

Savings Banks Group's  
**SUSTAINABILITY REPORT**  
**2019**



Savings Bank

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# CEO FOREWORD

We want responsibility to be evident in all aspects of the Savings Banks Group's activities. Social, financial and environmental responsibility are part of the Group's business and day-to-day work.

The Savings Bank ideology has almost 200 years of history in Finland. The basic objective of Savings Banks has remained unchanged over the years. Even today, the basic objective of the Savings Banks Group is to promote thrift, the financial wellbeing of their customers and to operate locally near their customers. We want to be the most competent and trusted financial partner for our customers. We want to help our customers manage their finances even better and with a longer perspective. We promote frugality, moderate consumption and the wise use of financial resources of our customers.

In addition to the promotion of financial wellbeing, we at the Savings Banks Group find it very important that we carry our social responsibility for the society and the development of working life. Local presence and the promotion of regional wellbeing are important to us, and we want to be known for our



bold actions for the good of the people. We use a percentage of our annual profits for supporting local communities, education and research and do not primarily seek profit for our owners.

The Savings Bank Experience is at the core of our operations, bringing digital and face-to-face customer service together into Finland's best customer experience. We invest in customer orientation and the provision of multi-channel services to our customers. We continuously develop our digital services. At the beginning of 2019, we launched our mobile bank and started a project to replace our core banking system. Our competent and engaged personnel is our most important resource. Our employees act responsibly and make excellent customer service and the Savings Bank Experience a reality every day.

This report seeks to illustrate how responsibility is reflected in the daily life and actions of everyone at Savings Banks. The report is based on a materiality analysis which covered themes related to sustainability from the perspective of the social impacts and business operations of the Savings Banks Group. We also surveyed the opinions of our most important stakeholders as a basis for the analysis. In 2019, the material sustainability themes of the Savings Banks Group were among other themes responsibility in the operating principles and guidelines, responsibility in products, services and customer work and the Savings Banks Group's direct and indirect impacts on climate change as well as the impact of climate change on the Savings Banks Group.

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

The continuous development and success of the wellbeing of society primarily depend on the people's and companies' ability to increase their wealth in the long term. The Savings Banks Group has played a central role in the building of the Finnish welfare society and the carrying of social responsibility. It will continue to accomplish this mission in the future as well.

Tomi Närhinen

Managing Director, Savings Banks' Union Coop

“Local presence and the promotion of regional wellbeing are important to us, and we want to be known for our bold actions for the good of the people.”

# THE SAVINGS BANKS GROUP AND ITS OPERATIONAL ENVIRONMENT

## The Savings Banks Group's values and vision

The basic objective of the Savings Banks Group is to promote thrift and the well-being of its customers while operating near the customers. The values of the Savings Banks Group - customer-drivenness, cooperation, responsibility and performance - form the basis of all our operations. Our shared values also form the foundation of our responsible operations.





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

Figure 1. The Savings Banks Group's values

It is our vision to be the most competent and trusted financial partner. We want to be known for our actions for Finnish financial wellbeing. Our mission is to promote thrift and the financial wellbeing of our customers while operating near the customer. The cornerstones of our strategy are growth, customer experience, digitality, profitability and people.

### Vision 2021: We want to be the most competent and trusted financial partner

Megatrends

Digitalisation	Urbanisation and ageing of the population	Disruption of work
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Mission:  
We promote saving and our customers' financial wellbeing close to the customer.



Five strategic themes

Growth	Customer experience	Digitality	Productivity	People
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We want to be known for our actions for the financial wellbeing of Finns.

Figure 2. The vision of Savings Banks Group

## The structure of the Savings Banks Group

The Savings Banks Group was founded in 1822. It is the oldest banking group in Finland. The Savings Banks Group comprises 20 Savings Banks forming the Savings Banks Amalgamation, the Savings Banks' Union Coop, which acts as the Central Institution, and the subsidiaries and associated companies owned by the Savings Banks. The member organisations of the Savings Banks Amalgamation form a financial entity as defined in the Act on the

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



Figure 3. The structure of the Savings Banks Group

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

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

# Savings Banks Group

Established in

**1822**

**130**

Branches

Nearly  
**500 000**  
customers

More than  
**1,400**  
employees throughout Finland

## Credit Rating

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

Figure 4. Savings Banks Group in figures 31.12.2019

During the financial year, three mergers between savings banks took place. Kiikoisten Säästöpankki merged with Huittisten Säästöpankki, Suomensiemmen Säästöpankki merged with Säästöpankki Optia and Pyhärannan Säästöpankki merged with Kalannin Säästöpankki. As a result of the mergers, the number of savings banks belonging to Savings Banks Amalgamation and the Savings Banks Group decreased from 23 to 20 banks. The changes referred to above were internal to the Savings Banks Group, and the arrangements have thus had no impact on the financial result of the Savings Banks Group. The changes had no impact on the focus areas of the Savings Banks Group's sustainability.

In a transaction completed on 1 April 2019, the Savings Banks Group sold, together with the other owners, its ownership in Samlink Ltd to Cognizant Technology Solutions Finland Ltd. Before the transaction, the Savings Banks Group had a 42 per cent ownership in Samlink, and the company was consolidated in the Savings Banks Group's financial statements as an associated company. The share transaction had a positive impact of approximately 12 million euros on the Savings Banks Group's profit before tax for the financial year.

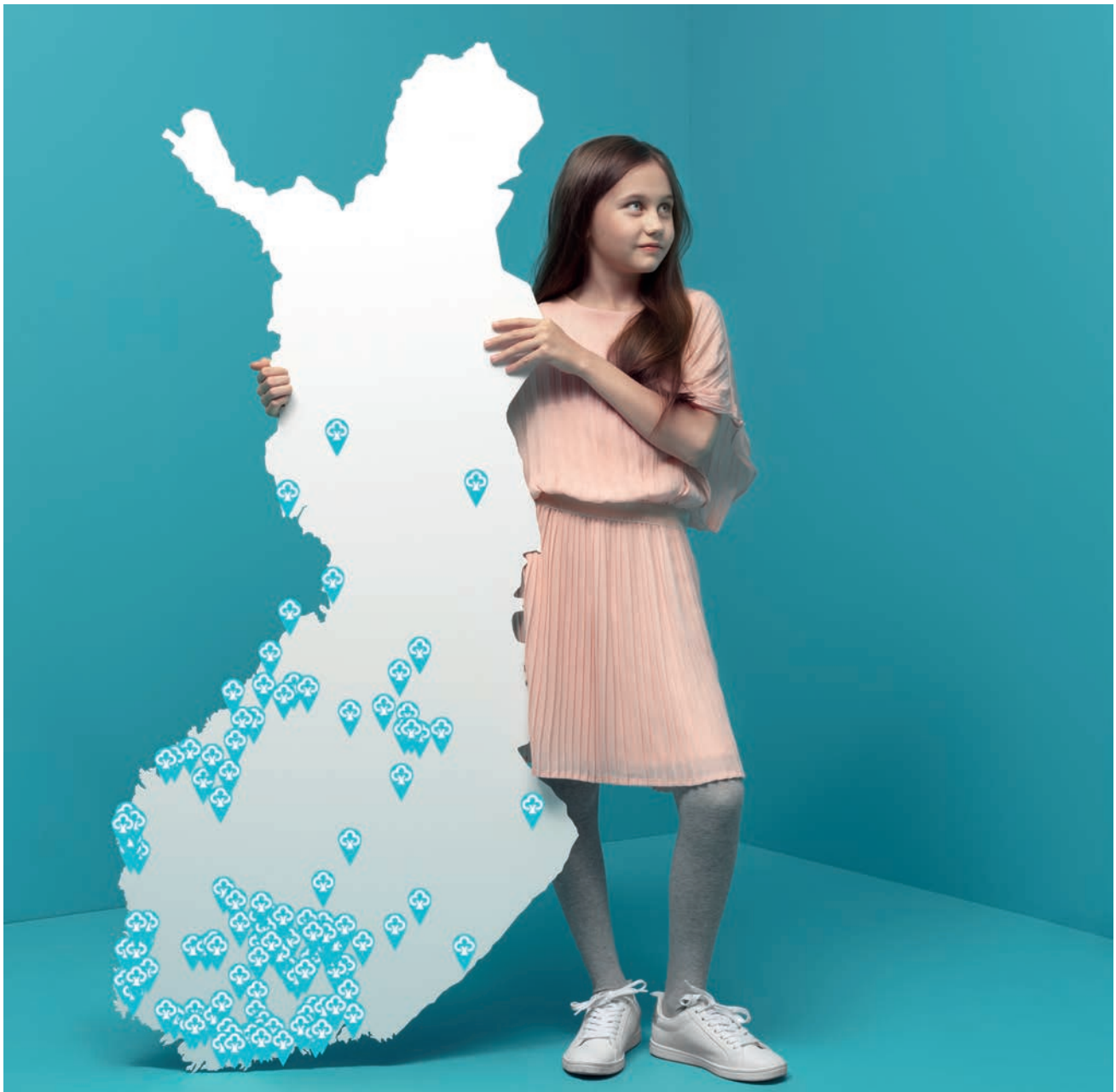


Figure 5. The Savings Banks Group has an extensive network of branches in Finland.

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

Banks' Union Coop's Board of Directors is responsible for preparing the financial statements. The financial statements are prepared for the financial group consisting of the Savings Banks Group. All entities consolidated in the Savings Banks Group's financial statements, Note 43.

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.



In the Savings Banks Group, the transparency and functionality of the roles and responsibilities in all governing bodies benefits all the stakeholders.

## Management and governance of the Savings Banks Group

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

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

### SAVINGS BANKS' UNION COOP GENERAL MEETING

The members of Savings Banks' Union Coop (hereinafter referred to as the "Central Institution") exercise the highest decision-making power in the cooperative meeting. The general meeting confirms, among other things, the membership and other fees collected from the members of the central institute's Savings Banks Group and the principles behind the fees, based on the proposal of the Board of Directors.

### SUPERVISORY BOARD

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

In 2019, the Board of Supervisors had 22 members, each with a personal substitute. The Chairman of the Supervisory Board was Eero Laesterä until 18 November 2019 and the Vice Chairmen were Juha Viljamaa and Kirsi Hedman until 19 June 2019, at which time Arto Seppänen was elected to replace Hedman. The members of the Supervisory Board are primarily chairmen of the Boards of Directors of Savings Banks and their deputies are deputy chairmen of the Boards of Directors of Savings Banks.

The function of the Supervisory Board is to oversee the administration of the central institution, which is the responsibility of the Board of Directors and Managing Director, and to ensure that

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

### BOARD OF DIRECTORS

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

The Board of Directors consist of independent members external to the Savings Banks Group, professional Savings Banks executives and members of Boards of Savings Banks. The composition of the Board of Directors ensures the representation of Swedish speaking banks and banks of different sizes, taking into account the responsibility of the member banks of the amalgamation and the willingness and ability of members to promote the competitiveness of the individual banks as well as the entire amalgamation.

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

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

The Board of Directors approved the principles of diversity, aimed at ensuring that the Board has, in order to perform its duties, sufficient and versatile competence and experience of the credit



institution business and the risks involved. The composition of the Board and the procurement of new member candidates are planned in the long term to ensure that the goals set in the Act and directives are achieved. This also ensures that the necessary competence is represented in the Board. The Nomination Committee assesses the size, composition and management of duties of the Board regularly and at least annually and may give recommendations of changes. The Board of Directors assesses the competence, skills and experience of Board members and the entire Board regularly and at least annually by means of self-assessment. Both genders must be represented in the Board of Directors in accordance with the principles of diversity. In 2019, 33% of the Board members were women.

By decision of the Savings Bank Union Coop's General Meeting on 14 March 2019, the members of the Board were Kalevi Hilli (Chairman), Toivo Alarautalahti (Vice Chairman), Pauli Aalto-Setälä, Pirkko Ahonen, Sanna Ahonen, Jari Oivo, Jaakko Ossa, Ulf Sjöblom and Marja-Leena Tuomola. The members of the Board were managing directors or Members of Board of Savings Banks with the exception of Pauli Aalto-Setälä, Sanna Ahonen and Marja-Leena Tuomola who are Board members independent from Savings Banks.

The Board of Directors is tasked with leading the operations of the Central Institution in accordance with the Cooperatives Act, the Act on the Amalgamation of Deposit Banks and the governance policies of the central institution. The Board of Directors is responsible for the management of the amalgamation, formulating the strategy of the Savings Banks Group and developing intra-group collaboration. The Board of Directors has approved an agenda that specifies the duties and meeting practices of the Board of Directors.

## COMMITTEES

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

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

The Remuneration Committee prepares recommendations to the central institution's Board of Directors concerning the remuneration policies and systems of the Managing Directors' and the members of the executive management reporting

directly to Managing Directors in member credit institutions of the Savings Banks Amalgamation and other member organisations of the Amalgamation. The Committee also prepares the remuneration guidelines and schemes.

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

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

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

## MANAGING DIRECTOR

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

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

## Ethics and Integrity

The basic objective of the Savings Banks Group is to promote thrift, the financial wellbeing of our customers and to operate near our customers. Our operations are guided by the values of the Savings Banks Group: customer-drivenness, cooperation, responsibility and performance - form the basis of all our operations.

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

The Savings Banks Group observes the principles of good corporate governance, openness and the Savings Banks Group's Code of Conduct ([www.saastopankki.fi/code-of-conduct](http://www.saastopankki.fi/code-of-conduct)). The key management practices are defined in the Governance principles of the Savings Banks Group ([www.saastopankki.fi/governance-principles](http://www.saastopankki.fi/governance-principles)). The activities of the Savings Banks Group comply with the provisions of current legislation, orders issued by the authorities, good banking practice regulations and trading instructions approved by Finance Finland, as well as the governance principles of the Savings Banks Amalgamation along with the Amalgamation's other internal guidelines. The governance principles are approved by the Board of Directors of the Amalgamation's central institution and updated at least once a year or whenever there are changes in the operational environment, business model, regulations, and/or statutory requirements.

Savings Banks Group's social responsibility is also defined in the governance policies. Responsibility towards the community is part of the Savings Banks' original mission. They treat their customers equally, finance the operation of local businesses, and promote awareness of saving and use of money in their own area. Under the Savings Bank Act, the promotion of saving is one of the basic tasks of the Savings Banks, and the saving theme is kept actively aloft in the banks' operation. Therefore, the Savings Banks bear responsibility for the promotion of the local population's saving and financial wellbeing. The social responsibility determined in the governance policies includes financial responsibility, social responsibility, promoting communal wellbeing and environmental responsibility.

The Savings Banks Group observes responsibility in its operating principles and guidelines, such as the Code of Conduct and sustainability policy as well as Sp-Fund Management Company Ltd's principles for responsible investment and ownership policy. The Board of Directors of Savings Banks' Union Coop accepted the sustainability policy applicable to the entire Savings Banks Group in December 2019. In October 2019, the Board of Directors of Sp-Fund Management Company Ltd accepted the new principles of responsible investment and ownership policy. The practices in responsibility and sustainability have always been in the Savings Banks Group's DNA, but have not been very formal or structured. Recent developments have led to the formalisation of practices and policies around sustainability.

Marketing and advertising also observe responsibility in their operating principles and guidelines. The Savings Banks Group is committed to responsible marketing and advertising. We observe legislation on marketing and self-regulation guidelines of international organisations, such as the guidelines of the International Chamber of Commerce ICC. We also follow the

marketing guidelines issued by the Finnish Competition and Consumer Authority and the Financial Supervisory Authority. In all marketing, the Savings Banks Group seeks to provide all the information about its products and services that may be relevant to the customer's decision-making.

## Commitment to external initiatives

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

In June 2018, Sp-Fund Management Company Ltd joined the CDP (previously Carbon Disclosure Project) as an investor signatory of the climate change, water and deforestation initiatives. CDP is an organisation collecting company-specific information on, among other things, the prevention of climate change, water consumption and greenhouse emissions. In 2019, Sp-Fund Management Company Ltd signed the Climate Action 100+ investor initiative that aims to influence more than one hundred companies with the highest emissions in various industries. These themes are covered in more detail in this sustainability report's section Sustainable investment and ownership.



## Memberships of associations

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

# STAKEHOLDERS



In line with the savings bank ideology, cooperation with stakeholders and stakeholder wellbeing are important for the Savings Banks Group. Stakeholder feedback and stakeholder dialogue help us identify new development areas and improve our operations further also with regard to the Savings Banks Group's sustainability. The stakeholders of Savings Banks Group are the groups that have a material effect on the Group and who are affected by the Group's operations. Key stakeholders have been identified based on an internal analysis. We also updated the stakeholders in conjunction with the materiality assessment performed in 2019. The internal analysis did not identify any new stakeholders.

**The Savings Banks Group's key stakeholders are:**

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

## Stakeholder cooperation

We communicate actively with our stakeholders through various channels, keeping the dialogue open both locally and on the Group level. The channels used include customer encounters, face-to-face and virtual meetings, workgroups, stakeholder and partner forums, surveys, studies and interviews, meetings of the Trustees and Board of Directors, our own events, participation in stakeholder events, our websites and media as well as various digital channels and other social media. Some examples of the ways we work with stakeholders as well as stakeholder expectations and our response to them are described below.

### CUSTOMERS

Ongoing cooperation with the customers is an important part of Savings Banks' stakeholder cooperation. We are in touch with our customers every day in face-to-face meetings at our branches, in online meetings, by phone, in social media channels and through the chat service of our website. We also arrange local customer events in which our customers have the opportunity to meet Savings Bank employees and talk to our specialists about financing, saving and investments, among other things. Social media channels such as Facebook, LinkedIn and Twitter create opportunities for diverse

discussions between ourselves and our customers and are increasingly important channels of interaction.

In 2019, our customers were interested primarily in matters related to the clarification of the Savings Banks Group's product offering and changes in our services. The Savings Banks Group simplified its product offering and harmonised the service offering of the bank amalgamation when it started to build the new core banking system. This was reflected in a higher number of online messages and traditional customer letters sent to our customers. As a result, the customers contacted our customer service for further information about the details of the changing services and the concrete effects on the management of their daily finances, among other things.

The need to make appointments with branches in matters related to housing financing and saving were also seen in the customer service demand. In 2019, the Savings Banks Group launched a new mobile banking application which many of our customers installed and started using. The mobile bank received good evaluations from our customers, thereby clearly increasing the need for technical advice about the use of our service channels.

The Savings Banks Group focuses on customer orientation. We continuously develop our service channels to respond to the changing needs of our customers and to allow fluent service and excellent Savings Bank Experience. We actively monitor and develop our feedback because we find it very important that we listen to our customers' views about our successes and areas of development. We measure the success of our customer work in all customer meetings on an annual level

(Net Promoter Score, NPS). We obtain further information about the satisfaction of our customers from the EPSI rating survey of the Banking and finance sector that is executed annually in both the private and the corporate customer segments.

## **INVESTORS AND ANALYSTS**

We meet investors and analysts in person in meetings, seminars and roadshows and virtually through Bloomberg, for example. The most common topics discussed in these meetings are the Group's financial key figures, plans to issue debt and general discussions about sustainability (sustainability report, sustainability policy).

## **EMPLOYEES**

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

## **LOCAL COMMUNITIES**

The Savings Banks organise different kinds of events for different target groups. Many savings banks support local sports associations, cultural events and make donations to charity in the Good Deeds campaign, for example, and support local entrepreneurs.



# REPORTING ON MATERIAL SUSTAINABILITY THEMES IN THE SAVINGS BANKS GROUP

We want that responsibility holds key importance in everything we do - in how we relate to our customers and our partners, our operating area, the authorities and other stakeholder groups. With regard to reporting principles, the Savings Banks Group refers to the GRI (Global Reporting Initiative) Standards guidelines (GRI-referenced). The content reported in accordance with the GRI guidelines is listed in the GRI Content Index.

The goal for the next couple of years is to develop the sustainability reporting to correspond to the core level of GRI standards. The sustainability report of the Savings Banks Group covers the information for 2019 in accordance with the Group structure and financial reporting principles. The sustainability report of the Savings Banks Group is published electronically in separate Finnish and English versions.

## Scope, coverage and focus of reporting

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

The entities consolidated in Savings Banks Group's financial statements are listed in Note 43: Entities consolidated in Savings Banks Group's financial statements.

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

The purpose of the materiality analysis of the sustainability report is to identify the key aspect of Savings Banks Group and its stakeholders for the reporting of sustainability. The reporting

of relevant matters in Savings Banks Group is based on the materiality analysis updated in autumn 2019. We updated our materiality analysis because we wanted to hear the expectations of our stakeholders regarding responsibility and to analyse the impact of responsibility aspects on business. The updating of the materiality analysis was initiated by preparing the so-called long list aimed at the identification of sustainability impacts and themes in the Savings Banks Group. The long list was made shorter through internal online surveys in which the respondents were asked to evaluate the key themes related to sustainability.

We also asked the representatives of our most important external stakeholders to express their views about the key themes of sustainability in the Savings Banks Group by means of interviews. Furthermore, we assessed the sustainability themes both from the perspective of the Savings Banks Group's business and its impacts on the society as well as from the stakeholders' perspective. The work resulted in a materiality matrix showing the most important themes highlighted by the Savings Banks Group and its stakeholders as well as their importance for the operations of the Savings Banks Group.

The sustainability reporting of Savings Banks Group mainly follows the same calculation boundaries as the Group's financial reporting. The financial responsibility highlights are based on the Savings Banks Group's accounting and approved financial statements for 2019. The key figures related to the personnel are obtained from the Savings Banks Group's human resources systems. The carbon footprint of listed stock holdings in the Savings Bank funds are calculated with the MSCI tool. The methodology applied in the calculation of the carbon footprints of investments is described in section Sustainable investment and ownership.

” We want that responsibility holds key importance in everything we do - in how we relate to our customers and our partners, our operating area, the authorities and other stakeholder groups.

## List of material themes

Based on the materiality analysis performed in 2019 as described hereinabove, the material sustainability themes of Savings Banks Group were:

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

The most material issues of the Savings Banks Group are shown in the materiality matrix below, where the vertical axis describes the significance for stakeholders and the horizontal axis the current or potential impact on the Savings Banks Group and the Group's impact on society. The significance for stakeholders has been assessed as a whole, and the weight of individual stakeholders is not reflected in the matrix. Themes classified as material have been utilised when determining the contents of the report. The last three themes, i.e. responsibility in operating principles and guidelines, responsibility in services, products and customer work and the Savings Banks Group's direct and indirect impacts on climate change were added to the materiality analysis in the update performed in autumn 2019. These themes are therefore discussed in more detail in the report for 2020.

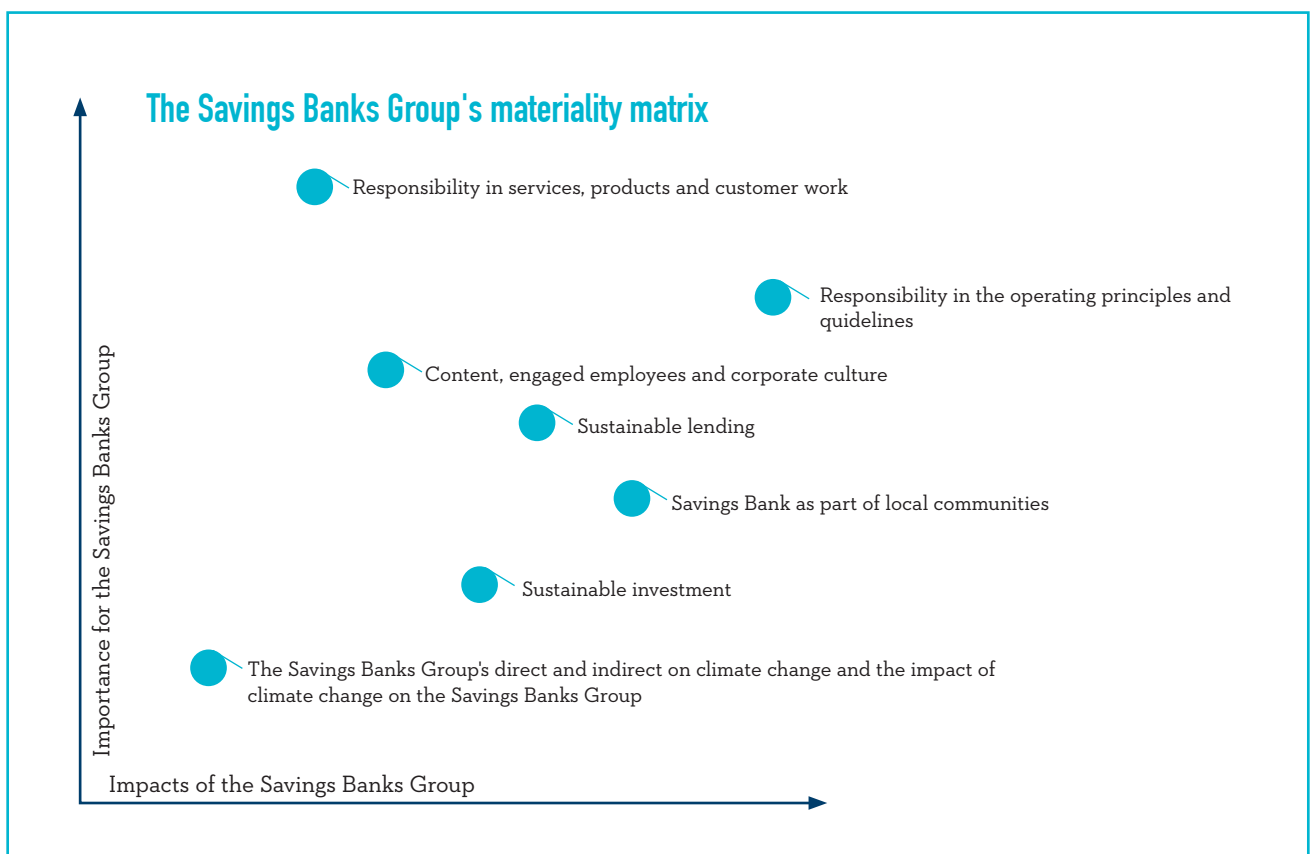


Figure 6. The Savings Banks Group's materiality matrix

The basic prerequisites of banking include financial responsibility and good governance, risk management and the customer's data protection and information security. These

lay the foundation for the Savings Banks Group's material sustainability themes and this foundation must be solid under all circumstances.

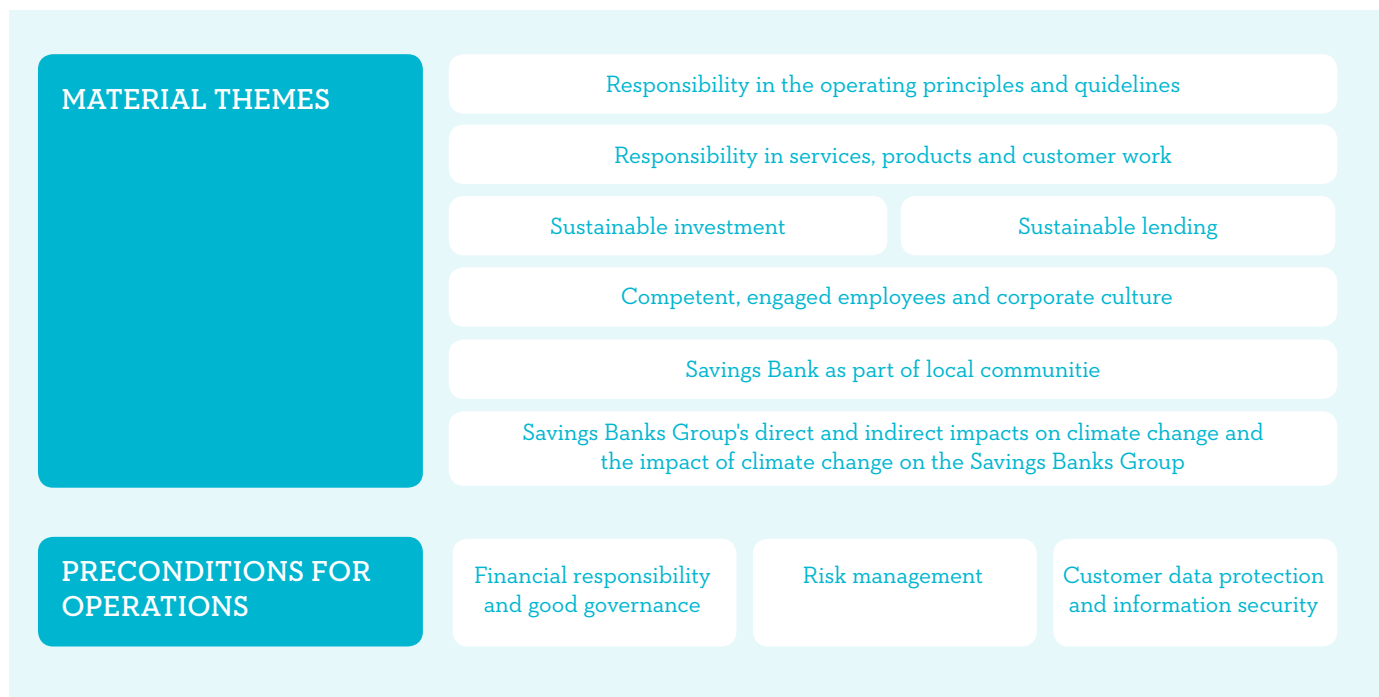


Figure 7. The material sustainability themes and basic prerequisites of operations and basic prerequisites of operations

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

Table 1. Definitions of material sustainability themes



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

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

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

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



Figure 8. The Savings Banks Group's most relevant sustainable development goals

These four sustainable development goals are naturally linked to the Savings Banks Group's mission which has remained unchanged for nearly 200 years already. According to our mission, the Savings Banks Group promotes saving and the financial wellbeing of Finns locally, close to the customer. A share of the Savings Banks' profit is redistributed to local communities. The

Savings Banks' role as a financier of small and medium-sized, locally operating companies has also increased substantially in the recent years. Our mission is to promote thrift and the financial wellbeing of our customers. We want to maintain a local presence and provide services that sustainably enhance the financial well-being of our customers in the long term.

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

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

# FINANCIAL RESPONSIBILITY AND GOOD GOVERNANCE

## Financial Responsibility

To maintain financial responsibility, all the entities of the Savings Banks Group have to ensure their capital adequacy and liquidity even in poor economic conditions. In The Savings Banks Amalgamation, this is ensured by utilising a solvency management process, aimed at evaluating that the volume and quality of capital are adequate with regard to the nature of operations, extent and versatility of the bank and The Savings Banks Amalgamation and to cover all

operational risks and risks related to the operational environment. The management of solvency is described in more detail in Note 5 to the financial statements of Savings Banks Group, "Risk management and capital adequacy management policies of the group".

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

million euros	2019	2018	2017	2016	2015
Profit before tax	94,8	36,4	88,2	69,6	69,7
Total operating revenue	321,4	234,7	282,2	245,4	230,5
Total operating expenses	-219,1	-197,7	-182,7	-158,1	-146,1
Cost-to-income ratio (%)	68.2	84.3	64.7	64.4	63.4
Solvency ratio (%)	19.1	18.2	19.1	19.5	18.8
Income taxes paid	20,7	5,8	16,3	13,2	16,5

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

## TOTAL OPERATING REVENUE 2019

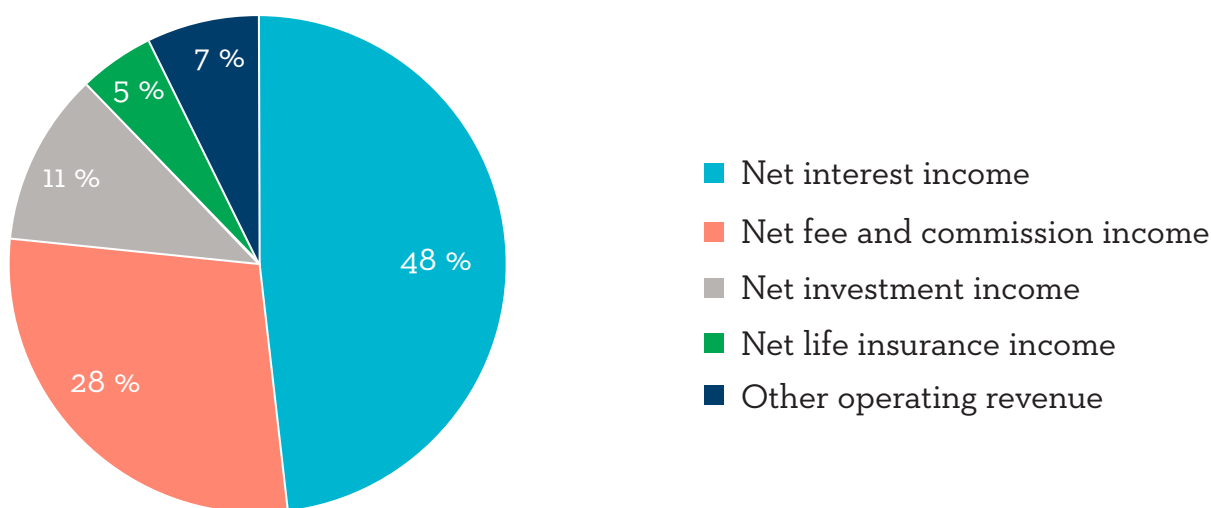


Figure 9. Total operating revenue 2019

Net interest income is the most important income item of the Savings Banks Group. Net interest income is the difference between interest income and interest expenses. The majority of interest income comes from lending. Interest expenses incur from items used for the financing of lending and the liquidity management of the Savings Banks Group.

Net fee and commission income is the second largest income item of the Savings Banks Group. The Savings Banks Group receives fee income from, among other things, lending, payment transactions and asset management, such as the fund management fees. The fees paid for payment transactions are the most important fee expense item for the Savings Banks Group.

## TOTAL OPERATING EXPENSES 2019

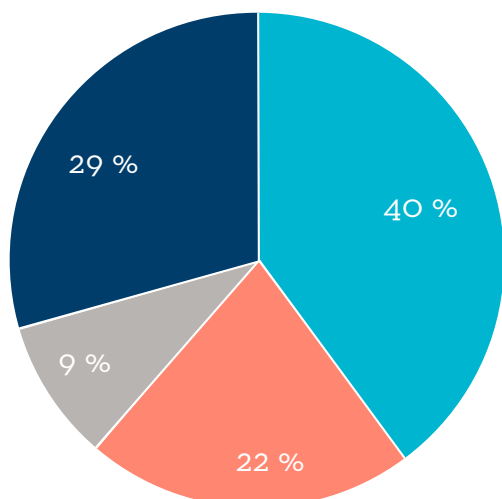


Figure 10. Total operating expenses 2019

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

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

The Savings Banks Group uses its profit for the promotion of local wellbeing by means of donations as well as dividends paid to savings bank trusts. Savings bank trusts own the savings bank companies of the Savings Banks Group and, in their part, make donations for the promotion of local wellbeing. The remainder of the Savings Banks Group's profit is used for the development of the Group operations and ensuring of capital adequacy.

The Savings Banks Group also takes a responsible attitude towards the economy of Finland and Finnish towns. All companies of the Savings Banks Group pay all of their taxes directly to Finland. They do not participate in controversial tax planning practices. The local presence of savings banks is also reflected in the payment of taxes as savings banks are an important taxpayer in many Finnish municipalities. In 2019, we paid 20.7 million euros in income taxes. In addition to income taxes, the companies of the Savings Banks Group also pay property taxes and other parafiscal taxes as well as indirect taxes such as value added taxes. The provision and sales of financial services are exempt from value added tax and therefore do not result in the responsibility to pay value added tax. On the other hand, no deductions can be made for the procurements made, and the value added tax of procurements is an expense of the Savings Banks Group. In addition to salary expenses, we pay the mandatory and voluntary insurance fees and the legally required social insurance fees used for the financing of the Finnish social insurance system.

## Risk management

The Savings Banks Group's operations include retail banking, central banking, investment and life insurance activities as well as a real estate agency. Its key risks are the credit, interest and liquidity risks related to the banking operations.

The life insurance operations include a market, insurance and counterparty risk. Business risks and operational risk, including legal and compliance risks, concern all the operations. Risk management is a part of daily operations, and each employee is responsible for it within their area of responsibility. Efficient risk management is based on strong risk culture that encourages open dialogue, asking questions and expressing different perspectives to support decision-making. A separate process is available for whistleblowing. This ensures that all infringements are processed justly and as appropriate.

The member organisations of the Savings Banks Amalgamation form a financial entity, in which the central institution and its member credit institutions are jointly liable for each other's liabilities and commitments. The amalgamation's risk area-specific risk strategies specify the objectives related to risk-bearing capacity and risk appetite and other risk management policies relative to the business goals. The realisation of the risk strategies is monitored through monitoring and reporting of risk limits and monitoring thresholds that is independent of business operations.

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

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

## Three lines of defence of supervision

The Savings Banks Amalgamation follows a supervision model based on the so-called three lines of defence. The three lines of defence consist of the internal control of business operations, supervision by independent audit functions and the amalgamation's internal audit.

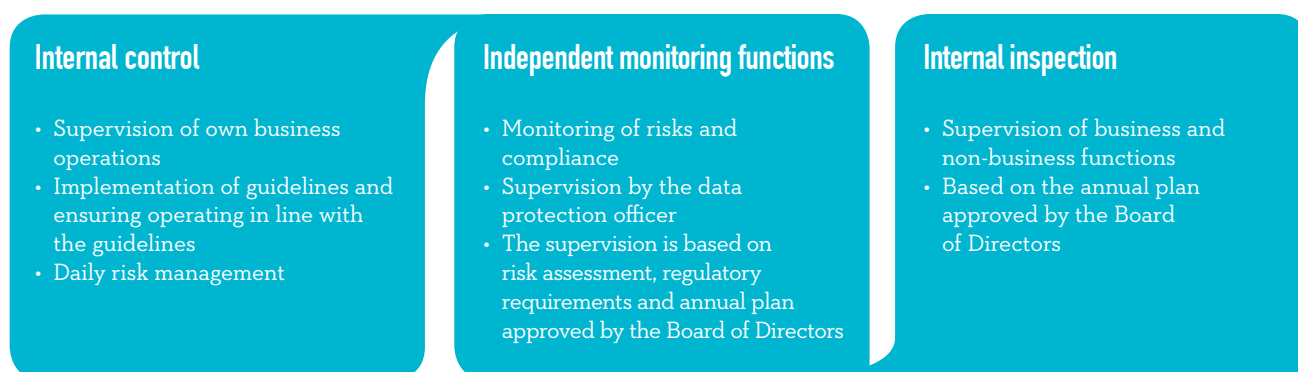


Figure 11. Three lines of defence of supervision

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

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

Each member entity appoints a person in charge of risk management and compliance. They may also choose use the central institution's risk management and compliance services based on a specific agreement. The duties of data protection officer and internal audit are centralised in the central institution.

## Operational risk management

Operational risks refer to the risk of loss caused by inadequate or failed internal processes, personnel, systems or external factors. The Savings Banks Amalgamation follows the operational risk management guidelines approved by the Board of the amalgamation's central institution on 23 January 2019.

Before a new product or service is introduced, it is subjected to a product approval process, designed to ensure that the risks related to the implementation and lifecycle of the product or service and the actions required for the management of such risks have been identified. Legal risks related to products and services are limited by only providing products and services under standard terms and conditions, supported by the system and provided

generally by banks. Other operations are limited to products and operating methods commonly available in the market as well. The compliance function of an entity belonging to the amalgamation controls that the approval process for new products and services is followed and regularly reports the new products and services approved to the amalgamation's Board of Directors.

Operational risks are assessed through continuous assessment of operations and the risks that have been realised. An annual self-assessment of operational risks coordinated by the central institution's independent risk management is executed in cooperation with the entities belonging to the Savings Banks Amalgamation. The annual assessment will take into account the likelihood of risks by function and their impact if any damage occurs and decide on risk management actions. The output of the assessment is a summary of the key operational risk risks identified and the necessary actions in The Savings Banks Amalgamation. The output is reported to the central institution's Risk Committee and Board of Directors.

The sufficient competence of employees prevents operational risks arising from incompetence and lack of knowledge. Mandatory online training and other training is provided for the personnel on an ongoing basis, and the training needs are assessed based on the realised operational risks, the observations made during control and as a part of daily managerial work and annual performance appraisals.

## Anti-corruption and bribery

The Savings Banks Group has a Code of Conduct that all Savings Banks Group employees must adhere to, regardless of their role, position and workplace. The Code of Conduct is part of the orientation training of new employees. It is also communicated to the personnel on a regular basis. The Code of Conduct consists of the rules and operating principles intended to assist and guide the employees in their daily decision-making. They include the guidelines designed to prevent bribery and corruption, among other things.



The Savings Banks Group has a Code of Conduct that all Savings Banks Group employees must adhere to, regardless of their role, position and workplace.

The Savings Banks Group does not condone corruption in any form, nor does the Group tolerate corruption in business activities or business partnerships. The member organisations of the Savings Banks Amalgamation cooperate with the authorities to prevent bribery and corruption. Normal business relationships involve the occasional offering and receiving of gifts and hospitality. As these can be interpreted as bribery on a case-by-case basis, all employees are required to exercise very careful discretion in receiving gifts from, or giving gifts to, customers, suppliers or other people they interact with in their work.

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

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

The line between right and wrong can sometimes be difficult to determine. An employee who is uncertain about a matter related to gift and hospitality must contact his or her supervisor.

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

which help in identifying conflicts of interest in advance and provide instructions on how to proceed in such cases.

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

No significant risks related to corruption or bribery have been identified in the operational risk assessment. No incidents related to corruption were reported in the Savings Banks Group in 2019, and the entities of the Savings Banks Group were not ordered to pay significant fines or sanctioned otherwise for breaches of the legislation or other regulations.

## Whistleblowing

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

Information to be reported include, among other things, suspected breaches of regulations and guidelines applicable to the finance market or breaches of the credit institution's internal guidelines (such as actions in breach of the Act on Credit Institutions, Securities Markets Act or the Market Abuse Regulation, e.g. breaches related to insider information, banking secrecy or data protection legislation). Separate whistleblowing guidelines have been drafted for the member organisations of the Savings Banks Amalgamation.

# CUSTOMER DATA PROTECTION AND INFORMATION SECURITY

Ensuring a high level of data protection and data security is paramount in all operations of the Savings Banks Group as we operate in a sector requiring particularly high confidence. Data protection is a part of customer-oriented operations. All customer data is covered by, for example, banking secrecy, insurance secrecy or corresponding duty to secrecy regardless of whether the customer is a private or a corporate one. The legislation on personal data became even stricter in 2018 due to the European Union's (EU) General data protection regulation (GDPR), and the data protection needs of Savings Banks Group's customers therefore play an increasingly important role.

## Data protection with regard to customers and other stakeholders

The purpose of data protection is to protect personal information and to ensure the right to privacy of individuals and their rights related to the processing of personal data. Fulfilling the requirements of legislation related to the data protection of our customers is of crucial importance in the Savings Banks Group. This includes, among other things, following good data processing practice. We listen to expectations of our stakeholder groups with regard to the development of data protection work, primarily in the form of feedback received. Such expectations may include, for example, clear communications and efficient operations. We publish the relevant documentation on the processing and use of personal data on our website. The documents available on the website allow our customers and other stakeholders to, for

example, check the purposes for which each savings bank or Group entity process their information.

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

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

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



” Fulfilling the requirements of legislation related to the data protection of our customers is of crucial importance in the Savings Banks Group.

officer reports any risks and areas of development primarily to the Board of Directors of the central institution in accordance with the annual clock, at least twice a year and as necessary.

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

Every employee of savings banks has the duty to observe the data protection rules and instructions according to their roles, including the duty to report any observations or issues.

Each savings bank and entity is primarily responsible for responding to the contacts of their customers. A customer of the savings bank or company may contact the data protection officer whose contact details can be found on the Savings Banks Group's website and in the privacy policy of each Savings Bank and company, for example.

## Focus areas of data protection efforts in 2019

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. The Savings Banks Group requires the employees to complete the online training on data protection.

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

The data protection officer's operations have been focused on giving advice and instructions for the central institution and companies in different areas, such as projects impacting the entire Savings Banks Group and agreements related to the processing of personal data. Furthermore, the data protection officer has received a couple of customer enquiries about the processing of personal data. The data protection officer has not received any customer complaints.

Furthermore, attention has been paid to individual data protection issues in the internal audits of savings banks and companies as a part of their own audit actions.

## Focus areas of data protection efforts in the future

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

## Information security

The Savings Banks Group strengthened its information security resources in 2019 by establishing a Group-wide information security function. The focus areas in the development of information security are protecting the Group's business from information processing risks and cyber threats, ensuring appropriate information security and data protection for customers and stakeholders, satisfying compliance requirements and the practical implementation of Group-level policies, guidelines and standards. Information security is a central component of the Savings Banks Group's strategy and it is promoted by effective risk management and replicable solutions. The key regulatory frames of reference for legal compliance related to information security are the PSD2 and the GDPR, with the ISF Standard serving as the frame of reference.



# RESPONSIBILITY IN CUSTOMER WORK

Improving the customers' financial wellbeing and customer satisfaction are the core of the Savings Banks Group's responsible customer work. The Savings Bank Experience is built through highly professional service, a human and respectful approach to customer encounters and the courage to respond to the customers' financial needs and act as a financial partner to customers.

The Savings Bank Experience continued to be a strong competitive and differentiating factor in 2019. Customers expected banks to provide easy-to-use digital services as well as highly professional, human and personal face-to-face service. In accordance with our strategy, the goal of Savings Banks is to provide our customers with the best combination of digital and personal services as well as help our customers improve their financial wellbeing.

We focus on personal customer service regardless of the service channel used. Allowing the customers choose the most suitable service channel is important for us. The Savings Banks Group has an extensive network of 130 branches, through which the independent, local Savings Banks serve our customers throughout Finland. In addition to face-to-face service, we invest in the continuous development of our digital services. Savings banks actively utilise online meetings, for example, as well as phone and mobile authentication for the strong authentication of customer. In addition to the Savings Banks' extensive online banking system, we launched a mobile bank in 2019, allowing our customers to access bank services on mobile devices regardless of the time and place.

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

## Development of customer volume of the Savings Banks Group

The total number of savings bank customers was approximately 470,000 at the end of 2019. Of this, 87% are private customers, 10% corporate customers and 3% agricultural and other customers.

The number of customers was approximately 2.5 lower than the year before. The decreased number of customers is due to the removal of passive customers from our customer system. The number of active customers, however, who use Savings Banks regularly and the number of customers who use Savings Banks comprehensively for their banking services continued to grow in 2019. The number of comprehensive customer relationships increased by approximately 2 per cent among private customers and approximately 6 per cent among corporate customers.

Savings Banks acquired some 24,500 new customers in 2019. The number of new customers was about 15 per cent lower than in the previous year. The main reason was the slower growth of home loans compared to the record-high level seen in the previous year. In spite of this, the rate of growth of the Savings Banks' household loan portfolio exceeded the corresponding market growth rate by about 50 per cent in 2019.

## Customer satisfaction as an indicator of responsibility

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

Based on the customer satisfaction surveys, Savings Banks did very well in their customer work in 2019. Savings banks continuously measure the success of customer meetings. Following a meeting, customers are always asked whether they would recommend the Savings Bank based on the customer service received during the negotiation. The Net Promoter Score (NPS) for negotiations stood 79.9% in 2019, which is excellent, even though slightly lower than in the previous year (81.0%).

Savings Banks achieved excellent results in the EPSI Rating 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 and Savings Banks were ranked as high as second among the surveyed banks in both customer groups. Some 81.8 per cent of private customers and 78.6 per cent of corporate customers indicated they are satisfied or very satisfied with Savings Bank and its services. Savings Bank has been amongst the top three of both private and corporate customers for three years already.



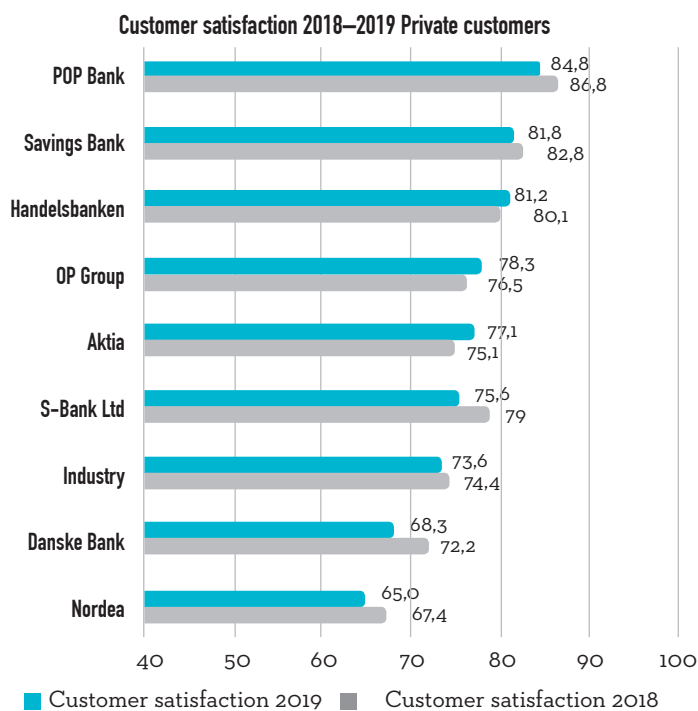


Figure 12. Customer satisfaction 2018–2019 Private customers

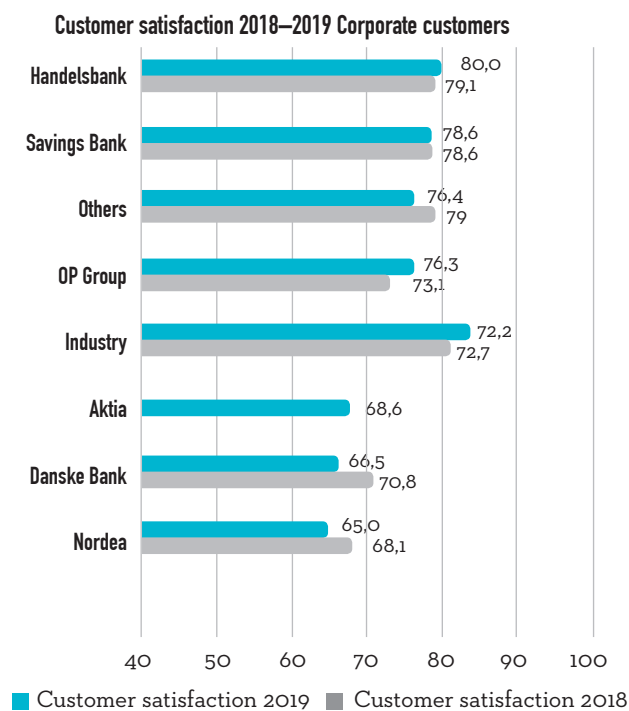


Figure 13. Customer satisfaction 2018–2019 Corporate customers

Furthermore, Savings Bank performed very well in 2019 in the annual Customer Index survey of Data & Marketing Association of Finland (ASML) that studies the customer experience and customer loyalty of companies operating in Finland from the consumers' perspective. Approximately 2,700 consumers participated in the Customer Index 2019 survey, evaluating their experiences as a customer in 55 companies. Savings Bank was ranked fifth in terms of customer loyalty and was among the top ten companies also for customer experience.

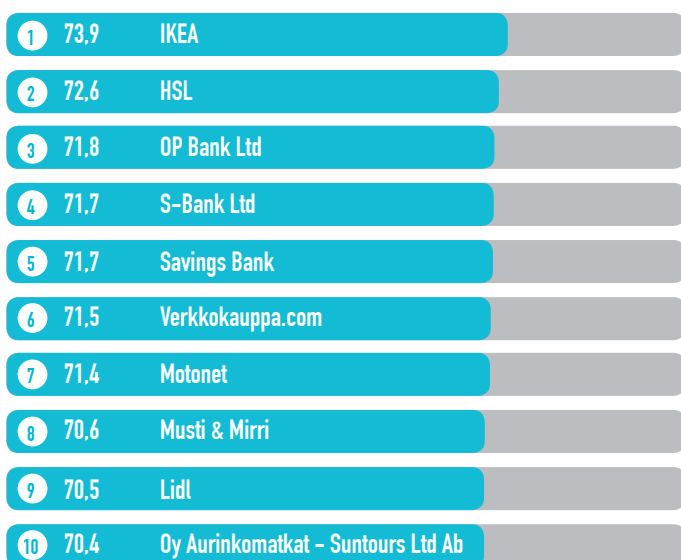


Figure 14. Customer loyalty 2019 (Customer Index Survey of Data & Marketing Association of Finland, ASML)

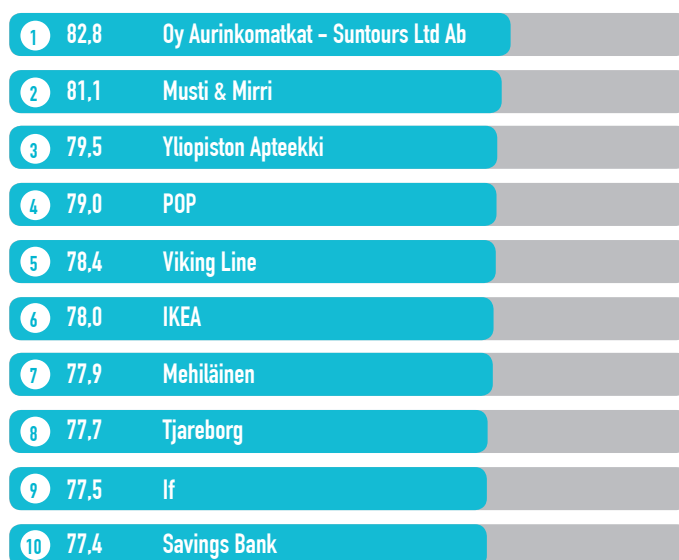


Figure 15. Customer experience 2019 (Customer Index Survey of Data & Marketing Association of Finland, ASML)

## Customer's financial partner

Savings Bank's specialists want to work as financial partners of their customers. We want to support our customers both in the long-term planning of their finances as well as in smooth daily services. A particular feature that applies to Savings Banks is that we are taking responsibility for promoting saving and financial well-being among the local population. For example, we only provide our customers with loans and credit that they can manage without straining their finances.

Savings Banks' private customers have the opportunity to book "A Moment with Your Personal Finances" and discuss their financial situation with a Savings Bank specialist. In addition to discussing the customer's current situation and financial matters, A Moment with Your Personal Finances also includes preparing a plan covering approximately the next 5-10 years. These discussions can be implemented as the customer sees fit, either in person or by means of online meetings. Almost 62,000 Moments with Your Personal Finances were executed in the Savings Banks Group in 2019 with the customers.

These Moments, like all our customer services, are based on the customer's needs, wishes and financial goals. The Savings Bank's specialists determines the most suitable service package for the customer together with the customer and gives a proposal of how the customer would be able to achieve the personal goals. The purpose of all discussions is to find the most suitable, responsible solution for the customer's finances and life situation, while also observing any unexpected changes. The Moments with Your Personal Finances also include investment advice to private customers. Investment advice is only provided by our specifically trained investment advisors.

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



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We want to support our customers both in the long-term planning of their finances as well as in smooth daily services.

# SUSTAINABLE INVESTMENT 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 often referred to as ESG (environmental, social, governance). Our approaches to responsible investing include integration of sustainability in decision-making, norm-based screening, exclusion, active ownership and engagement as well as thematic investments.

We believe that responsible investing promotes the achievement of a good long-term return. Taking ESG factors into account helps manage the risks related to investment targets and identify opportunities. Sustainability factors and the related regulation may have substantial financial impacts. 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 Principles for Responsible Investing (PRI) supported by the United Nations in 2014 and is committed to the six principles and to reporting annually to PRI. We are also an active member of Finland's Sustainable Investment Forum (Finsif) and an investor signatory in CDP's (previously Carbon Disclosure Project) climate change, water and deforestation initiatives. CDP is an organisation collecting company-specific information on, among other things, the prevention of climate change, water consumption and greenhouse emissions.

In 2019, we joined the Climate Action 100+ investor initiative to ensure that over one hundred world's largest corporate greenhouse gas emitters take necessary action on climate change. Furthermore, we signed the Global Investor Statement to Governments on Climate Change to support the goals of the Paris Agreement.

In October 2019, the Board of Directors of Sp-Fund Management Company Ltd accepted the new principles of responsible investment and ownership policy. During the year, we increased awareness of responsible investing in the Savings Banks Group. We held regular joint meetings between the investment and asset management functions. We delivered presentations related to responsible investing and our view on it at Savings Bank events and web seminars.

We publish the sustainability report of Savings Banks' Asset Management every six months. In the report, we disclose our sustainable investment practices and some sustainability metrics of our funds. The fund-specific metrics include the ESG scores and ratings as well as carbon footprints, among other things. We also indicate which of our funds have received Morningstar's Low Carbon designation and disclose about the positive environmental impacts of the investments of our funds. The report is available on our website.

## Management and organisation of sustainable investments

Sustainable investment is an integral part of our investment operations. The CEO of Sp-Fund Management Company Ltd overlooks the sustainability of investments as a whole. Each portfolio manager is responsible for following and applying the principles of responsible investment in practice. A responsible investment specialist develops, trains and coordinates sustainable investment in the various asset types and reports on the sustainable investment practices. Sp-Fund Management Company Ltd's Board of Directors regularly approves the principles of sustainable investing and monitors the practices.



We believe that responsible investing promotes the achievement of a good long-term return.

## Sustainability is an integrated part of investment decisions

At Savings Banks' Asset Management, the principles of sustainable investing are integrated into the investment process, which means that ESG factors are analysed and taken into consideration as part of investment decisions and analysis. Portfolio managers also analyse the relevant risks and opportunities related to each investee company's sustainability as part of the other analysis process.

Sustainability is one of the criteria when choosing 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 those that have signed the UN Principles for Responsible Investment. At the end of 2019, all of our external asset managers had signed the principles. Furthermore, we only invest in funds whose management company is located in a country party to OECD's AEOI agreement, or the agreement on the automatic exchange of tax information, or in the case of the US, to the FATCA agreement similar to the AEOI.

In addition to using an external service provider, our sustainability analysis 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 how our direct investments comply with international standards and conventions. The norms and conventions we take into consideration are based on, among other things, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Declaration on Fundamental Principles and Rights at Work. If we notice a violation, we aim to assess the company's measures and willingness to rectify the underlying factors. We may contact the company either directly or through a service provider in order to gain more information and to influence their actions. We exclude from our direct investments companies that repeatedly violate international conventions and that do not make active attempts to rectify the violation. We analyse them on a case-by-case basis. We regularly screen all of our direct equity investments and corporate bonds by an external service provider.

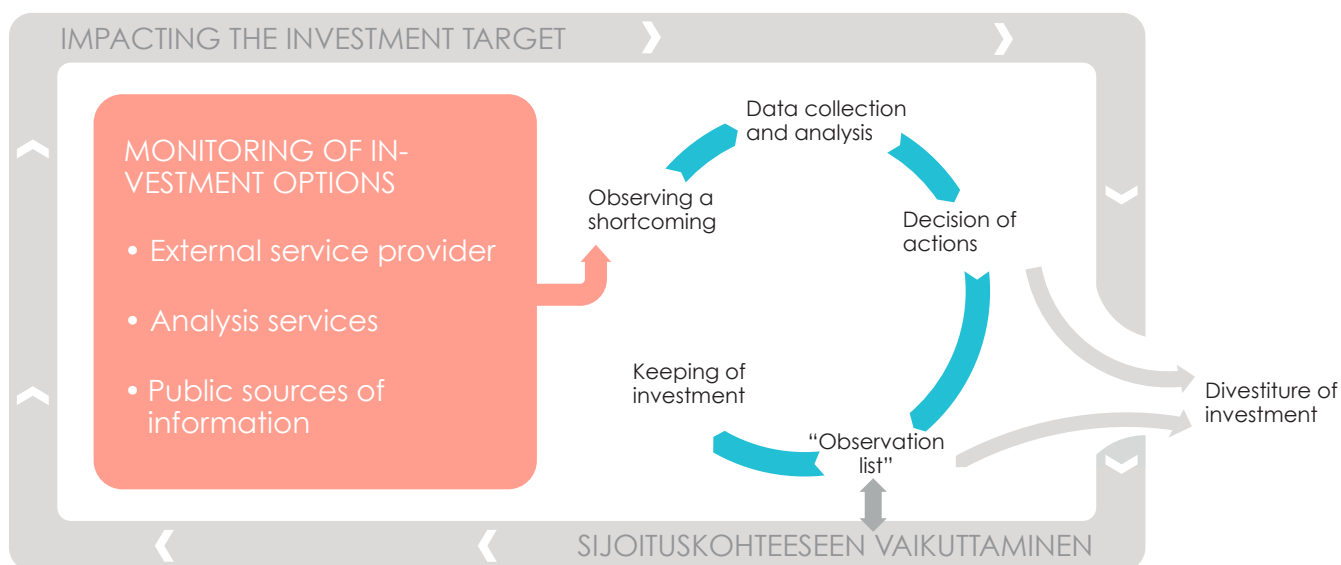


Figure 16. Norm-based screening

## Thematic investments and exclusion

According to the recent Finsif (Finland's Sustainable Investment Forum) market survey (2019) amongst its members, sustainable investment is one of the future key trends that is also more widely discussed in the society. Besides climate change and megatrends, impact and impact investing were identified as trends by the respondents.

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

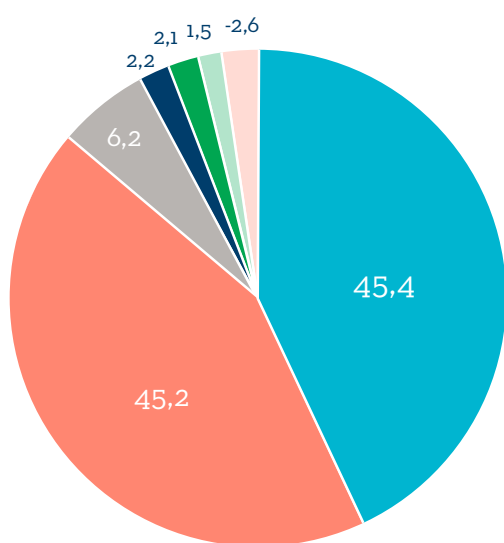
## Säästöpankki Ympäristö special investment fund

In 2018, we expanded to thematic investment. The Säästöpankki Ympäristö special investment fund that promotes the sustainable use of the environment was launched on 31 December 2018.

The investments of the fund focus on the mitigation of climate change and on environmental innovation. The investments must also promote sustainable and responsible development. At the end of 2019, the fund capital was 6.96 million euros, which is 0.22 per cent of the Savings Banks Asset Management's assets under management.

Säästöpankki Ympäristö special investment fund invests in direct equity investments, equity funds, private equity investments and fixed income investments. Direct equity investments are made in companies promoting sustainable and responsible production. The equity funds include sustainable development equity funds and ETFs. Fixed income investments include, for example, green bonds and sustainable fixed income funds. Private equity investments are projects that promote the environment, such as sustainable energy. The figure below shows in more detailed the allocation of the Säästöpankki Ympäristö special investment fund's investments on 31 December 2019.

## ALLOCATION OF INVESTMENTS



### ALLOCATION OF INVESTMENTS, %

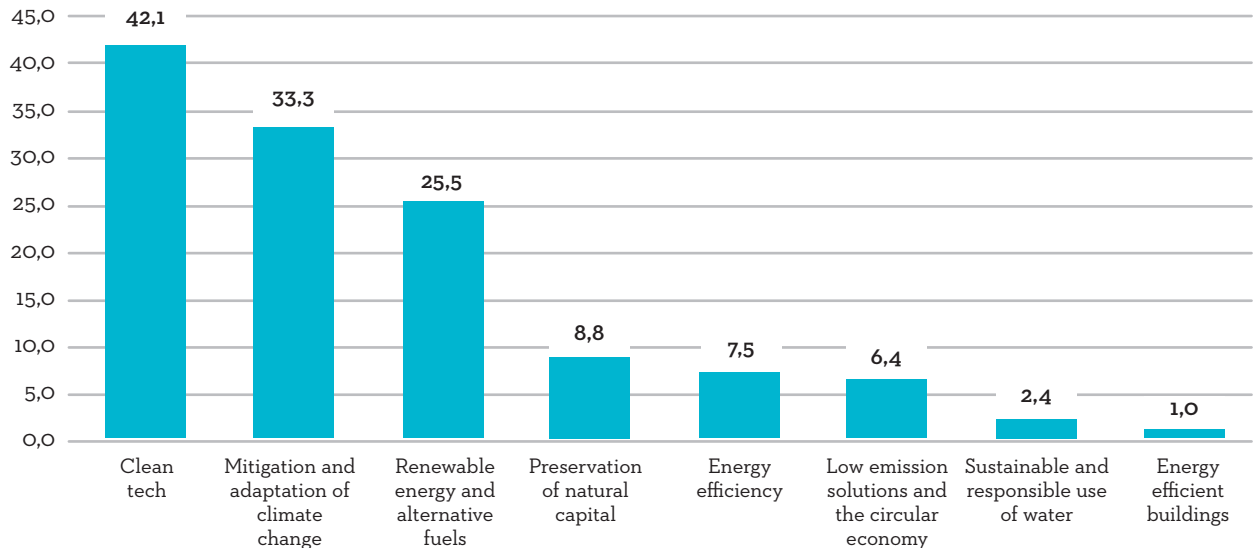
- Sustainable development equity funds
- Direct equity investments
- Green bond funds
- Cash
- Private equity funds
- Direct green bonds
- Others

Source: Sp-Fund Management Company Ltd

Figure 17. Allocation of the Säästöpankki Ympäristö special investment fund's investments on 31 December 2019

The investments of the fund will primarily be selected so that they promote sustainable and responsible development, such as the circular economy, cleantech, renewable energy and energy efficiency, sustainable use of water and waste management or the preservation of natural capital. The first of the figures below shows the environmental solutions of direct equity investment by revenue on 31 December 2019. The second figure shows the use of proceeds of the direct and fund-based green bonds on 31 December 2019.

### ENVIRONMENTAL SOLUTIONS, %



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

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

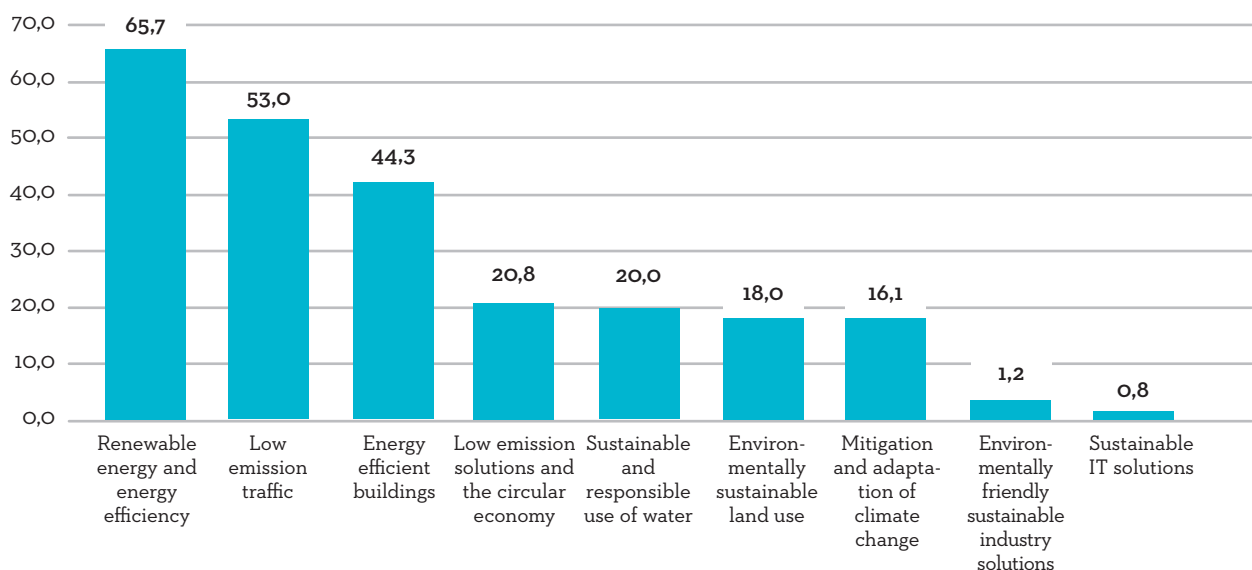
Coverage 89%.

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

Figure 18. Positive environmental impacts of the direct equity investments of the Säästöpankki Ympäristö special investment fund on 31 December 2019

### USE OF PROCEEDS FUNDS BY CATEGORY

### USE OF PROCEEDS, %

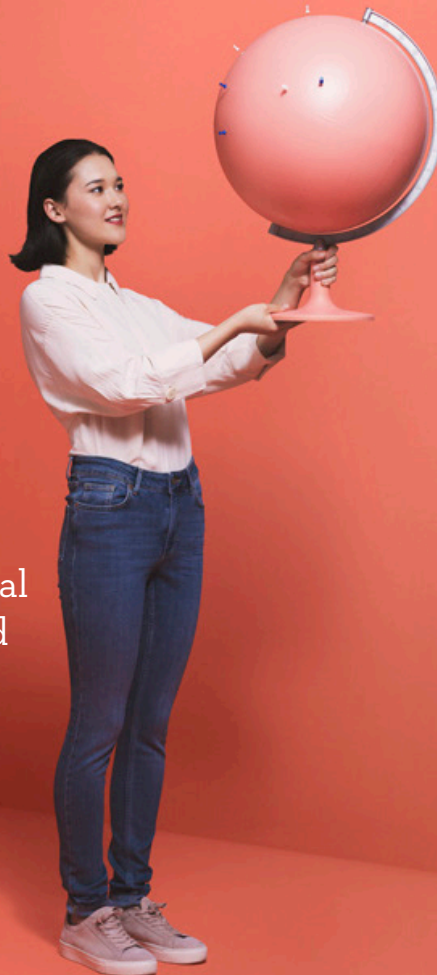


Some bonds include use of funds in several categories.

Sources: Sp-Fund Management Company Ltd, issuers, other asset managers

Figure 19. Use of proceeds of the direct and fund-based green bonds of the Säästöpankki Ympäristö special investment fund by category on 31 December 2019

” The goals of the UN General Assembly are universal and they belong to all of us.



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 of the UN General Assembly are universal and they belong to all of us. The objective of sustainable development is to end extreme poverty and aim at sustainable development. This can be done by observing the nature, the people, human rights and the economic perspective equally. There are 17 main goals in total. We have also analysed which of the sustainable development goals the green bond investments of the Säästöpankki Ympäristö special investment fund promote. The direct and fund-based green bond investments of the Säästöpankki Ympäristö special investment fund promote the sustainable development goals 11 and 13 in particular, aimed at sustainable cities and communities as well as climate action.



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

## 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.

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

We do not invest directly in tobacco producers either.

Säästöpankki Ympäristö special investment fund has an exclusion criteria beyond the above mentioned. At the end of 2019, the fund capital was 6.96 million euros which is 0.22 per cent of the Savings Banks Asset Management's assets under management.

## Climate change in investment operations

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

The climate change and the wellbeing of the environment are themes that have also taken central position in the political discussion. Environmental factors and the climate change are reflected in the strategic goals and business plans of companies. The acceleration of climate change will inevitably lead to legislative changes, thereby changing the operational environment of companies substantially. Environmental matters have become an important competitive factor for companies and a source of revenue for investors. New technologies 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.

Investors should also prepare for the impacts of the climate change in terms of risk management and the seeking of better risk/reward ratio. On the other hand, the mitigation of the climate change and adjusting to the change offer new investment opportunities for investors as well as other potential opportunities to utilise.

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 impacts and carbon risk of our funds.

## Climate scenario analyses and stress tests of our equity and fixed income funds

We calculated the climate scenario analyses and stress tests for our direct equity and fixed income funds for the first time at the end of last year. The scenario analyses were performed according to 2 degree Investing Initiative's PACTA method. The PACTA method analyses the most significant climate gas emitters of specific sectors and the relationships of the outlooks of such companies to IEA's sustainable development scenario. Likewise, the stress tests were performed using the tool developed by 2 degree Investing Initiative. The tool calculates any changes in the portfolio value with regard to three climate scenarios specified by the Bank of England. The analysis was performed for 13 Savings Bank funds. For more information about Savings Banks' Asset Management's views about the TCFD framework, see the section on the direct and indirect impacts on climate changes and the impact of climate change on the Savings Banks Group hereinafter.

## Carbon footprints of the funds

Carbon dioxide intensity is one way of evaluating the climate impacts and transparency of investments. This figure is calculated every six months to the Savings Bank funds that have direct investments in equity and corporate bonds. We publish the figure if the coverage is more than 50 per cent of the fund's holdings. We encourage our target companies to report their greenhouse emissions and actions to mitigate climate change.




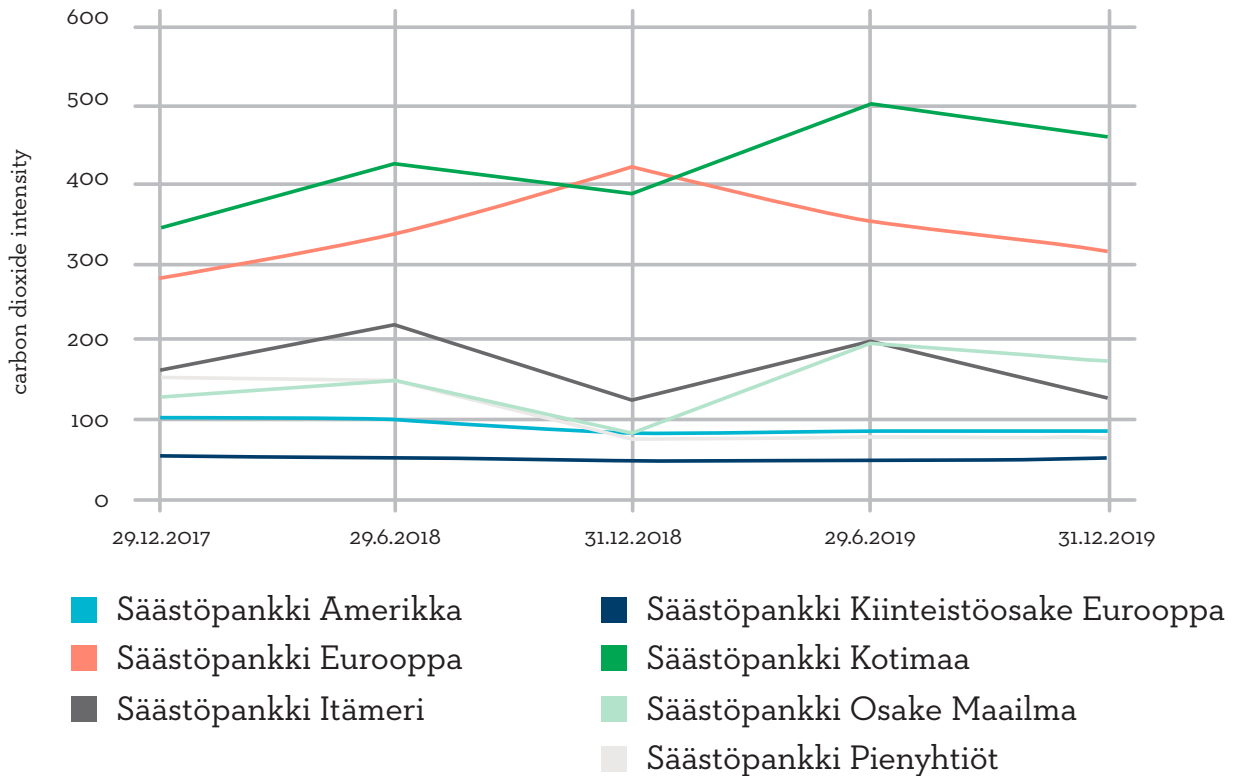
	 Carbon intensity (t CO <sub>2</sub> / revenue, million USD)	 31 Dec 2019 Coverage (%)
Säästöpankki Amerikka	84,2	91
Säästöpankki Eurooppa	312	99
Säästöpankki Itämeri	126	75
Säästöpankki Kiinteistöosake Eurooppa	51,6	90
Säästöpankki Kotimaa	457	79
Säästöpankki Osake Maailma	174,6	90
Säästöpankki Lyhytkorko	65,6	50

Table 4. The carbon footprints of the Savings Bank funds on 31 December 2019



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



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

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

### Carbon footprint calculation of the investments

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

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

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

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

### Active ownership is a key part of sustainability

We are an active owner. Among other things, this means that we participate in the General Meetings of the investee companies and engage with them. In particular, we monitor the development of the investee companies. The aim is to increase transparency and sustainability in the operations of the target companies. Where necessary, we maintain contact with the companies either directly or through a service provider and aim engage in order to ensure that the companies take action in response to grievances and promote a responsible way of operating. We seek to discuss ESG matters with our investee companies and emphasise the importance of sustainability.

Savings Banks' Asset Management puts its ownership policy into practice by participating in the General Meetings of the investee

companies, in accordance with the principles of ownership steering. The ownership policy approved by the Board of Directors of Sp-Fund Management Company Ltd was last updated in autumn 2019. We consider our participation in each General Meeting individually. We take into account the agenda of the meeting, for example whether there are issues of social importance on the agenda, the assessment of the extent to which the fund management company can exercise influence in an individual meeting and the relative size of our holdings in the funds. Based on the above listed criteria, five of our Savings Bank funds participated on the Annual General Meetings of Finnish companies in 2019. Of the investment funds, Säästöpankki Pienyhtiöt: 18 general meetings, Säästöpankki Kotimaa: 17, Säästöpankki Itämeri: 11, Säästöpankki Korke Plus: 5 and Säästöpankki Ympäristö: 2. Furthermore, Säästöpankki Kotimaa participated in one extraordinary general meeting. No voting took place in these general meetings.

In 2019, we met regularly with the senior management and investor relations (IR) units of the listed companies included in our portfolios. There were 353 portfolio companies in our

funds and we discussed environmental and social issues with 19 per cent of them. We also met with companies not included in our investment portfolios during the year.

Themes discussed in the meetings included, among other things, issues related to the climate change, such as the company's emissions, reporting in accordance with the TCFD framework, opportunities to improve the production through new technologies as well as the circular economy. Other matters discussed included sustainability as part of executive remuneration, for example.

We also want to promote awareness and development of sustainable investment. We have given lectures about sustainable investment in various events, such as intra-group events and customer events, schools and universities, panel discussions and other events. We have also supported awareness of responsible investment by participating in master's theses, doctoral dissertation studies and other research related to responsible investment.



# SUSTAINABLE LENDING

## Responsible lending

At the end of 2019, the Savings Banks Group's loan portfolio reached the amount of EUR 8,842 million. The lending included in the balance sheet to private customers was 73%, to corporate customers (housing corporations excluded) 14%, to housing corporations 6% and to agricultural and other customers 7%.

### BREAKDOWN OF LOANS BY CUSTOMER GROUP 31 DECEMBER 2019

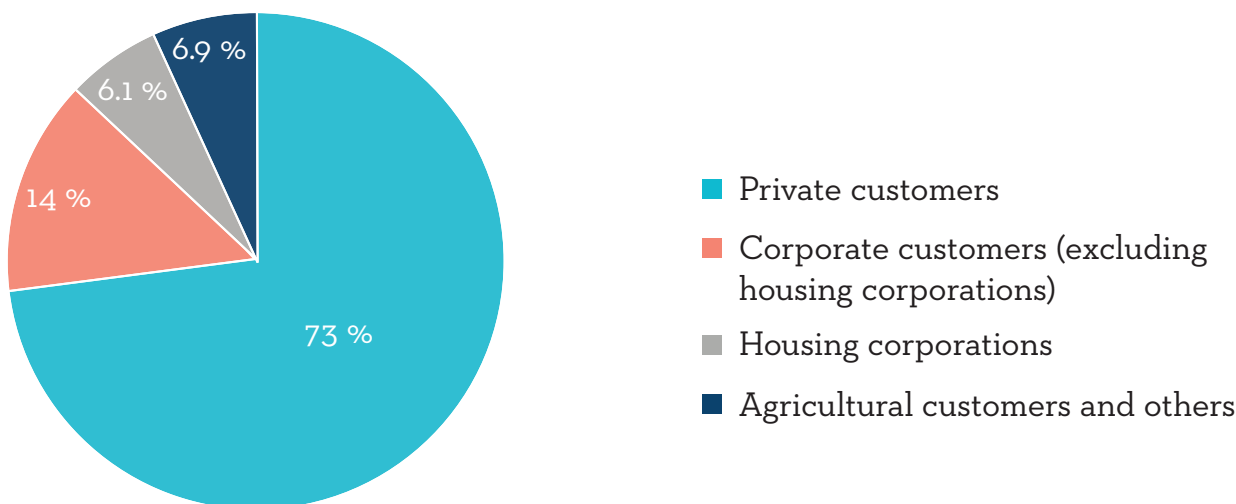


Figure 22. Breakdown of loans by customer group 31 December 2019

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

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

The Savings Banks Group's responsible lending aims at the promotion of the 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 the funding of terrorism. The Savings Banks Amalgamation has specified an online training related to customer due diligence and the prevention of

money laundering that must be completed at regular intervals in all organisational levels. On the other hand, we must ensure preventing the over-indebtedness of the customer or them ending up in financial difficulties as a result of an incorrect estimate of the ability to pay back debt. Our goal is to, by means of mapping, identify the credit products of the Savings Banks Group or our partners that are suitable for the customer and their project. Recommendations of satisfied customers help us increase the risk-bearing capacity of the Savings Banks Group and thereby finance the projects of new customers as well.

Customer feedback is handled according to the Amalgamation's guidelines on the handling of customer complaints and feedback. The guidelines specify the joint operating methods and principles for the processing of customer complaints and feedback in the Savings Banks. All complaints and feedback is processed uniformly in accordance with the guidelines. The executive directors of the savings bank receive regular summaries of the complaints and feedback.

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

Development ideas are recorded in the system of the savings bank in question and assigned to a designated person in the bank who will evaluate the development idea and, if necessary, initiate actions 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.

We also receive customer feedback through the NPS survey that monitors customer satisfaction. The NPS goal for 2020 is 83 for private customers and 80 for corporate and agricultural customers. More detail on the NPS survey can be found in the section Responsibility in customer work - customer satisfaction as an indicator of responsibility.

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

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

## Sustainability in our customer financing

We are digitalising our operations in phases. In addition to meeting us at a savings bank branch, the customer may negotiate about a loan over the phone or in an online meeting. In 2020, we will introduce the electronic signing of loan documents so that the customer does not need to sign the loan documents in a branch. Residential property purchase/sale transactions where documents can be signed electronically will also become possible in 2020. This helps us save the customer's time and reduce the carbon footprint in cooperation with our customers. The renovation of our core banking systems in the next couple of years will also enable automated decision-making for private customer loans.

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

### Corporate lending by industry

Industry (EUR 1,000)	31.12.2019	31.12.2018
Basic industries, fisheries and mining	6.4 %	6.3 %
Industry	5.7 %	5.8 %
Energy, water and waste disposal	0.9 %	1.1 %
Construction activity	9.0 %	8.8 %
Trade	7.0 %	7.6 %
Hotels and restaurants	2.9 %	3.0 %
Transport	2.9 %	3.2 %
Funding	1.6 %	1.6 %
Real estate	53.2 %	51.9 %
Research, consulting and other business services	5.8 %	5.7 %
Other services	4.6 %	4.9 %
Total	100.0 %	100.0 %

Table 5. Corporate lending by industry on 31 December 2019

reliable, successful operations. As a part of responsible lending, we consider the interest rate risks in the customer's repayment ability, offer interest rate hedging products suitable for the customer and encourage the customer to prepare for unexpected events with continuous saving solutions. Responsible lending also includes explaining the risks so that the customer will understand them since 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 is having difficulty making payments. We are often able to find solutions in cooperation with the customer that help the customer overcome the difficult situation.

In corporate lending the savings banks target the micro and small businesses, self-employed entrepreneurs and forestry and agricultural customers as well as public sector operators that are mainly located within the operating area of each savings bank. The Savings Banks Group does not accept as customers or finance any companies that offer instant 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 its economy in our part. Savings Banks mainly operate locally, and it is the local expertise of the Savings Banks that gives us good opportunities to assess the responsibility of the operations of companies.

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

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

# COMPETENT, ENGAGED EMPLOYEES AND CORPORATE CULTURE

The Savings Banks Group is a work community capable of regeneration, offering its personnel 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 attached to their role for the success of their community, and satisfied personnel are a prerequisite for our success.

People are a central theme in our strategy. We want for every employee of the Savings Banks Group to understand the direction of the organisation's development and be aware of the importance of his or her own work for the achievement of our objectives. We provide tools for finding the strengths and areas of development of supervisory work and opportunities to renew one's own management. Savings Banks Group's annual personnel survey and performance appraisals monitor the management work, and supervisors also obtain feedback from their subordinates as a part of performance appraisals.

The Board of Directors of the Savings Banks' Union Coop approves the policies concerning personnel, the purpose of which is to ensure its reliability, professional competence and sufficient personnel numbers. 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 HR management principles are guided by the Savings Banks Group values and responsibility. We want to include taking care of our employees as a central part of the responsibility of our operations that are founded on a good work community and appreciation of the individual. HR management policies also help to create uniform personnel management procedures within the Group, which take into account the efficient use of financial resources, the personnel's wellbeing, and the competitiveness of the Amalgamation as an employer.

## The Savings Banks Group's personnel

The Savings Banks Group's employees work in the 20 independent Savings Banks around Finland and in the Savings Bank Centre of seven (7) companies. The Group has approximately 130 branches and locations from Helsinki to Rovaniemi and from Närpiö to Joensuu.

At the end of 2019, the total number of personnel in the Savings Banks Group was 1,391 (1,409). Women accounted for 77% and men for 23% of all employees. The average age of employees was 42.8 years in 2019 (42). Rate of employee turnover of was 4.1% (4.6%).

Total number of employees by employment contract and gender 2019	Women	Men	Total	
Permanent	951	297	1 245	89 %
Fixed-term	115	31	146	11 %
<b>Total</b>	<b>1 066</b>	<b>328</b>	<b>1 391</b>	

Table 6. Total number of the Savings Banks Group's permanent and temporary employees 2019

Total number of employees by employment type and gender 2019	Women	Men		
Full-time	921	67 %	311	22 %
Part-time	145	10 %	14	1 %
<b>Total</b>	<b>1 056</b>		<b>335</b>	

Table 7. Total number of the Savings Banks Group's full-time and part-time employees 2019

The Savings Banks Group observes two different collective agreements. The Savings Banks and Sp-Fund Management Company Ltd, Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Savings Banks Services Ltd and Savings Banks' Union Coop are covered by the collective agreement for the financial sector which is universally valid, while Sp Life Insurance Ltd is covered by the universally binding collective agreement for the insurance sector. The collective agreements do

not apply to executives, HR managers, cleaners, caretakers and summer trainees. Ninety three (93) per cent of the total number of employees in the Savings Banks Group are covered by a collective agreement.

The use of leased workforce was minor in the Savings Banks Group level. At the end of 2019, eight (8) employees of the Savings Banks Group's central institution and two leased employees were working on job rotation in different Savings Banks.

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The Savings Banks Group is a work community capable of regeneration, offering its personnel an environment where learning and development are valued.



## Personnel survey

Savings Banks Group conducts an annual joint personnel survey, “Our Savings Bank” designed based on the Group’s strategy. It is our vision to be the most competent and trusted financial partner. The personnel survey gives us valuable information about how we can build the Savings Bank’s success jointly in order to support our vision. The objective of the personnel survey is to monitor the execution of the strategic vision and give employees the opportunity to voice their views. The feedback is used in the development of operations both locally and at the Group level.

The response rate of the personnel survey has been high from one year to the next. In 2019, 86.20 per cent of Savings Bank employees took the survey and the average score for the survey as a whole was good at 3.31 on a scale of 1–4. According to the result, the Savings Banks Group is recommended as a place of work and people take pride of being a savings bank employee. The employees aim to actively guide and develop their work from the perspective of performance and they share best practices with their colleagues. One of the key strengths of the Savings Banks Group is customer orientation, which is evident in a strong aspiration to find comprehensive solutions for customers based on their needs.

## Personnel and competence development

We in the Savings Banks Group want every employee to be an expert in his or her own work. That is why everyone must have the opportunity – and the responsibility – to develop his or her competence. Our success in the transformation of our industry requires everyone to continuously maintain and develop his or her own expertise.

The development of competence is in the core of the Savings Banks Group strategy: Our vision is to be the most competent and trusted financial partner. The Savings Banks Group’s joint competence development network, the Sp-Academy, ensures that the Group provides a diverse range of learning paths to improve the important competences needed to realise our strategy and to respond to the rapidly changing competence needs in the financial sector.

In 2019, the work focused on the quality of the contents and methods of the Savings Banks Group’s extensive training offering to support the development of competence. Approximately 200 training events took place during the year, with half of these

taking the form of video or online training. In accordance with the focus areas of the Group’s strategy, the training especially focused on leadership, sales, customer service and development expertise. Particular emphasis was placed on the development of managerial work, sales management and project competencies in the training activities. In 2019, we also conducted a 360 survey of management and supervisory work covering all Savings Banks Group managers. The results showed that the group provides lots of coaching to support supervisory work.

The Savings Banks Group introduced a job rotation model in 2019 with the aim of enabling Savings Banks Group employees to utilise, share and increase their competence within the Group. Job rotation is used to support the development of competence either comprehensively or profoundly. Persons in job rotation also bring new perspectives into the work community, and the development opportunities support the well-being at work and strengthen the positive employee experience.

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

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

## Wellbeing at work

The foundation and key resource underlying all of the Savings Banks Group’s operations is satisfied employees with a high level of wellbeing who are well looked after by their employer. In the past five (5) years, sickness-related absences represented 3% of total working hours.

The most common methods of promoting wellbeing used by the Group include recreational days, sport and culture benefits, ergonomics inspections and close cooperation with pension insurance companies and occupational health care services aimed at maintaining a high level of wellbeing.

# SAVINGS BANK AS PART OF LOCAL COMMUNITIES

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

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

The corporate structure of the Savings Banks is either that of a traditional savings bank or a savings bank limited company. The supreme decision-making power in the Savings Banks rests with the trustees, who are representatives of the depositors and possible equity capital shareholders. In savings bank limited companies, the supreme decision-making power is wielded at the General Meeting by the savings bank trusts, the Boards of which are similarly comprised of representatives of the depositors. The Trustees or the General Meeting elects the Board for the bank.

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

## Promoting social wellbeing locally

Our responsible approach and the promotion of regional wellbeing are reflected in the Savings Banks Group for example, in the form of the annual Good Deeds campaign, through which we support local vitality. In this campaign, the local Savings Banks decide the charities they want to donate to in their own region based on suggestions made by the local citizens and an advisory vote. The Good Deeds campaign 2019 started in February when project proposals were submitted and voted on. By the end of March, more than 1,100 projects were proposed, receiving over 123,000 individual votes.

The 2019 Good Deeds campaign saw Savings Banks donate almost EUR 670,000 to approximately 600 different charities. Savings Bank wants to take the side of the little ones. This was reflected in the choice of charities that emphasised children and young people, just like the year before. Donations were made to youth and sports associations, cancer foundations and charities based on volunteer work, for example.

The biggest donation of the local Savings Bank in the Turku region, for example, went to the Icehearts foundation that promotes the wellbeing of children through team sports. The activities of the Icehearts organisation give an interesting hobby for approximately 650 children and young people, while also providing the support of safe adults. The Savings Bank's donation enabled a visit to Eerikkilä Sports & Outdoor Resort for 15 boys. The donation made it possible to provide the appropriate equipment for the season and healthy snacks for the participating children.



## GOOD DEEDS

Savings Banks donate yearly to various charities.



## Support for companies

The Savings Banks Group views supporting companies as an important social responsibility as well. The Savings Bank, LähiTapiola, Elo, Innovestor and regional operators implemented the Tahdo uudistua programme in cooperation to help Finnish companies renew and succeed. The Tahdo uudistua programme was started in autumn 2019 with the purpose to encourage companies to renew their business and to bring new gust into business. The Tahdo uudistua programme provides entrepreneurs with networking opportunities and lets them develop their business in cooperation with specialists and other entrepreneurs. The programme gives the entrepreneurs concrete tools for the development of their company through workshops run by specialists as well as diverse online content.

The events of the Tahdo uudistua programme started in January 2020, and events will be organised in different parts of Finland during the spring. Companies can also participate in the programme by utilising the online content provided. The programme is offered to participating companies free of charge.

In addition to programmes and campaigns supporting entrepreneurs, companies are supported in their daily work. Our specialists are ready to assist entrepreneurs in all financial challenges and act as financial partners of entrepreneurs regardless of company size. Furthermore, we organise various kinds of events, briefings and webinars for entrepreneurs and provide them with comprehensive, updated information about financing, saving, investments and other aspects of financial management.

## Support for scientific research

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

In 2019, the Savings Banks Research Foundation granted scholarships to university researchers and study projects totalling EUR 107,500. In addition, savings bank trusts that own the Savings Banks structured as limited liability companies have made significant charitable contributions to public purposes in various parts of Finland.

## Increasing financial literacy and cooperation with schools

The Savings Banks Group implements its responsibility through actions in the form of financial education, for example. Continuous financial education and good learning materials are needed in the changing world. As a social influencer, we in the Savings Banks Group want to do our part and help young people to take care of their finances and build their financial future on a sound basis, based on correct information and systematically.

In 2019, savings bankers of Aito Säästöpankki visited 15 upper secondary schools or vocational upper secondary school institutions within the framework of the "My first euros" financial education package that gives the students updated and concrete financial information. At the end of training, the students' skills were measured in a Kahoot quiz. They were also asked to give feedback about the training. Feedback from both the students and the teachers showed that the financial education had, in part, helped young people to open their eyes, in particular for financial pitfalls. Almost every student who participated in the financial education found that the content discussed was necessary and expressed the will to learn more about the subject.

Eurajoen Säästöpankki has been working with SAMMAKKO, the student body of Satakunta University of Applied Sciences for several years already. The tight cooperation has made the bank's turquoise hoodies a familiar sight in the hallways of the campus. One of the forms of cooperation are the ABC events organised on the campuses in the afternoon, giving the students the opportunity to discuss about saving, investments or buying a home with the specialists from the bank.

Avain Säästöpankki also worked in close cooperation with upper secondary schools, arranging financial briefings for the last-year students of Kokkola upper secondary school, for example, and giving them lessons in financial mathematics, discussing state guarantees and collateral values, among other things. In addition to teaching, Avain Säästöpankki supported upper secondary schools in the Kokkola region by donating binders for the students' final graduation certificates and granting an environmental scholarship for a responsible action for the good of the nature. We feel that these are good examples of how we in the Savings Banks Group carry practical responsibility for the improvement of financial knowledge among young people.



# ENVIRONMENTAL RESPONSIBILITY

As a responsible Finnish banking group, the Savings Banks Group recognises its role in promoting environmental sustainability. The Savings Banks Group's business does not cause significant direct environmental impacts and our direct impact on the climate change is low. Environmental risks, including the climate change, may however have an indirect impact on our operations through the impacts on our customers or stakeholders.

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

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

Indirect greenhouse emissions (scope 2) are caused by the consumption of electricity and heat in our offices. All emissions are calculated as CO<sub>2</sub> equivalents. In 2019, the total carbon footprint of Saving Bank Centre's Vallila property was 172.2 t CO<sub>2</sub>eq. The property also houses other offices and a restaurant. The property was not fully leased in 2019, and a part of the property was under renovation in 2019. Saving Bank Centre rents 42% of the property's leasable floor area. In proportion to the leased floor area, the carbon footprint of Saving Bank Centre's Vallila premises was 72.3 t CO<sub>2</sub>eq in 2019. We have utilised the Finnish Environment Institute's (SYKE) Y-HIILARI tool developed for the calculation of the carbon footprint of companies.

Approximately one third of the electricity bought for the Savings Bank Centre's Vallila property in Helsinki (Vallila33 Business Park) is produced with renewable energy. The property also has solar panels installed on its roof. All of the electricity produced is utilised on the property. The property offers e-car charging stations and a bicycle parking area.

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

## Savings Banks' Asset Management's reporting according to the TCFD framework

TCFD (Task Force for Climate-related Financial Disclosures) is a voluntary framework intended to help companies to understand and report the financial impacts of climate change on their operations. According to the TCFD recommendations, companies should give reports on four areas: governance, strategy, risk management and metrics and targets. The reporting of climate risks increases transparency and allows investors, for example, to analyse the companies in more depth.

### GOVERNANCE AND STRATEGY

Savings Banks' Asset Management is committed to taking the environment, social responsibility and good governance into account in its investment activities. Aspects related to climate change are a part of sustainable investment. The Board of Directors of Sp-Fund Management Company Ltd regularly approves the principles of responsible investment and monitors the sustainable investment practices. The principles for responsible investment at Sp-Fund Management Company Ltd were updated in October 2019.

The goal of Savings Banks' Asset Management is to increase the transparency of sustainable investment of its funds. We publish the sustainability report of Savings Banks' Asset Management every six months. In the report, we disclose our sustainable investment practices and some sustainability metrics of our funds. The fund-specific details include the ESG scores and ratings, among other things. The report also contains various kinds of metrics used to identify factors related to climate change and the carbon risk. In addition to the carbon footprint, we disclose which of our funds have received Morningstar's Low Carbon designation and the positive environmental impacts of the investments of our funds. The report is available on our website.

### RISK MANAGEMENT

The management of sustainability aspects, including the monitoring of climate matters, is an integrated part of portfolio management at Savings Banks' Asset Management. We analyse sustainability data of companies provided by external service providers also with regard to risks and opportunities related to climate change.

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

We have also identified opportunities related to sustainable development and the mitigation of climate change. Säästöpankki Ympäristö is a special investment fund whose investments focus on the mitigation of climate change and on environmental innovation.

We participate in different international cooperation initiatives with other investors. We are an investor signatory of CDP (previously Carbon Disclosure Project) in the climate change, water and deforestation initiatives. CDP is an organisation collecting company-specific information on, among other things, the prevention of climate change, water consumption and greenhouse emissions. We belong to the Climate Action 100+ investor initiative that aims to influence more than one hundred companies with the highest emissions in various industries. Furthermore, we signed the Global Investor Statement to Governments on Climate Change to support the goals of the Paris Agreement.

## INDICATORS AND GOALS

We measure sustainability with various indicators and want to develop it in the future. Carbon intensity is one way of evaluating the climate effects and transparency of investments. This figure is calculated every six months to the Savings Bank funds including direct investments in equity and corporate bonds. We publish the figure if the coverage is more than 50 per cent of the fund's holdings. We encourage our target companies to report their greenhouse emissions and actions against climate change.

We calculated the climate scenario analyses and stress tests for our direct equity and fixed income funds for the first time at the end of last year. The scenario analyses were performed according to 2 degree Investing Initiative's PACTA method. The scenario analyses describe the status of investment at a specific time based on the selected variables. The PACTA method analyses the most significant climate gas emitters of specific sectors and the relationships of the outlooks of such companies to IEA's sustainable development scenario. Likewise, the stress tests were performed using the tool developed by 2 degree Investing Initiative. The tool calculates any changes in the portfolio value with regard to three climate scenarios specified by the Bank of England. The analysis was performed for 13 Savings Bank funds. Our goal is to increase the level of detail in our reporting in accordance with the TCFD framework next year.



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

# GRI INDEX

This report references the GRI Standards 2016 versions.

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

Code	Part*	GRI Content	Location	Further information
GRI 102 General disclosures				
102-1		Name of the organisation	The structure of the Savings Banks Group	
102-2		Activities, brands, products, and services	The structure of the Savings Banks Group	
102-3		Location of headquarters	The structure of the Savings Banks Group	
102-4		Location of operations	The structure of the Savings Banks Group	
102-5		Ownership and legal form	The structure of the Savings Banks Group	
102-6		Markets served	The structure of the Savings Banks Group	
102-7		Scale of the organisation	The structure of the Savings Banks Group	
102-8	a,c,d,e,f	Information on employees and other workers	Competent, engaged employees and corporate culture	
102-10		Significant changes to the organization and its supply chain.	The structure of the Savings Banks Group	
102-12		External initiatives	Commitment to external initiatives	
102-13		Memberships of associations	Memberships of associations	
102-14		Statement from senior decision maker	CEO Foreword	
102-16		Values, principles, standards, and norms of behaviour	The Savings Banks Group's values and vision, Ethics and integrity	
102-18	a	Governance structure	Management and governance of the Savings Banks Group	Item b is reported for Sp-Fund Management Company Ltd in section Sustainable investment and ownership.
102-40		List of stakeholder groups	Stakeholders	
102-41		Collective bargaining agreements	Competent, engaged employees and corporate culture	
102-42		Identifying and selecting stakeholders	Stakeholders	
102-43		Approach to stakeholder engagement	Stakeholder cooperation	

Code	Part*	GRI Content	Location	Further information
GRI 102 General disclosures				
102-44		Key topics and concerns raised	Stakeholder cooperation	
102-45		Entities included in the consolidated financial statements	Scope and focus of reporting	
102-46		Defining report content and topic Boundaries	Scope and focus of reporting	
102-47		List of key topics	List of material themes	
102-48		Restatements of information		No changes.
102-49		Changes in reporting		No changes.
102-50		Reporting period		1.1.2019 - 31.12.2019
102-51		Date of most recent report		20.6.2019
102-52		Reporting cycle		Annual
102-53		Contact point for questions regarding the report		sustainability@saastopankki.fi
102-54		Claims of reporting in accordance with the GRI Standards		GRI referenced
102-55		GRI content index		GRI content index
102-56		External assurance		No external assurance

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

Economic impacts				
<b>201</b>		<b>Economic performance</b>		
103-1		Explanation of the material topic and its Boundary	Financial responsibility	
103-2		The management approach and its components	Financial responsibility	
201-1		Direct economic value generated and distributed	Financial responsibility	
<b>205</b>		<b>Anti-corruption</b>		
103-1		Explanation of the material topic and its Boundary	Risk management	
103-2		The management approach and its components	Risk management	
205-1	b	Operations assessed for risks related to corruption	Anti-corruption and bribery	Information is not available on a more detailed level.
205-2	b	Communication and training about anticorruption policies and procedures	Anti-corruption and bribery	Information is not available on a more detailed level.
205-3		Confirmed incidents of corruption and actions taken		No incidents have emerged in 2019.

Social impacts				
<b>404</b>		<b>Training and education</b>		
103-1		Explanation of the material topic and its boundary	Competent, engaged employees and corporate culture	
103-2		The management approach and its components	Competent, engaged employees and corporate culture	
404-2	a	Programmes for upgrading employee skills and transition assistance programmes	Personnel and competence development	
404-3		Percentage of employees receiving regular performance and career development reviews	Personnel and competence development	
<b>417</b>		<b>Marketing and labeling</b>		
103-1		Explanation of the material topic and its Boundary	Ethics and Integrity	
103-2		The management approach and its components	Ethics and Integrity	
417-3		Incidents of non-compliance concerning marketing communications		No incidents have emerged in 2019.

Customer privacy			
418	Customer privacy		
103-1	Explanation of the material topic and its boundary	Data protection policies and division of responsibilities in the Savings Banks Group	
103-2	The management approach and its components	Data protection policies and division of responsibilities in the Savings Banks Group	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No substantiated complaints in 2019.
419	Socioeconomic compliance		
103-1	Explanation of the material topic and its boundary	Financial responsibility and good governance	
103-2	The management approach and its components	Financial responsibility and good governance	
419-1	Non-compliance with laws and regulations in the social and economic area	Financial responsibility and good governance	No incidents have emerged in 2019.
Ownership			
	Ownership		
103-1	Explanation of the material topic and its boundary	Sustainable investment and ownership	
103-2	The management approach and its components	Sustainable investment and ownership	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Säästöpankki Ympäristö special investment fund	Included information from Sp-Fund Management Company Ltd.
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Active ownership is a key part of sustainability	
FS11	Percentage of assets subject to positive and negative environmental or social screening	Exclusion	



Savings Bank