate the impacts of sustainable development and climate change on investee companies. With regard to Savings Banks' Asset Management, we report on climate and biodiversity risks and opportunities with reference to the Task Force on Climate-Related Financial Disclosures and Taskforce on Nature-related Financial Disclosures frameworks. We continuously develop the reporting and monitoring of the environmental aspects of investments, including the carbon footprint and carbon risk.

Particularly through responsible investment, Sp-Fund Management Company Ltd has a significant opportunity to promote eco-efficiency with its investment decisions. Savings Banks' Asset Management offers several funds that promote environmental matters. For example, the

We took new, pro-climate ESG criteria into account as part of our lending systems.

Säästöpankki Ympäristö special investment fund promotes the sustainable use of environment, and its investments focus on areas such as environmental innovations. Our investment activities take ESG (environmental, social, governance) issues into consideration, which includes an assessment of environmental impacts. In addition, we developed data collection through our ESG tools and updated our Responsible Investment Policy and ESG guidelines for portfolio management.



ECOLOGICAL AND CLIMATE FOOTPRINT AND HANDPRINT

We seek to improve the assessment of our ecological and climate footprint and handprint, and promote eco-efficiency. At the Savings Banks Group, we want to look after the environment through our day-to-day actions. We encourage employees to adopt eco-efficient practices, such as using public transport with a commuting benefit, and we replace business trips and meetings with telephone and video conferences. With our digital services, we also seek to reduce our customers' need to travel to our branches for their banking needs. By providing our customers with the opportunity to do their banking from home, we reduce the need to travel by car, for example, which reduces the carbon footprint. We also strive to reduce paper consumption and take advantage of digital archives, among other things. For example, we promote projects related to calculating the carbon footprint of our own operations and that of the loan portfolio. We have also decided to create a transition plan on climate change mitigation in 2023–2024.

The carbon footprint is one key indicator used for the management of climate risks. The Savings Banks Group has set climate targets as part of its sustainability strategy, and it does not currently have a separate climate policy. The Savings Banks Group aims to be carbon positive in its own operations (scope 1 and 2) by 2035. The interim target is to reduce the carbon footprint of the electricity consumption of operating locations by 50 per cent (compared to 2021) by the end of 2030 at the latest. Our climate targets and their alignment with the Paris Agreement are discussed in more detail in the section “Sustainability strategy”.

In 2023, the Savings Banks Group's energy consumption amounted to 10,325.7 MWh (11,032.1 MWh), and the energy intensity relative to operating revenue was 27.3 MWh (33.5 MWh) per million euros. 52% (5,328.6 MWh) of energy consumption came from renewable sources, 9% (942.2 MWh) from nuclear power, 31% (3,175 MWh) from fossil sources, and 8% (875.7 MWh) from other sources. Of the Savings Banks Group's scope 2 carbon dioxide emissions, 69 per cent was attributable to district heating and 31 per cent to electrical energy and the electricity used for electric vehicles. The scope 1 emissions consisted of the fuel emissions of leased vehicles (90 per cent) and fuel oil emissions from oil heating (10 per cent). Renewable energy and solar panels are used at some of the Savings Banks Group's business premises. The amount of renewable energy produced on site was 16 MWh for the full year for the Somero branch and 15.35 MWh for the Savings Banks Group's head office from April to December. The total amount of renewable energy produced on site was 31.4 MWh. In addition, the Vallila property in Helsinki (Vallila 33 Business Park), for example, offers EV charging stations and a bicycle parking area for commuters.

The Savings Banks Group's emissions are not subject to emissions trading, and the Savings Banks Group does not operate in a high-impact sector with regard to emissions. Consequently, the energy consumption of activities relating to emission-intensive sectors was 0 for all energy sources, and the energy intensity and emission intensity were 0. Emission-intensive sectors for calculating energy intensity were therefore not defined, and net income from emission-intensive sectors is not presented in the IFRS financial statements. More detailed consolidated information on the Savings Banks Group's carbon dioxide emissions and carbon intensity indicators is provided in the table below.

| Carbon dioxide emissions, tCO₂e | 2021 | 2022 | 2023 |
|---|-------------|-------------|-------------|
| Scope 1 (direct emissions) | 228.3 | 679 | 576 |
| Scope 2 (indirect emissions through energy consumption, market-based) | 1,445.3 | 1,147.9 | 1,309.5 |
| Scope 2 (indirect emissions through energy consumption, location-based) | 2,001.4 | 1,444.3 | 1,183.3 |
| Scope 1+2 (market-based) | 1,673.6 | 1,215.8 | 1,367.1 |
| Scope 1+2 (location-based) | 2,229.7 | 1,512.2 | 1,240.9 |

Table 5. CO₂ emissions, Scope 1 and 2

| CO₂ emissions, Scope 3, tCO₂e | 2023 |
|---|--------------------|
| Category 1 (purchased products and services) | 697.7 |
| Category 3 (transmission losses in electricity consumption, location-based) | 4.1 |
| Category 7 (employee commuting) | 902.3 |
| Category 9 (downstream transportation and distribution) | 125.3 |
| Category 15 (investments): | 2,720,524.8 |
| Scope 3 categories total | 2,722,254.2 |

Table 6. Material CO₂ emissions, Scope 3. The data includes information on the value chain only partly. We describe these in more detail in section “Scope and focus of reporting” starting on page 58.

| CO₂ emissions, Scope 1, 2 and 3 | 2023 |
|--|-------------|
| Scope 1, 2 and 3, tCO ₂ e, total (market-based) | 2 723 621,3 |
| Emission intensity, Scope 1, 2 and 3 tCO ₂ e/operating revenue EUR million (operating revenue based on IFRS financial statements). | 7,205.4 |

Table 7. Total CO₂ emissions and intensity

| Emission intensity (scope 2, market-based) | 2021 | 2022 | 2023 |
|---|-------------|-------------|-------------|
| tCO ₂ e/headcount | 1.0 | 1.0 | 1.0 |
| tCO ₂ e/operating revenue in millions of euros | 4.4 | 3.4 | 3.5 |

Table 8. The Savings Banks Group's CO₂ emissions and emission intensity, Scope 2, with operating revenue based on the IFRS financial statements for 2023.

Between 2022 and 2023, the Savings Banks Group's CO₂ emissions (Scope 1 and 2, market-based, total) increased by 151.3 tCO₂, or 12.4 per cent. Most of the change is due to increased emissions from electricity and heating. This may be attributable to energy sources used during the energy crisis and the cold winter temperatures. However, the energy intensity of electricity and heating consumption relative to floor area decreased slightly from the previous year. Our actions to reduce CO₂ emissions in our own operations and mitigate climate change have included the identification and implementation of participating in the national Energy Saving Week in 2023 and developing a Green Office environmental management system at our branches. As part of the Energy Saving Week, we implemented energy saving measures in cooperation with property owners in areas such as heating and reducing the use of advertising lights. The first locations included in our Green Office pilot group achieved WWF Green Office environmental certification. With certificates now having been awarded to eight branches, we will expand these measures to other locations later.

Our identified key actions and future plans also include increasing the use of solar panels, renewable electricity, renewable district heating and renewable diesel for company cars where possible.

In the area of investment, the key actions for emission reductions that we have identified and implemented include an ESG analysis of funds and reducing the carbon footprint through investment selection and exclusion criteria, as well as exercising influence on companies. Other key actions that we have planned include setting interim climate targets for investment activities and developing new investment products that promote environmental matters.

In the area of financing, the key actions for emission reductions that we have identified and implemented include climate-supporting ESG criteria for sustainable lending and reducing carbon exposure in customer selection through the application of exclusion criteria. For example, in the case of manufacturing activities with a high energy intensity, we apply careful case-by-case consideration and require a statement on the sustainability of the business activities in question. The key actions we have identified in the area of financing also include the development of sustainable products that support the climate, and we have launched an energy loan campaign to support emission reductions by private customers through energy efficiency investments and renewable energy investments in homes and summer houses. Our plans for the future also include promoting product launches and campaigns that support emission reductions. Another action we have identified is to monitor and assess the impacts of energy efficiency and construction regulations, particularly with regard to the housing and real estate market and collateral. With regard to collateral for housing and real estate loans, we have started a project to integrate energy certificate and climate risk data into our loan portfolio in partnership with a third party.

As a key action related to emissions in the context of the value chain, we have identified the collection of emissions data and encouraging the value chain to reduce emissions: in the future, we plan to pay more attention to environmental issues when updating our procurement principles. Increasing digitality is also a significant way to support emission reductions in our own operations and our value chain. With this in mind, we have decided to invest over EUR 100 million in digitalisation over the next five years.

We will also consider emissions offsetting as an option once other means of reducing emissions have been exhausted. To date, the Savings Banks Group has not offset CO₂ emissions, removed emissions from the atmosphere, captured emissions, or collected information on such activities in its value chain.

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

CARBON HANDPRINT AND POSITIVE ENVIRONMENTAL IMPACTS

Funds managed by the Savings Banks' Asset Management may also have positive impacts that help to mitigate climate change. The estimated emissions reduction through capital investment in solar and wind energy through the Säästöpankki Ympäristö special investment fund is approximately 35,000 tonnes of CO₂ during the investment period. This equals approximately 35,000 return flights from Helsinki to London for families of three.

Säästöpankki Ympäristö special investment fund also makes capital investments in a biorefinery. Renewable biodiesel that uses crude fatty acids as raw material has 80–90% lower CO₂ emissions than fossil diesel, which corresponds to approximately 200,000 tonnes of CO₂ emissions per year, based on the estimated production capacity of the plant in question. This reduction, in turn, equals the annual CO₂ emissions of approximately 70,000 diesel cars. The estimated emissions reduction for this biorefinery during the Säästöpankki Ympäristö investment period is 9,139 tonnes of CO₂. The total fund capital of the Säästöpankki Ympäristö special investment fund totalled EUR 32.2 million on 31 December 2023.

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




| | Share of environmental solutions (%) | Coverage (%) |
|--|--------------------------------------|--------------|
|  Säästöpankki Aasia | 0.0 | 88.13 |
| Säästöpankki Amerikka | 11.70 | 93.06 |
| Säästöpankki Eurooppa | 6.22 | 82.08 |
| Säästöpankki Itämeri | 4.30 | 76.08 |
| Säästöpankki Kantti | 9.65 | 84.77 |
| Säästöpankki Kehittyvät Markkinat | 13.14 | 95.58 |
| Säästöpankki Kiinteistöosake Eurooppa | 45.4 | 89.29 |
| Säästöpankki Korke Plus | 6.18 | 72.32 |
| Säästöpankki Korkopainoinen | 5.38 | 58.12 |
| Säästöpankki Kotimaa | 4.83 | 80.09 |
| Säästöpankki Malti | 6.87 | 71.43 |
| Säästöpankki Osake Maailma | 10.86 | 91.04 |
| Säästöpankki Osakepainoinen | 6.09 | 74.86 |
| Säästöpankki Pienyhtiöt | 0.00 | 50.99 |
| Säästöpankki Ryhti | 8.42 | 79.85 |
| Säästöpankki Tasapainoinen | 5.77 | 69.56 |
| Säästöpankki Tuottohakuinen | 7.31 | 83.41 |
| Säästöpankki Ympäristö | 20.22 | 52.60 |
| Säästöpankki Yrityslaina | 8.46 | 69.42 |

Table 9. Positive environmental impacts of the funds

Source: Morningstar

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

SAVINGS BANKS' ASSET MANAGEMENT'S REPORTING TO THE TCFD AND TNFD FRAMEWORKS

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. In this report we take first steps towards the TNFD framework, which in turn, focuses on nature-related dependencies, impacts, risks and opportunities. According to the TCFD and TNFD recommendations, companies should give reports on four areas: governance, strategy, risk management as well as metrics and targets. The reporting of climate risks increases transparency and allows investors, for example, to analyse the companies in more depth.

GOVERNANCE AND STRATEGY

In the Savings Banks Group's sustainability strategy, we have set climate and environmental targets with regard to our operations, investment activities and financing. Under the climate targets, our aim is for our investment operations to be carbon neutral by 2050 at the latest, the operating environment permitting. We aim to increase, by 2026, the share of managed customer assets invested in companies that are committed to the Paris Agreement and Science Based Targets.

Savings Banks' Asset Management is committed to taking the environment, social responsibility and good corporate governance into account in its investment activities. Aspects related to climate change are a part of responsible investment. The Board of Directors of Sp-Fund Management Company Ltd regularly approves the principles of sustainable investing and monitors the realisation of responsibility. In addition, we have decided that ESG risks, such as climate and nature risks, are discussed approximately once a year by the Risk Committee of the Board of the Savings Banks' Union Coop. This is discussed in more detail on page 7. In 2023, the discussion of climate risks was expanded slightly as part of the annual risk assessment.

The goal of Savings Banks' Asset Management is to increase the transparency of responsible investment in its funds. We publish the sustainability review of Savings Banks' Asset Manage-

ment every six months. The review illustrates our actions in the field of sustainable investment and publishes information about the sustainability indicators of our funds. The fund-specific details include the ESG scores and ratings, among other things. The report also contains various kinds of KPIs used to identify factors related to climate change, carbon risk and biodiversity. In addition to the carbon footprint, we indicate which of our funds have received The Morningstar® Low Carbon Designation™ and give an account of the positive environmental impacts of the investments of our funds. The review is available on our website.

RISK MANAGEMENT

The management of sustainability aspects is an integrated part of portfolio management at Savings Banks' Asset Management. We utilise data about the sustainability of companies provided by external service providers also with regard to risks and opportunities related to climate change, for example. Biodiversity loss and the related risks go hand-in-hand with climate change risks, as biodiversity loss is potentially one of the causes and consequences of climate change. At the same time, biodiversity – such as the state of forests – can be part of the solution to climate change, as it helps adapt to changes and mitigate them.

We monitor how the companies included in our direct investments comply with international standards and conventions. Environmental matters are included in this monitoring. We exclude companies that repeatedly violate international norms when we do not see any opportunities to successfully impact their operations. We have excluded coal users and producers from our direct investments. The exclusion concerns mining companies with more than 25% of revenue generated by coal used for energy production or with high production volumes of energy coal (over 30% of production). With regard to electricity companies, exclusion concerns companies that use significant amounts of coal as fuel (over 30% of total production). An exception can be made for such a company if it can present credible plans or plans that support the goals of the Paris agreement for the reduction of its coal use and climate impacts (for example, Science

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

Risks and opportunities related to climate change and nature

The Management Group of the Savings Banks' Union Coop approved updates to the sustainability roadmap in 2023. In our roadmap, we promote the regular assessment and discussion of ESG risks and the future development of the assessment. Examples of the risks and opportunities related to climate change and biodiversity loss include:

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

Table 10. Climate and nature risks and opportunities

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

KPIS AND GOALS

We measure sustainability by means of various KPIs and aim to develop it in the future. Carbon dioxide intensity is one way of evaluating the climate effects and transparency of investments. Carbon dioxide intensity describes the carbon emissions of the fund relative to the turnover of the companies held. We also measure the share of environmental solutions that preserve natural capital and biodiversity in our funds. According to MSCI ESG Research the funds that we manage that had the highest percentage of environmental solutions that preserve natural capital on 31 December 2023 were Säästöpankki Kotimaa (2.61%), Säästöpankki Ympäristö (2.58%), Säästöpankki Amerikka (1.61%) and Säästöpankki Pienyhtiöt (1.41%). In addition, we have monitored the funds we manage with regard to their alignment with the UN SDGs, which take biodiversity into account.

Furthermore, Sp-Fund Management Company Ltd and Sb Life Insurance Ltd report annually on their investment decisions' principal adverse impacts on sustainability factors. These reports also describe the share of investments in companies that operate in, or close to, areas that are sensitive with regard to biodiversity, to the extent that the activities of the investees have adverse impacts on the said areas.

We report on greenhouse gas emissions in the section "Ecological carbon footprint and handprint".

CARBON FOOTPRINTS OF THE FUNDS

Carbon intensity is calculated every six months for the Savings Bank funds that have direct investments in equities and corporate bonds. We encourage our investee companies to report their greenhouse emissions and operations to curb climate change.


|  | Carbon intensity (tCO₂e/turnover, EUR million) |
|---|--|
| Saastopankki Amerikka | 208.7 |
| Saastopankki Eurooppa | 653.4 |
| Saastopankki High Yield | 355.3 |
| Saastopankki Itämeri | 823.9 |
| Saastopankki Kiinteistöosake Eurooppa | 765.8 |
| Saastopankki Korke Plus | 803.1 |
| Saastopankki Kotimaa | 1,186.8 |
| Saastopankki Lyhytkorko | 1,190.6 |
| Saastopankki Osake Maailma | 301.2 |
| Saastopankki Pienyhtiöt | 918.8 |
| Saastopankki Yrityslaina | 916.8 |

Table 11. The carbon footprint of Savings Bank funds on 31 December 2023.
Sources: Sp-Fund Management Company Ltd, Bloomberg

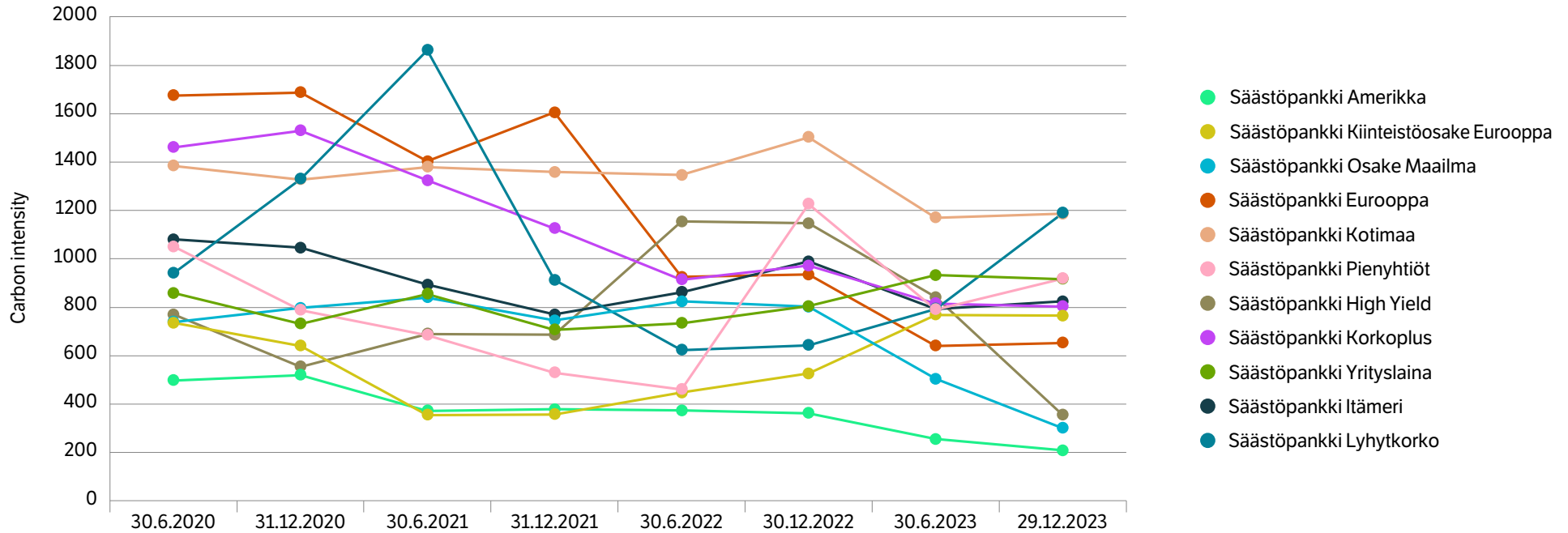


Figure 19. The development of the Savings Bank funds' carbon footprints
Sources: Sp-Fund Management Company Ltd, Bloomberg

CARBON FOOTPRINT CALCULATION OF THE INVESTMENTS

In carbon footprint calculations, we use the carbon intensity indicator recommended by the TCFD, which is calculated by dividing the emissions of our funds' holdings by the turnover of the companies held. The company-specific carbon dioxide intensity figures are weighted by the company's share in the fund, and the weighted figures are added up. Greenhouse gas emissions are reported as carbon dioxide tonnes and turnover in millions of euros (tCO₂e/EUR million).

The direct greenhouse gas emissions (scope 1) and indirect emissions (scope 2 and 3) 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 purchased by the company, mostly the emissions from the production of purchased electricity and indirect emissions generated by the value chain.

CO₂ equivalents describing the combined climate warming effect of different greenhouse gases are used in the calculation of emissions. Company-specific emission figures are based on the latest available information.

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

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

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

SÄÄSTÖPANKKI YMPÄRISTÖ SPECIAL INVESTMENT FUND

The special investment fund Säästöpankki Ympäristö became operational on 31 December 2018. The fund's investments focus on climate change mitigation and environmental innovation. At the end of 2023, the fund capital totalled EUR 32.2 million, which corresponds to 0.7 per cent of the total capital of Savings Banks' Asset Management funds. The investments consist of direct equity investments, environmental equity and ETF funds, private equity funds, direct green bonds and cash. Direct equity investments are made in companies promoting environmentally sustainable production. Capital investments are made in projects promoting environmental characteristics, such as sustainable energy. The next figure shows the distribution of the Säästöpankki Ympäristö special investment fund's investments in more detail on 31 December 2023.

ALLOCATION OF INVESTMENTS

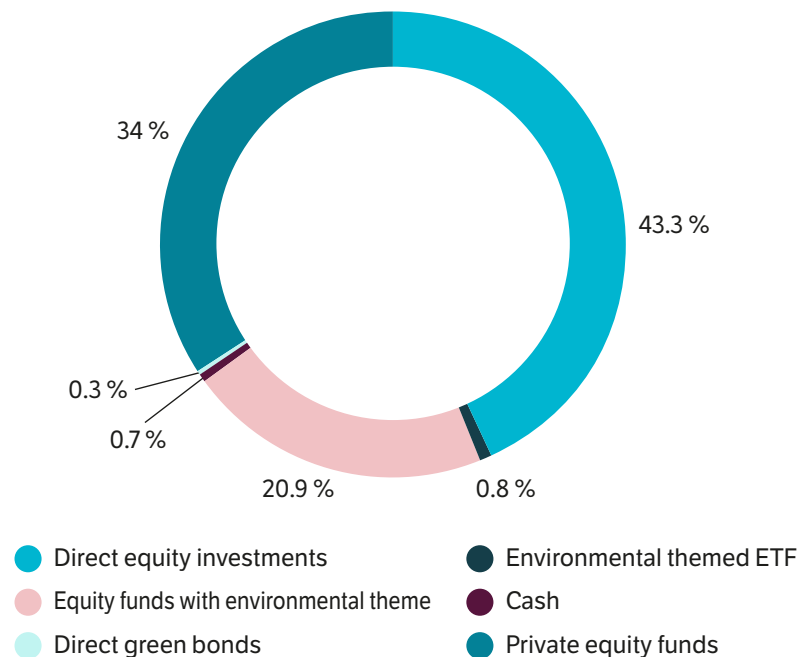


Figure 20. Distribution of the Säästöpankki Ympäristö special investment fund's investments on 31 December 2023. Source: Sp-Fund Management Company Ltd.

The investee companies of the fund will primarily be selected so that they promote environmentally sustainable activities, such as the circular economy, clean tech, renewable energy and energy efficiency, sustainable use of water and waste management or the preservation of natural capital. The table below shows the environmental solutions of the fund's investments relative to turnover on 31 December 2023.

| Environmental solutions | % |
|---|----------|
| Clean tech | 24.9 |
| Preservation of natural capital | 2.6 |
| Low emission solutions and the circular economy | 2.3 |
| Mitigation of climate change | 22.4 |
| Energy efficiency | 9.2 |
| Renewable energy and alternative fuels | 48.1 |
| Sustainable and responsible use of water | 0.1 |
| Sustainable agriculture | 0.1 |

Table 12. Positive environmental impacts of investments of the Säästöpankki Ympäristö special investment fund on 31 December 2023. Source: Sp-Fund Management Company Ltd, MSCI ESG Research LLC.

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

Capital investments affect the following SDGs:

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

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



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

REPORTING PRINCIPLES

This is the Savings Banks Group's sixth sustainability report. The purpose of the report is to provide a comprehensive description of the Group's sustainability in its developing operating environment. With regard to reporting principles, the report corresponds to the Core level of the GRI (Global Reporting Initiative) reporting standards with regard to the Savings Banks Group's material aspects of sustainability. The material themes of sustainability are presented in the table "Description of the sustainability management approach". The content reported in accordance with the GRI guidelines is listed in the GRI Content Index.

The sustainability report of the Savings Banks Group covers information on 2023 in accordance with the Group structure and financial reporting principles. The sustainability report of the Savings Banks Group is published electronically in Finnish and English. The selection of information for reporting is based on a materiality assessment that is discussed in more detail in the section "Materiality analysis". The sustainability report is not subject to external assurance, however part of the information has been preassured by a third party.

The report is published annually. The information in the report concerns the financial year 1 January – 31 December 2023, unless otherwise stated. The previous sustainability report was published on 30 May 2022. The GRI index lists the GRI standard indicators used by the Savings Banks Group and the corresponding SASB (Sustainability Accounting Standards Board) themes and indicates where the data can be found. In addition, at the end of the report, we provide a description of the activities of the Savings Banks' Asset Management according to the TCFD (Task Force on Climate-Related Financial Disclosures) and TNFD (Taskforce on Nature-related Financial Disclosures) reporting frameworks and Savings Banks Group's operations with partial application of the obligations stipulated by the Corporate Sustainability Reporting Directive.

The sustainability report is available for download at www.saastopankki.fi and any questions about the report can be addressed to sustainability@saastopankki.fi. The next sustainability report will be published in spring 2025.



SCOPE AND FOCUS OF REPORTING

ENTITIES CONSOLIDATED IN THE SAVINGS BANKS GROUP'S FINANCIAL STATEMENTS

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

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

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.

At present, the sustainability report only includes information on the Savings Banks Group's own operations, for which the scope of reporting is the same as in the financial statements. The sustainability report does not include information on the Savings Banks Group's value chain, except for disclosures of Scope 3 CO₂ emissions. The information on Scope 3 emissions take into account, for example, financed emissions according to financed proceeds of the customer, the emissions of investments according to investee companies, emissions from the carriage of letters delivered on behalf of the Savings Bank, and suppliers' emissions for selected procurement categories, such as paper, phones, workstations and printers. Savings Bank Group has created an ESG data map. It includes a plan for the selected data identified in the data map, that is necessary to be collected from the value chain for the future reporting.

Due to reasons of business secrecy and competition, the Savings Banks Group does not report on potential investments or divestments. The report also does not discuss intellectual property, business secrets or innovations.

SPECIAL CIRCUMSTANCES AFFECTING REPORTING

Lieto Savings Bank's exit from the Savings Banks Group and the Savings Banks Amalgamation was completed on 28 February 2023.

DUE DILIGENCE

The Savings Banks Group applies a due diligence process with regard to sustainability issues and the reporting thereof. The due diligence process consists of taking sustainability impacts into account, the identification, assessment and monitoring of incidents, influencing or managing adverse incidents by taking corrective action, as well as reporting. The purpose of the process is to identify, prevent and mitigate adverse impacts in our own operations as well as in our supplier relationships and other business relationships.

Sustainability impacts are taken into consideration and identified by the sustainability team, the sustainability working group, the sustainability specialists in business and support functions, and the representatives of banks. Sustainability impacts are identified and assessed, for example, by means of a sustainability survey of stakeholders, the participants of which include both internal and external stakeholders of the Savings Banks Group. The survey and process are discussed in more detail in the section "The Savings Banks Group's material sustainability themes". Corrective actions and influence measures are planned and implemented with the aim of improving the identified areas of development and managing the impacts. This is promoted by the sustainability team, the sustainability working group and the sustainability specialists of the business and support functions and, if necessary, the representatives of banks, and also by the Management Group of the Savings Banks' Union Coop and, in the future, by the sustainability steering group.

Sustainability-related concerns can be communicated to the Savings Banks' Union Coop's management, Audit Committee, Risk Committee and Board of Directors as necessary. Sustainability issues and sustainability are on the agenda of the Savings Banks' Union Coop's Management Group and Board of Directors. This is discussed in more detail in the section "Sustainability management". In addition, the Audit Committee presents sustainability matters to the Board of Directors of the Savings Banks' Union Coop for approval, and the Risk Committee reviews and approves the estimates, targets and limits of ESG (environmental, social, governance) risks and opportunities once per year as part of other risk reviews. The Savings Banks Group strives

to manage sustainability risks. If such risks and opportunities arise, they are integrated into the ESG risk assessment process. The due diligence process, which is implemented through the sustainability governance model, is described in more detail in Figure 3.

REPORTING CONTENT AND BOUNDARIES

Our sustainability reporting mainly follows the same calculation boundaries as the Group's financial reporting. The key figures on financial responsibility cover all operations and are based on the Savings Banks Group's accounting and approved financial statements for 2023. The key figures related to the personnel cover all employees and are obtained from the Savings Banks Group's human resources systems. The reporting of environmental responsibility covers all operating locations.

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

EMISSION CALCULATIONS AND ENERGY CONSUMPTION

The Savings Banks Group reports emissions as CO₂ equivalents in accordance with the Greenhouse Gas (GHG) Protocol. The Savings Banks Group's own operations are not subject to emissions trading. Of the scope 1 emissions, vehicle fuel emissions are based partly on measured data and partly on estimates, while the emissions from fuel oil used in oil heating are based on estimates. The information concerning vehicles does not include information on the Savings Bank Centre. Emission calculations do not include potential emissions from travel by air, sea or rail. For Scope 1 fuel emissions and the electricity consumption of electric vehicles, the fuel classifications of Statistics Finland are used. The estimates of fuel and electricity consumed by vehicles are based on estimates of average consumption and average annual commuting kilometres driven. Average commuting kilometres have been estimated by means of a commuting survey, which has been extended to cover the whole Savings Banks Group's personnel.

For the energy sources of our operating locations, we have primarily used information reported by the operating locations on the basis of their invoices of the energy provider's systems. Where information on energy sources has not been available, we have used Statistics Finland's calculated average for the energy sources used in energy production in Finland. The information of the location's energy consumption does not include the share of possible cooling energy. The total energy consumption of Sp-Koti and Säästöpankki Optia has been estimated on the basis of the floor area. For the business premises of other operating locations, except Huitinen, Korttejärvi, Heinola, Säästöpankki Kalanti-Pyhäranta, Lammi, Riihimäki, Myrskylä, Närpiö, Somero, Säästöpankki Sinetti and the Savings Bank Centre, the consumption of district heating has been

estimated on the basis of the floor area. 54% of the electricity and heating energy consumption of the locations is calculated on the basis of the floor area. The floor area-based estimates for electricity and heating consumption are based on research on the floor area-based average consumption of office premises by the City of Helsinki ("Energy saving activities and the development of energy consumption in the City of Helsinki 2018").

The assessment of scope 2 emissions is also based on both measured data and estimates. The reporting of the electricity and heating consumption of business premises the associated emissions is based on measurements, gross area-based estimates and average consumption. The calculation of scope 2 market-based emissions is based primarily on the producer-specific emission factors of energy and secondarily on Finland's average emission factor for electricity (Motiva) and district heating (Motiva). The calculation of scope 2 location-based emissions is based on Motiva's national emission factors. For heating-related emissions, the emission factor used for fuel oil is Statistics Finland's emission factor.

The emissions and carbon intensities of Savings Bank funds, Sb Life Insurance's baskets and own investments, as well as the Savings Banks' own equity and corporate bond investments, have been calculated using the Bloomberg Terminal service. The methodology applied in the calculation of the carbon footprint of investments is described in section "Carbon footprint calculation of the investments". In calculating the emissions of Savings Bank funds and Sb Life Insurance's baskets, Scope 1, 2 and 3 emissions have been calculated as totals for each investment product based on holdings at the end of December 2022, the end of June 2023 and the end of December 2023 to obtain an average that reflects the average carbon dioxide emissions for 2023. Scope 1, 2 and 3 emissions for own investments of Savings Banks, SB Life Insurance, Central Bank of Savings Bank Finland and Sb Mortgage Bank have been summed up based on the holdings data at the end of December in 2023. Scope 3 financed emissions exclude sovereign bonds and Savings banks' investment properties.

A tool created by a third party (Skenariolabs) has been used in calculating the financed emissions of housing loans and commercial real estate loans. The financed emissions calculated on the basis of loan collateral are based on the year of construction of residences and other properties, the type of building, the location and the floor area, amongst other factors. In calculating the financed emissions of corporate loans and vehicle financing, we have used an external partner that has calculated emissions using method 3a or 3b of the PCAF calculation standard for corporate loans and method 3b for vehicle financing. In the calculations, we have used the NACE industry codes (revision 2) of the financed companies, as well as revenue and balance sheet information as available. Loans to private customers represented a majority of vehicle financing. Consequently, the assumption applied in calculating emissions was that the financed vehicle was a passenger car and the loan amount granted was equal to the original value of the vehicle as reported by the customer. As the emission factors for vehicle financing, we have used emission factors provided by Traficom and statistical data from Statistics Finland on the average kilometres driven per passenger car per year in Finland.

DESCRIPTION OF THE SUSTAINABILITY MANAGEMENT APPROACH

| Themes | Responsibility for the customer's financial wellbeing |
|--------------------------------|--|
| Approaches and indicators | <p>GRI 2-29 Approach to stakeholder engagement</p> <p>GRI 201-1 Direct economic value generated and distributed</p> <p>GRI FS16 Improving financial literacy</p> <p>GRI 417-1 Requirements for product and service information and labelling</p> |
| Policies and commitments | <p>The Savings Banks Group's sustainability strategy and roadmap 2023–2025</p> <p>Code of Conduct</p> <p>Handling of customer complaints and feedback</p> <p>Principles for the management of data protection requirements</p> <p>Data protection officer and the data protection organisation policy</p> <p>Digital vision</p> |
| Objectives | <ol style="list-style-type: none"> 1. Profitable and sustainably growing customer business. This can be achieved by differentiating ourselves from other operators with an excellent customer experience and customer-drivenness. 2. The best combination of in-person and digital services. 3. One of the objectives outlined in our sustainability strategy is that we promote a positive Savings Bank Experience and secure digital service use through our financial wellbeing solutions, using our NPS for in-office, online and telephone meetings as the performance indicator (target: 80) and the solution rate for telephone conversations (target: 85). |
| Resources and responsibilities | <p>The Directors for private and corporate customer businesses and the CEOs of companies offering products and services to customers are responsible for the development and implementation of sales processes, policies and tools for their businesses. The Directors for private and corporate customer businesses report directly to the CEO in the Management Group of the Savings Banks' Union Coop and the CEOs of the product companies report to the boards of directors of the product companies.</p> |
| Measures | <p>The Savings Banks Group actively developed customer encounters through the A Moment with Your Personal Finances discussions and in-person services through diverse channels. The Savings Banks Group adopted a new digital vision and we continued the development of digital services, software robotics and automation in various areas. The Savings Banks Group also offers the opportunity to establish a customer relationship digitally, electronic appointment booking, online appointments, electronic signing, digital housing transactions, mobile payments and fund subscriptions, the digital signing of continuous saving agreements, and our Miljo chatbot. We decided to invest over EUR 100 million in digitalisation over the next five years and initiated a business transformation that will involve the deployment of a new CRM tool for customer relationship management and a new technical solution for financing, as well as the Group-level harmonisation of the related processes.</p> |

| Themes | Responsibility for the wellbeing of the community |
|--------------------------------|---|
| Approaches and indicators | <p>GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes</p> <p>GRI 405-1 Diversity of governance bodies and employees</p> <p>FS16 Improving financial literacy</p> |
| Policies and commitments | <p>Remuneration principles and policy</p> <p>Code of Conduct</p> <p>Whistleblowing</p> <p>The Savings Banks Group's sustainability strategy and roadmap 2023–2025</p> <p>Early support model</p> <p>Equality and non-discrimination plan</p> <p>Principles governing the realisation of diversity of the Board of Directors</p> <p>“Towards a stronger team spirit” operating model</p> <p>“Towards better performance” operating model</p> <p>Principles on respecting human rights and fundamental rights at work</p> |
| Objectives | <ol style="list-style-type: none"> 1. A cohesive and efficient team. 2. A community of highly competent professionals with a strong capacity for renewal. 3. One of the goals outlined in our sustainability strategy is that we support local microenterprises and SMEs. We will measure our performance in this respect in terms of the launch of a sustainable corporate guarantee or loan product in 2023. |
| Resources and responsibilities | <p>The banks and entities of the Savings Banks Group have appointed persons who are responsible for occupational health and safety issues, the development and implementation of personnel policies, development programmes and measures. The Savings Banks' Union Coop's Chief Legal Officer is responsible for updating the Board's diversity principles.</p> |
| Measures | <p>We used a hybrid working model to enable flexible work. We engaged in close cooperation with our occupational health and insurance partners, and provided virtual exercise breaks to help employees maintain wellbeing at work, for example. We conducted about 200 training sessions, awareness-raising briefings and other events. They included training programmes for employees and management, shorter internal trainings and online training activities, informative awareness-raising briefings and training focused on current issues in various business functions. We also offer various online courses for self-directed study for various target groups in our learning environment on an ongoing basis. In addition to developing substance knowledge, we continued to increase our competencies in areas such as change management, coaching supervisory work and corporate customer business. We adopted a new personnel survey and continued the use of a workplace atmosphere measurement tool in the Savings Bank Centre.</p> |

| Themes | Responsibility for responsible financing and products |
|--------------------------------|---|
| Approaches and indicators | FS10 Interaction with investee companies |
| Policies and commitments | <p>The Savings Banks Group's sustainability strategy and roadmap 2023–2025</p> <p>The Savings Banks Group's group-level credit risk strategy, credit management guidelines and credit guidelines. Each savings bank confirms its bank-level instructions based on these.</p> <p>Sp-Fund Management Company's Principles for Responsible Investment</p> <p>The UN Principles for Responsible Investment (PRI)</p> <p>Sp-Fund Management Company's ownership policy</p> <p>Memberships in associations and investor initiatives, which are described in more detail in the section "Our commitment to social responsibility initiatives and memberships in associations".</p> |
| Objectives | <ol style="list-style-type: none"> 1. Profitable and sustainably growing customer business. 2. The objective outlined in our sustainability strategy is that we will increase the share of green funds and sustainable investments. We measure this in terms of alignment with the selected UN Sustainable Development Goals (at least 85 per cent of selected Savings Bank funds and insurance portfolios have a minimum of 25 per cent of their assets allocated to investees that are aligned with the SDGs). |
| Resources and responsibilities | <p>The Directors for private and corporate customer businesses and the CEOs of companies offering products and services to customers are responsible for the development and implementation of sales processes, policies and tools for their businesses. The Directors for private and corporate customer businesses report directly to the CEO in the Management Group of the Savings Banks' Union Coop and the CEOs of the product companies report to the boards of directors of the product companies. In addition, the Head of Group Sustainability & ESG and the sustainability specialists in the Group's support functions and businesses promote responsibility in financing and investing.</p> |
| Measures | <p>In 2023, we launched an energy loan to support the our private customers' investments related to renewable energy, low carbon and the energy efficiency of their homes and summer houses. The adoption of responsible corporate guarantees/loans was also one of our KPIs, and we will continue our efforts in that area in 2024. We also updated the Savings Banks Group's responsible and sustainable lending principles and incorporated them into the Amalgamation's lending guidelines, credit management guidelines and the justifications of credit decisions for private customers, and we took new, pro-climate ESG criteria and, where applicable, taxonomy alignment into account as part of our lending systems. The purpose of the responsible lending principles is to define how ESG factors and risks, exclusion criteria and the ESG criteria for sustainable lending are taken into account in the Savings Banks Group, and what kind of sustainable lending we want to support. We also updated our principles for responsible investment and internal ESG guidelines for portfolio management. We developed sustainability assessment processes and guidelines with regard to our products as well as the collection of data via our ESG tools. With regard to our funds, we continued the regular assessment of support for the UN Sustainable Development Goals and taxonomy alignment. We also made preparations for the EU's sustainable finance regulations with regard to the obligations pertaining to sustainability risk disclosures stipulated by the SFDR and the Taxonomy Regulation and the Capital Requirements Regulation concerning Pillar 3 disclosures, and we assessed the taxonomy eligibility and alignment of our balance sheet.</p> |

| Themes | Responsibility for sustainable growth and good governance |
|--------------------------------|--|
| Approaches and indicators | <p>GRI 2-27 Compliance with laws and regulations</p> <p>GRI 205-2 Communication and training on anti-corruption policies and procedures</p> <p>GRI 201-1 Direct economic value generated and distributed</p> |
| Policies and commitments | <p>The Savings Banks Group's sustainability strategy and roadmap 2022–2024</p> <p>Principles for reliable management and internal control</p> <p>Code of Conduct</p> <p>Principles for the management of conflicts of interest</p> <p>Whistleblowing</p> <p>Insider register</p> <p>Trading guidelines for personnel</p> <p>Operational principles and annual plan for the compliance function</p> <p>Operational principles and annual plan for the risk control function</p> <p>Operational principles and annual plan for internal audit</p> <p>Risk management principles in preventing money laundering and terrorist financing</p> |
| Objectives | <ul style="list-style-type: none"> • Our goal is that 95–100% of regularly monitored Compliance training is completed. • Our good governance principles are aimed at ensuring that the Savings Banks Group operates responsibly, ethically and in compliance with laws as well as orders and guidelines issued by the authorities. |
| Resources and responsibilities | <p>The Director of Risk Control and Compliance is responsible for compliance and deviation reporting, the development and implementation of Risk Management and Compliance processes, policies and tools. The director in charge of the risk control and compliance function reports to the Board of Directors of the Savings Banks' Union Coop and, in the Management Group of the Savings Banks' Union Coop, to the CEO.</p> |
| Measures | <p>Each year, our employees participate in mandatory training related to, for example, the prevention of money laundering and terrorist financing, and the Code of Conduct. We also have a whistleblowing channel that is available 24/7 in all of the Savings Banks Group's languages, and an anti-money laundering (AML) monitoring tool, and we engage in continuous monitoring with the help of scenarios related to the tool.</p> |

| Themes | Responsibility for the environment and the climate |
|--------------------------------|---|
| Approaches and indicators | GRI 302, GRI 305 Reduction of energy consumption and greenhouse gas emissions |
| Policies and commitments | <p>The Savings Banks Group's sustainability strategy and roadmap 2023–2025</p> <p>The UN Sustainable Development Goals</p> <p>Principles of responsible and sustainable lending as part of the lending guidelines, Responsible Investment Policy</p> <p>Savings Banks Group's sustainability policy</p> <p>Investor initiatives, which are described in more detail in the section “Our commitment to social responsibility initiatives and our memberships in associations”.</p> |
| Objectives | <ul style="list-style-type: none"> • We operate in an environmentally sustainable and climate-friendly way. We assess our footprint and promote eco-efficiency. • We have set the following targets in our sustainability strategy: We reduce our ecological footprint and increase positive environmental impacts in our own operations and in our value chain. The operating environment permitting: <ol style="list-style-type: none"> 1. Carbon neutrality in investments by 2050, 2. Set climate-supporting ESG targets for 30 per cent of our corporate loans in our financing activities in selected sectors by 2050, and make housing loans, residential property loans and commercial property loans carbon neutral by 2050. 3. Carbon positivity in the operations of own business locations for selected emission sources (scope 1 and 2) by 2035. We also aim to reduce the carbon footprint of the electricity consumption of our business locations by 50 per cent (compared to 2021) by the end of 2030. |
| Resources and responsibilities | <p>The Savings Banks Group's Head of Group Sustainability & ESG is in charge of the sustainability working group and the sustainability specialists of the support functions and business units participate in developing the sustainability strategy, updating the sustainability roadmap and in projects, and they support the organisation with regard to sustainability training related to, among other things, the environment and the climate. At the end of 2023, sustainability was highlighted as one of the Savings Banks Group's spearhead projects, and a steering group was established for the spearhead project. The Head of Group Sustainability & ESG presents sustainability issues to the steering group. The steering group for the spearhead project supports the adequacy of resources and the planning of the implementation of sustainability, amongst other things. Sustainability issues are also discussed by the Savings Banks' Union Coop's Management Group and Audit Committee and, with regard to ESG risks and opportunities, the Savings Banks' Union Coop's Risk Committee and Board of Directors. The sustainability governance model is described in more detail in the section “Sustainability management”.</p> |
| Measures | <p>We launched the Savings Banks Group's sustainability strategy and updated our sustainability roadmap for 2023–2025. We continued to develop the assessment of the carbon footprint with regard to our own operations and lending. In late 2023, we also started a project to integrate energy certificate and climate risk data on housing and real estate loan collateral into our loan portfolio. In the Savings Banks' Asset Management, we continued to conduct climate scenario and stress tests concerning the funds we manage. We also continued our net impact assessments for funds and began to monitor and report on KPIs related to natural capital. In Sp-Fund Management Company and Sb Life Insurance, we also published statements on principal adverse impacts, including KPIs related to the environment and climate. We continued the development of our positive carbon handprint through the Säästöpankki Ympäristö special investment fund. Our branches participated in the Energy Saving Week by taking various energy saving measures. Our head office and seven other branches completed the development of their WWF Green Office environmental system and were awarded WWF Green Office certification. We intend to expand the Green Office concept to other branches in the future.</p> |

GOVERNANCE PRINCIPLES OF THE SAVINGS BANKS GROUP

SAVINGS BANKS' UNION COOP GENERAL MEETING

The members of Savings Banks' Union Coop (hereinafter referred to as "the Central Institution") exercise the highest decision-making power in the cooperative meeting. The General Meeting of the Savings Banks' Union Coop decides on the service charges collected from the members as well as additional fees, among other issues. The General Meeting of the cooperative elects the members of the Board of Supervisors and substitutes for each member for a term lasting until the next General Meeting of the cooperative. The Supervisory Board consists of 9–35 members.

During the year under review, the Supervisory Board had 13 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 Kevlax Sparbank Ab). The members of the Supervisory Board are primarily chairmen of the Boards of Directors of Savings Banks and their deputies are deputy chairmen of the Boards of Directors of Savings Banks.

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

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

BOARD OF DIRECTORS

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

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

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

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

The Board of Directors has approved diversity principles aimed at ensuring that the Board has, in order to perform its duties, sufficient and versatile competence and experience of the credit institution business and the risks involved. The composition of the Board and the selection of new member candidates are planned with a long-term view to ensure that the goals set out in the applicable legislation and directives are achieved and that the necessary competencies are represented in the Board of Directors. The Nomination Committee assesses the size, composition and management of duties of the Board regularly and at least annually and may give recommendations of changes. The Board of Directors assesses the competence, skills and experience of Board members and the entire Board regularly and at least annually by means of self-assessment.

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.

In 2023, the following persons have been members of the Board of Directors of Savings Banks' Union Coop:

Pirkko Ahonen, chairman (Aito Säästöpankki Oy), Jari Oivo, deputy chairman (Myrskylän Säästöpankki), Ulf Sjöblom (Tammisaaren Säästöpankki Oy), Tuula Heikkinen (independent of Savings Banks), Eero Laesterä (independent of Savings Banks), Heikki Paasonen (Säästöpankki Optia), Hannu Syvänen (Säästöpankki Sinetti), Simo Leisti (independent of Savings Banks) and Veli-Pekka Mattila (Länsi-Uudenmaan Säästöpankki Oy).

The Board of Directors of Savings Banks' Union Coop has a quorum when more than half of the members are present. The Board of Directors of Savings Banks' Union Coop was elected at the annual general meeting of the Savings Banks' Union Coop cooperative on 16 March 2023.

COMMITTEES

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

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

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

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

audits of the company are organised as required by law, regulations and good management and governance practices and supervises the internal audit operations.

The Risk Committee assists the Board of Directors of Savings Banks' Union Coop in matters concerning risk strategies and taking of risk and monitoring that the Savings Banks Group complies with the risk strategies as approved by the Board of Directors of Savings Banks' Union Coop. The Risk Committee monitors and ensures the efficiency and adequacy of the 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.

CHIEF EXECUTIVE OFFICER

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

The Managing Director of the Savings Banks' Union Coop is Karri Alameri.

AUDIT

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

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

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

THE SAVINGS BANKS GROUP'S SUSTAINABILITY REPORTING INDEX

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

*The report is written with reference to the GRI Core guidelines. The EFRAG guidelines 'GRI Standards and ESRS draft interoperability index 20231130 final' has been applied in the assessment of the GRI indicators alignment with the CSRD standards.

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Postal/visiting address: Savings Banks' Union Coop, Teollisuuskatu 33, 00510 Helsinki | Registered office: Helsinki

saastopankki.fi