

# Annual Review 2022

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Aktia



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Aktia 2022

**Implementing our strategy  
to be the leading wealth  
manager bank**



## CEO'S COMMENTS

# Twofold operating environment in 2022

The year 2022 was exceptionally grim for many. When society finally opened up after the coronavirus pandemic, the Russian invasion of Ukraine in February made Europe tremble, including Finland. The feeling of security was shaken.

The Russian attack on Ukraine had global economic repercussions, as it increased energy prices and accelerated inflation, weakening consumer purchasing power. According to Statistics Finland, inflation in Finland was 9.1 percent in December, which is the highest figure since 1983. Furthermore, the central banks changed their direction, and the trend shifted rapidly from a loose interest rate stimulus to a tightened monetary policy. Investors were forced to hold on to their hats as interest rates rose sharply and companies' market values melted away right in front of their eyes. Even at the Helsinki Stock Exchange, the general index fell by more than 15 percent.

For Aktia, the direct effects of the war were relatively small. Our credit portfolio did not have any significant direct risks in the crisis area, and Aktia's own funds did not have any direct investments in Russia. In March, we also decided to suspend all outgoing and incoming payments to Russia and Belarus for the time being.

### **The determined implementation of the wealth manager bank strategy continued**

In 2022, market uncertainty made the operating environment twofold for Aktia: the banking business was strengthened, and rising interest rates supported the growth of interest income. The declining stock market, on the other hand, weighed the assets managed by the fund managers, and rising interest rates burdened the value changes in the investment portfolio of the life insurance business. The operating environment had a major impact on performance development, and the comparable operating profit was clearly lower than the previous year.



**For Aktia, the direct effects of the war were relatively small.”**



Despite the difficult market environment, it was important for Aktia to continue the determined implementation of its strategy. The international distribution of Aktia's Emerging Market fixed income funds (EMD) expanded, and our funds are now sold in 17 different countries. In addition to the EMD funds, we also expanded international sales to other products, one example being the dark green UI-Aktia Sustainable Corporate Bond Fund in accordance with Article 9 of the EU Sustainable Finance Disclosure Regulation, which was launched in the autumn. The fund reached EUR 100 million AuM in December and is also sold to foreign investors.

Last year, we made a record number of Wealth Plans for our customers. The Wealth Plan helps our customers see the opportunities offered by their own finances, increase their wealth and prepare for risks. The launch of the new Finnair Visa credit card in cooperation with Finnair in early June reflected our investment in consumer financing. The demand for the Finnair Visa credit card has been strong since then, and the cooperation has brought an important

number of new customers to the core of our strategy. At the end of the year, Aktia also launched the Aktia Avara investment insurance. The Aktia Avara investment insurance was developed through group-wide cooperation and provides a flexible and efficient way of investing in the long term.

#### **Aktia updated its sustainability programme**

Aktia updated its sustainability programme at the end of 2022. We want to be a reliable partner and systematically develop the sustainability of our own activities and of our entire sector. Combating climate change is important to us, and our climate strategy aims to achieve carbon neutrality in investment portfolios by 2050. In lending, too, we aim to reduce carbon emissions and exposure. We aim to operate on a long-term basis and to develop and expand our practices, including the impact assessment. The indicators of our sustainability programme have been reported as part of the annual review in connection with the non-financial report of the Board of Directors' report.

I would like to express my thanks regarding 2022 to both Aktia's competent personnel, our customers, and other stakeholders. In 2022, Aktia dealt with the same uncertainty in the operating environment as everyone else, but our message to customers remained the same: only by thinking on a long-term basis, beyond these difficult times, can it be possible to prosper systematically, and even benefit from market turbulence. Our task as a wealth manager bank is to help both individuals and Finland to prosper, because the prosperity of the people and, consequently, of society benefits us all.

#### **Juha Hammarén**

Interim CEO



**We want to be a reliable partner and systematically develop the sustainability of our own activities and of our entire sector.”**

# Aktia in brief

Aktia is a Finnish asset manager, bank and life insurer that has been creating wealth and well-being from one generation to the next for 200 years. We serve our customers in digital channels everywhere and face-to-face in our offices in the Helsinki, Turku, Tampere, Vaasa and Oulu regions. Our award-winning asset management business sells investment funds internationally.

## BUSINESS AREAS



### Banking

- Private customers
- Corporate customers



### Asset Management



### Life Insurance

## THE LEGAL STRUCTURE OF AKTIA GROUP 31 DECEMBER 2022

**Aktia Bank Plc** is the parent company of Aktia Group and it is listed in Nasdaq Helsinki Ltd

Aktia's key subsidiaries are:

**100%** Aktia Life Insurance Ltd

**100%** Aktia Fund Management Company Ltd

**100%** Aktia Wealth Management Ltd\*

\* Aktia Wealth Management Ltd was merged into Aktia Bank Plc on 1 January 2022. At the same time, Aktia merged its two fund management companies. More detailed information about the Group can be found in note G42 of the Financial Statements.

## KEY FIGURES 31 DECEMBER 2022 (APPROX.)

# 254,000

Private customers

# 20,700

Corporate and institutional customers

# 97,000

Insurance policies

# 900

Employees

# 13.5

EUR billion

Customer assets under management (AuM)

# 12.4

EUR billion

Balance sheet total

# 737

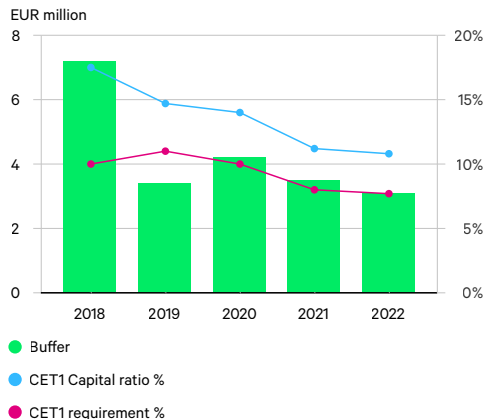
EUR million

Market cap

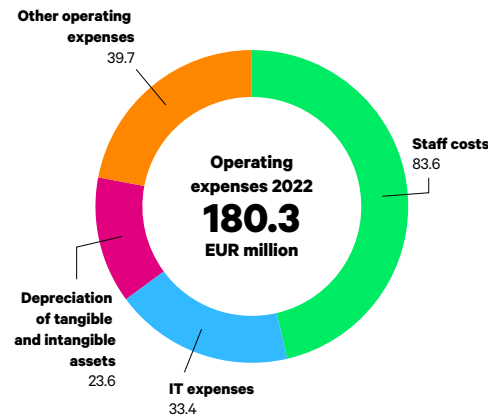
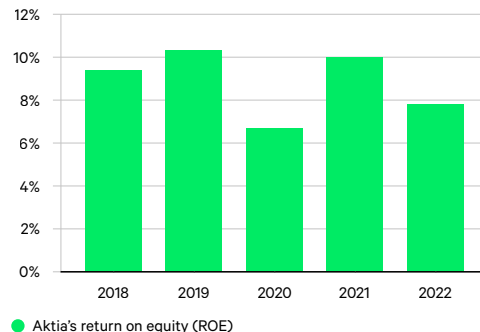
# 40,100

Shareholders

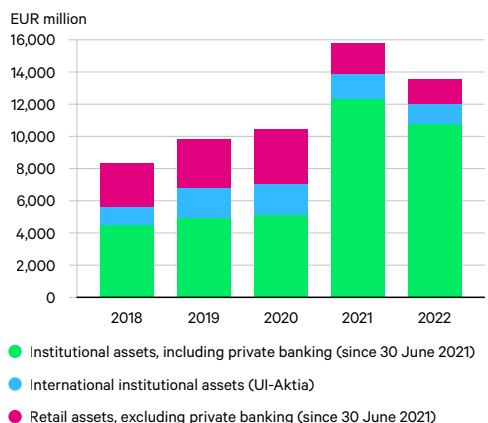
### Capital adequacy



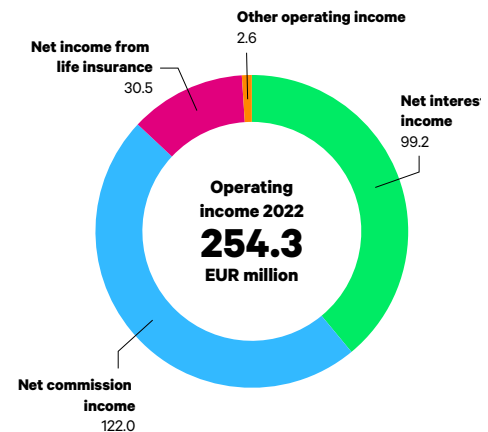
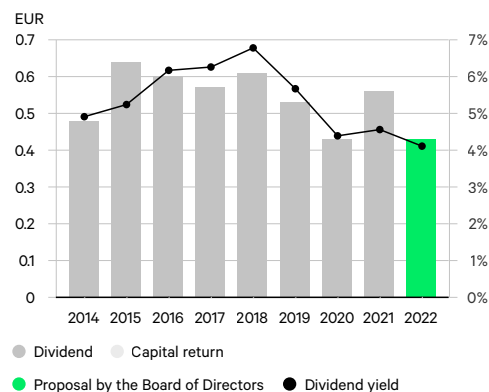
### Aktia's return on equity (ROE)



### Assets under management (AuM) excluding custody



### Aktia's dividend per share (including capital return) 2014-2022



### KEY FIGURES 2022

**254.1** (263.2) -3%  
Comparable operating income, EUR million

**179** (171.1) 5%  
Comparable operating expenses, EUR million

**65.2** (87.4) -25%  
Comparable operating profit, EUR million

**0.72** (0.95) -24%  
Earnings per share (EPS), EUR

**7.8** (10) -22%  
Return on equity (ROE), %

**10.8** (11.2) -4%  
Common Equity Tier 1 capital ratio (CET1), %

**0.7** (0.65) 8%  
Comparable cost-to-income ratio

# Highlights of the year 2022

## Q1

**2 FEBRUARY 2022**

**The arrangement between Aktia and Alexander Corporate Finance has been completed.**

Parties received approval from the FFSA. With the arrangement, the new name of Alexander Corporate Finance will be Aktia Alexander Corporate Finance Oy.

**28 FEBRUARY 2022**

**Aktia once again best fund house in Morningstar's comparison.**

In the Morningstar Awards 2022 comparison Aktia was selected as Finland's best fund house for fixed-income funds as well as for the overall selection. Morningstar is an independent party carrying out fund comparisons and selecting the best fund houses annually based on the five-year risk-adjusted return.



## Q2

**16 MAY 2022**

**Letter of intent for the sale of Aktia Life Insurance Ltd's real estate investment.**

As a result Aktia Life Insurance Ltd recorded capital gains of EUR 11 million in its investment portfolio.



**8 JUNE 2022**

**Aktia signs the UN Principles for Responsible Banking and joins the world's largest banking community.**

The Principles are the leading framework for ensuring that banks' strategy and practice align with the UN Sustainable Development Goals and the Paris Climate Agreement. Under the Principles, signatory banks measure the environmental and social impact resulting from their business activities, set and implement targets where they have the most significant impact, and regularly report publicly on their progress.



# Q3

## 30 AUGUST 2022

### **Aktia will start paying deposit interest for fixed deposits.**

As first bank in Finland Aktia began once again to pay interest for fixed deposits.



## 1 SEPTEMBER 2022

### **Aktia Launches Rare Dark Green Corporate Bond Fund**

Aktia launched the new UI-Aktia Sustainable Corporate Bond fund which is classified as a so-called dark green fund in accordance with Article 9 of the EU Sustainable Finance Disclosure Regulation. The fund invests only in green, social, and responsible bonds as well as sustainability-linked bonds (SLB), and each investment object is also required to have a positive net impact, considering, for example, the impact on society and the environment.

# Q4

## 9 NOVEMBER 2022

### **Aktia and CGI enter strategic cooperation**

Joint venture now being established between Aktia and CGI will provide Aktia with a significant part of the maintenance and development services for Aktia's banking business IT systems in the future. The cooperation supports Aktia's strategic objectives to develop its banking business and services and to be the leading wealth manager bank in Finland.

## 19 DECEMBER 2022

Throughout the year Aktia's focus on customer experience and customer centricity was internally enhanced by the CX Program. The CX Program focused on ensuring the right toolbox for CX management. In Q1, Aktia's customer experience vision was defined and an internal CX handbook for all Aktians was launched. By the end of the year, close to 70% of all Aktians had taken part in CX workshops that support a customer centric culture.



## OPERATING ENVIRONMENT

# Year 2022 will go down in history



**Lasse Corin**  
Chief Economist

We have the third historical year in a row behind us; 2020 saw the pandemic, 2021 an extreme economic rebound, and 2022 Russia's completely unjustified war in Ukraine. In 2022, economic slowdown became reality both in Finland and abroad. Simultaneously, the war amplified already high inflation risks. Going into 2023, confidence indicators show that Finnish consumers' uncertainty is at an all-time high, while the Finnish industry is still fairly confident. Consumers are grappling with a reduced purchasing power as households' incomes grow slower than the prices. This forces consumers to trim their spending while weakening their ability to make savings. Inflation is expected to slow down markedly in 2023, especially during the second half of the year, easing the pressure on households.

Inflation caused the European Central Bank (ECB) to rapidly increase interest rates. Given that almost all mortgages in Finland are fixed to 12-month Euribor, the higher interest rates increased households' debt

services expenses, and caused housing prices to drop. At the same time, inflation uncertainty has turned the markets into a roller coaster. Central banks took extensive measures in their fight against inflation. Consequently, interest rates were adjusted several times in large increments. As a result, fixed income prices suffered, as did equity prices. Markets became obsessed with inflation, and even small deviations from inflation consensus estimates caused large market gyrations. At the end of the year, the inflation picture was getting clearer, and there were indications of prices increase slowing down. Therefore, 2023 will see investor focus shift from inflation to economic growth development.

Currently, economic forecasters foresee growth slowing down in 2023, followed by a clear uptick in activity in 2024. Higher interest rates have once again turned investors' focus on public sector indebtedness, whereby we can expect clearly higher interest in public sector deficits.



Currently,  
economic  
forecasters  
foresee growth  
slowing down in  
2023, followed by  
a clear uptick in  
activity in 2024.”

AKTIA'S STRATEGY

# Aktia seeks growth particularly among customers who want to increase their wealth

Aktia's strategy, which extends to 2025, supports Aktia's growth objectives and guides the company towards the new vision of being the leading wealth manager bank.

The growth strategy is built on offering comprehensive wealth management services through close collaboration between Aktia's three business areas: Asset Management, Banking, and Life Insurance. A strong focus on wealth management is an essential part of all business activities across Aktia.

Climate change and over-exploitation of natural resources is evident. Aktia considers sustainable investments, finance, and operations as drivers for long-term profitable growth. Aktia believes that increasing wealth in combination with financial uncertainty will increase the demand

for wealth management advisory. New ways on interacting and higher customer expectations underline the importance of delivering an excellent customer experience.

Aktia's strategy focuses on three strategic priorities, which are:

## 1. Win in wealth management

Aktia's objective is to be the first choice for private and institutional investors. A comprehensive product offering, excellent portfolio management expertise, high-quality Private Banking, and institutional wealth management are at the core of Aktia's strategy. A key focus area is to successfully carry out the integration of Taaleri's wealth management operations, which were acquired in the spring of 2021.

## OUR THREE STRATEGIC PRIORITIES



## 2. Grow among customers who want to increase their wealth

Aktia seeks growth particularly among customers who want to increase their wealth. Aktia offers responsible and holistic wealth management advisory including banking, asset management, and life insurance services. Cross-selling with a focus on comprehensive wealth management is a key activity that will be carried out through close collaboration between Aktia's three business areas. Within

Corporate Banking, Aktia seeks growth particularly among owner-driven medium-sized corporates.

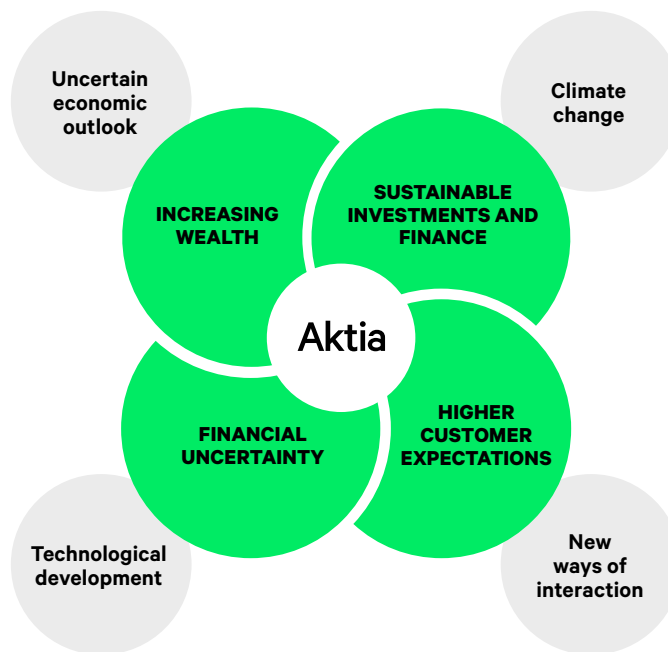
## 3. Deliver excellent customer experience

The customer is at the core of Aktia's strategy. Aktia aims at becoming the leading wealth manager bank by delivering an excellent customer experience through strong customer insight, seamless internal collaboration, and holistic service models across business areas.

**AT THE CORE OF THE STRATEGY IS CLOSE COLLABORATION  
BETWEEN AKTIA'S THREE BUSINESS AREAS**



**CHANGES IN AKTIA'S BUSINESS ENVIRONMENT SHOWS A GROWING  
NEED FOR COMPREHENSIVE WEALTH MANAGEMENT**



**FINANCIAL TARGETS  
FOR 2025**

**> 120**

Comparable operating profit above EUR 120 million

**> 12%**

Comparable return on Equity (ROE) above 12%

**< 0.60**

Comparable cost-to-income ratio under 0.60

**> 1.5**

Common Equity Tier 1 capital ratio (CET1) above 1.5 percentage points over the regulatory requirement

# Value creation

## INPUT



### Financial capital

- Comparable operating profit: EUR 65.2 million
- Balance sheet total: EUR 12,393 million
- Equity: EUR 698 million
- Liabilities: EUR 11,696 million

### Social capital

- Personnel: 964 employees in total
- Number of hours of personnel training: 12 hours / employee

### Intangible capital

- Culture & Silent knowledge
- Diverse expertise
- Product development

### Natural capital

- Paper consumption 4,2 tonnes
- Energy consumption 2958 MWh

The leading wealth manager bank.

## OUR VISION

### AKTIA'S BUSINESS



Banking



Asset Management



Life Insurance

## OUR MISSION

Building wealth for our customers and society.

# Aktia

Aktia provides private individuals, corporate customers and institutions with customer-oriented banking and financing solutions, based on close consultancy, through different channels. The individual needs of each customer are the starting point of everything we do.

## OUR VALUES

**Courageously,  
Skilfully, Together.**

17 Locations | 5 Aktia flagships | 159 Customer service advisors | 280,000 Customers

## OUTPUT



### Value for owners and financiers

- Earnings per share: EUR 0.72
- Proposed dividend per share: EUR 0.43
- Net interest income: EUR 99.2 million

### Value for community

- Salaries and bonuses paid: EUR 71,4 million
- Social security and pension contributions: EUR 13,5 million
- Tax footprint: EUR 74,1 million
- Donations EUR 82 200,00 and membership fees: EUR 658 829,00

### Value for customers

- Customer satisfaction
- High-quality service offering and digital services

### Impact on environment

- CO2e emissions:
  - Scope 1: 0 tonnes
  - Scope 2 (location-based): 425 tonnes
  - Scope 2 (market-based): 220 tonnes
  - Scope 3: 161 494 tonnes

# Aktia as an investment object

**Aktia is a Finnish wealth manager bank.**

**Wealth management is at the core of Aktia's business, but we differentiate from pure wealth managers by also offering comprehensive banking and life insurance products and services. Traditionally, Aktia has been a reliable payer of dividend and, as an investment, it is associated with a clear growth strategy.**

## WHY INVEST IN AKTIA?

### 1 CLEAR GROWTH STRATEGY

- Aktia is seeking growth particularly amongst customers who want to increase their wealth.
- We offer holistic and responsible wealth management advisory, including a comprehensive selection of banking, asset management, and life insurance services.
- Digital products and services as well as efficient cross-selling between different business areas are an essential part of our operations.

### 4 RESPONSIBLE PARTNER FOR ECONOMIC WELL-BEING

- For a long time, Aktia has complied with the principles of responsible investment in all its investment activities and prepared principles of responsible lending during 2021.
- Our climate strategy aims to achieve carbon neutrality in investment portfolios by 2050, and we are also part of the international Net Zero Asset Managers initiative.

### 2 WEALTH MANAGEMENT IS AT THE CORE OF AKTIA'S BUSINESS

- Aktia is one of the leading wealth management organisations in Finland, combining customer orientation, an extensive product offering, top portfolio management, and high-quality Private Banking.
- Our award-winning asset management business also sells investment funds internationally.

### 5 RELIABLE PAYER OF DIVIDEND

- It is important for us to pay dividends to our shareholders in accordance with our dividend policy.
- Aktia's dividend policy is to pay out a dividend of 60–80 per cent of the profit for the accounting period.

### 3 A SOLID PLAYER IN BANKING

- Aktia is a stable and profitable player in banking with a conservative credit policy that meets the capital requirements set for it.
- Aktia's Common Equity Tier 1 capital ratio (CET1) is clearly above the regulatory requirement set for Aktia and in line with the company's own financial objectives.

**AKTIA'S SHARE 2022**

**Aktia's share 31 December 2022:**

Market .....	Nasdaq Helsinki Oy
Trading code .....	AKTIA
ISIN code.....	FI4000058870
Shares .....	72,385,072
Market cap .....	EUR 739,775,435.8
High .....	EUR 12.88
Low .....	EUR 8.62
Closing .....	EUR 10.22



**Aktia's share 2022**



Business areas

**Building wealth for  
customers and society**

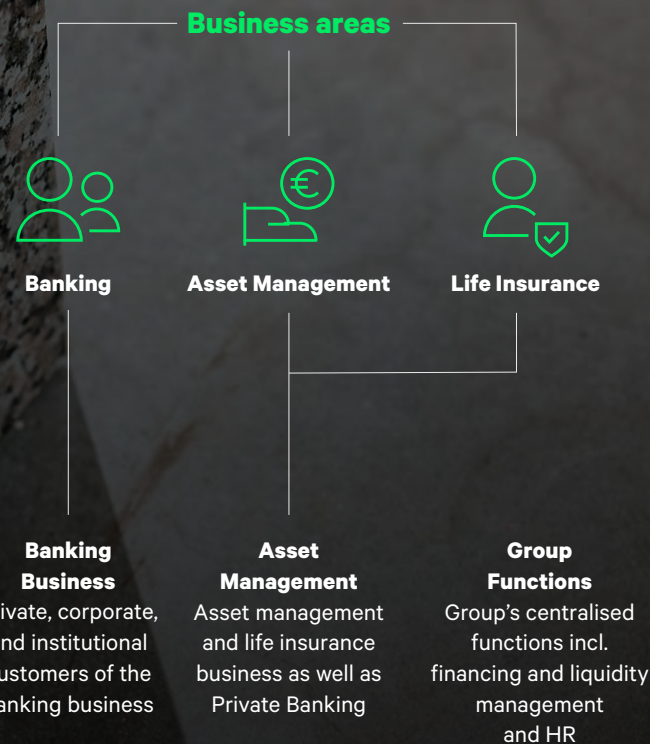
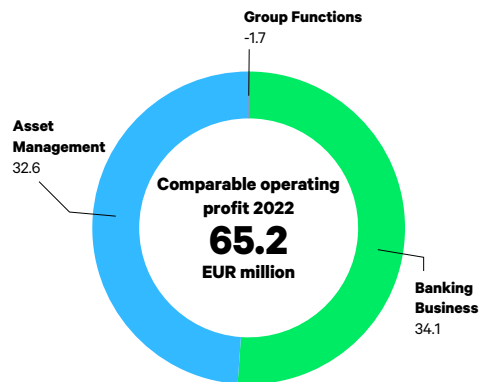
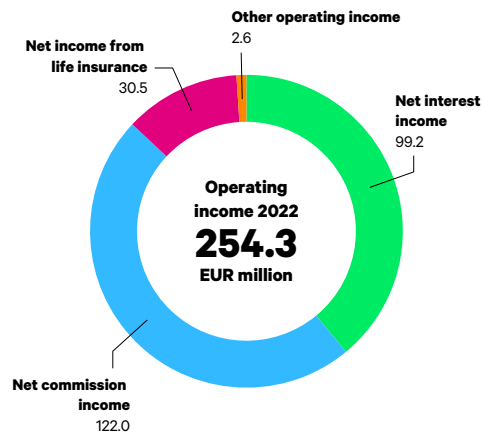




# Business areas and reporting business segments

Aktia provides private individuals, corporate customers, and institutions with customer-oriented banking and financing solutions, based on close consultancy, through different channels. The individual needs of each customer are the

starting point of everything we do. Aktia has three business areas: Banking, Asset Management and Life Insurance. Aktia has three reporting business segments: Banking Business, Asset Management and Group Functions.



## Reporting business segments

## BANKING

# Sustainable solutions for our customers

Aktia strives to help and support its customers to increase their wealth. We seek to make our customers' everyday activities easier by ensuring that their banking affairs are handled with ease. We provide household customers with comprehensive banking and financing services, insurances, as well as investment products and advice services through various channels. We are a financial advisory partner to our corporate customers, and we strive to enhance the companies' opportunities for success and the owners' financial well-being.

## Helping customers during a difficult year

In the banking business, the year 2022 was characterised by a strong rise in interest rates, increasing energy prices and the general inflation, which together further weakened consumer confidence regarding the economic development. This manifested as a decline in the demand for housing credits and caution among investors and savers.

As a result of the changed interest rate environment, Aktia, as the first Finnish bank, started paying

interest on fixed-term deposits again. The launch of fixed-term deposit was successful and created a strong foundation for the demand for deposit and investment products. The Finnair Visa credit card launched in cooperation with Finnair increased interest in Aktia.

In an uncertain operating environment, Aktia further intensified contacts with its customers in order to find sustainable solutions for securing the finances of the customers. The Wealth Plan for private customers is a solution intended for this purpose and provides customers with the opportunity to increase their wealth and prepare for changes in the market environment.

Year 2022 was challenging for corporate customers as well. The impact of rising costs and interest rates, accelerating inflation, and the general uncertain economic situation, were reflected in a decrease in companies' willingness to grow and invest. However, the uncertain economic situation was not reflected in the operations or financial position of corporate customers, and the corporate customer loan book

remained at a good level. Growth was noted in all financial products, and particularly in the leasing and hire purchase financing of SMEs.

Towards the end of the year a significant slowdown on the housing market was manifested as a decreasing demand for financing for new-build housing projects (RS financing).

The cooperation and cross-selling with Aktia's asset management developed well. During the last quarter, we also offered our corporate customers a positive interest rate on fixed-term deposits, which aroused interest among our customers.

A customer satisfaction survey carried out in the end of the year showed that our corporate customers are particularly satisfied with their contact person, the solutions offered by Aktia and the added value they provide.


 A woman with curly hair, wearing a dark business suit, is standing against a light-colored stone wall. She is talking on a mobile phone held to her ear and holding a light-colored bag. The image is part of a larger graphic on the right side of the page.

**Aktia strives to help and support its customers to increase their wealth.”**



## Jonathan Salo

Head of Sales in Ostrobothnia



## Thomas Lindholm

Head of Investments and Savings at Aktia

**What do you do at Aktia?** Jonathan Salo has worked at Aktia since 2011 and is responsible for Aktia's sales organisation in Ostrobothnia. Thomas Lindholm is Head of Investments and Savings and has been with Aktia since 2019.

**How do you see the past year in the banking business?** **Jonathan:** It has been a very educational year – but also very challenging. Our ability to provide customised solutions and to be there for our customers has become even more important. We place great value in helping customers to cope with their daily lives, also in the current market environment, to think ahead and to find the best solutions. **Thomas:** After the Covid years, we expected the operating environment to normalise, but 2022 turned out to be anything but normal. Primarily due to the tragic events in Ukraine, the equity and fixed income markets were turbulent, with negative returns in both asset classes. Among investments going against the current were so-called alternative

investments which again reinforced the need for a well-diversified investment portfolio. A positive consequence of rising interest rates was that we could start paying interest on fixed term deposits.

**What have we done well?** **Jonathan:** We have succeeded in strengthening our position as a wealth manager bank, which is reflected in our wider range of services. Our customers receive individual service and customised solutions, which is highly appreciated. We distinguish ourselves from competitors, for example, with our new wealth plan that we use to help our customers think ahead strategically. We have broadened the competence of our personnel, and all Account Managers can now sell our investment and alternative products, which means that we can offer our customers even more comprehensive service. **Thomas:** The additions we have made to our product range in recent years have been successful and reduced the negative impact at portfolio level for clients who have invested in them. Not because

returns were record-high, but rather because having investments with zero or slightly positive returns during significantly negative equity and fixed income investment years has a value in itself.

**Why do you think it is worthwhile to become a customer at Aktia?** **Jonathan:** In addition to individual service, one of our strengths is our wealth plan. Through it, we help our customers think ahead and get an overall picture of their finances and savings. The wealth plan has been an eye-opener for many of our customers, for some it has even been a revolutionary experience. **Thomas:** We are honest about where our strengths lie in terms of investments, advocating an open architecture in our investment solutions, i.e. using many external managers and solutions. We are also trying to support our customers in seeing their own economic opportunities, increasing their wealth and preparing for financial risks. All Finns should have the opportunity to save and invest regardless of their

background, wealth or know-how, and we try to make it possible in a way that suits the person who is in front of us when we meet.

### How can Aktia's sustainability work be seen?

**Jonathan:** For a long time, sustainability and responsibility has marked everything we do, including our ownership structure. The Aktiastiftelsen foundations, which still have a significant holding in Aktia, enable us to give back to society. When Aktia performs well and our shares develop favourably, the foundations can make a significant contribution to society. As an example, the Aktia foundations in Ostrobothnia donated around two million euros in 2022 to support the third sector, including sports clubs and activities for children and young people.

### What do you look forward to most in 2023?

**Jonathan and Thomas:** Our hope is that the market will stabilise and that the turmoil in the world will subside.

## ASSET MANAGEMENT

# Wealth Management

We offer high-quality award-winning wealth management services and investment products to institutions and private customers in Finland and internationally. The cornerstones of our activities are customer-orientation, strong competence, sustainability, and initiative. Our goal is to be an excellent wealth manager.

**Good business development despite difficult markets**

The difficult market environment continued throughout 2022, which was reflected in a decline in the value of investment products and in consumers' willingness to save and invest. Despite the difficult year, net subscriptions remained positive.

Business development continued in the beginning of 2022, when Aktia clarified its governance model by integrating its two wealth management business. The integration was completed during the year, and a single, unified service platform serving our wealth management customers was finalized at the end of the year.

Aktia's wealth management received recognition once again when Morningstar awarded Aktia as Finland's best fund house in February 2022. Aktia won the award as the best fixed income fund house for the eighth time. In 2022, Aktia expanded its range of investment products and launched three new funds. These are the UI-Aktia Sustainable Corporate Bond fund, a dark green fund in accordance with Article 9 in the EU Sustainable Financial Disclosure Regulation, the non-UCITS fund Aktia Alternative Investments, which invests in alternative asset classes, and the Bioindustry I fund launched in cooperation with Taaleri Oyj.

In line with the strategy, sales of international fund products expanded to 11 new markets through two new distribution contracts.

“

Our goal is to be an excellent wealth manager.”





## Jonne Sandström

Portfolio Manager

**Who are you and what is your role at Aktia?** I work as portfolio manager in the Aktia Corporate Bond Fund team. I primarily manage the Sustainable Corporate Bond Fund and assist in the management of the Aktia Corporate Bond Fund and Short-Term Corporate Bond Fund. Although we have defined main responsibilities for customers and products, we do a lot of teamwork and we are not tied to just one fund.

**What was 2022 like for an asset manager?** 2022 was a challenging year. The Russian invasion of Ukraine increased the general price level drastically, with interest rates rising at record speed. Running yields were quite low and did not protect against market interest rate hikes. This led to the lowest yield levels from fixed income asset classes since the financial crisis in 2008. In fact, the combination of fixed income and equity investments had the weakest return in over a hundred years. However, the other side of the coin is that we can expect yields to be very much better in the near future, as interest rates and risk premiums are higher than they have been in a long time.

**Tell us about a significant success in Aktia's wealth management in 2022. What makes it a success and how is it linked to Aktia's strategy of being the leading wealth manager bank?** As a first success, I could mention the performance of the Emerging Markets Bond team in these difficult times, as we managed to avoid the pitfalls caused by the Russian invasion of Ukraine. We had not invested in Russian government bonds since 2014, i.e., after the annexation of Crimea, and we closed our rouble-denominated foreign exchange positions immediately in February 2022, which resulted in a significant outperformance against the index.

As a second success, I would like to mention the Sustainable Corporate Bond Fund. We launched the dark green corporate bond fund, which is rare in a Finnish context, in September and managed to raise over EUR 100 million during the remainder of the year.

**What do you think are the strengths of Aktia's wealth management?** We have very good resources in our wealth management, and a clear focus on our own strengths. Focusing on our strengths and expertise enables us to generate added value for customers.

**What are Aktia's special areas of expertise in portfolio management? What are we particularly good at?** We have always been very accessible to our customers. In our wealth management, we are proactive towards customers in good times and bad. Our customers appreciate that we are easy to get hold of and ready to discuss with them and make our expertise available to them.

**What does sustainability mean in wealth management? How is it reflected in the way of thinking and in working methods?** Sustainability is fully integrated into our work, regardless of the team. We consider sustainability to be an extensive part of our work. Regardless of the product, we offer our

customers the opportunity to achieve a good risk-adjusted return enhanced with sustainable actions. For example, our corporate bond products are all at least compliant with Article 8 of the Sustainable Finance Disclosure Regulation (SFDR), i.e., light green products.

**What do you expect from 2023?** Our objective is to further enhance our range of sustainable investment products, particularly by introducing more funds in accordance with Article 9 of the SFDR. The aim is to launch 1–2 new funds that make sustainable investments.

**What's the best thing about Aktia?** The best thing is definitely my colleagues. Especially after the coronavirus pandemic, it has been nice to be back at the office and see people enjoying their work. Even though it is easy to reach colleagues virtually these days, it is much nicer to talk and go over things face to face.

## LIFE INSURANCE

# Life insurance business - a firmly integrated part of the strategy

We are a reliable life insurer whose services include personal risk insurance products for private and corporate customers, such as life insurances, disability insurances and cover for critical illness. In addition, our range of products includes solutions for investment and remuneration, which combine the efficiency of insurance savings and Aktia's award-winning wealth management.

**Good business development despite difficult environment**

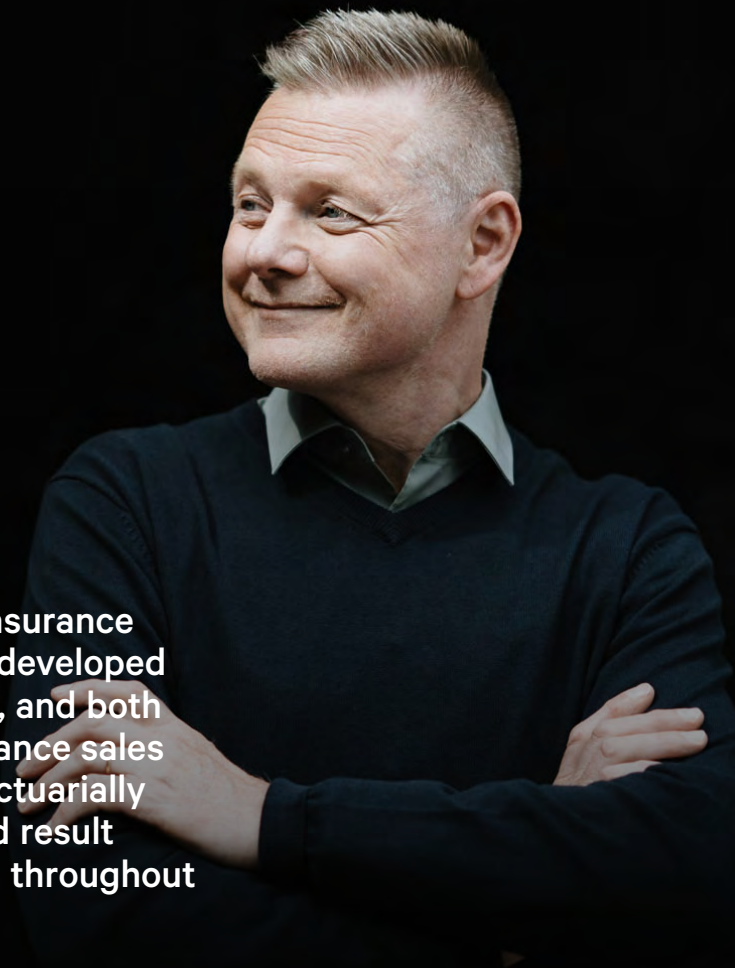
The market turbulence also affected the life insurance business. The value development of asset classes was unfavourable and customers' willingness to invest decreased. Despite this, the life insurance business developed positively, and both risk insurance sales and the actuarially calculated result increased throughout the year.

Aktia developed its life insurance business by launching new products and developing its sales processes and distribution channel cooperation. A concrete example of the development work is the Cover for critical illness insurance, the granting process that was digitalised and automated in the beginning of the year. The reform has received positive response among customers.

To ensure our competitiveness as part of a wealth manager bank, we are continuously developing our range of investment objects. In 2022, we launched new investment baskets that enable the use of alternative asset classes in allocated insurance solutions. Additionally, we launched the Aktia Avara product series developed through bank-wide cooperation. Aktia Avara is a family of competitive investment and insurance products that offers a flexible and tax-efficient way of investing long-term. With the new open architecture insurance solution, we also expect strong growth in investment-linked insurances in 2023.

“

The life insurance business developed positively, and both risk insurance sales and the actuarially calculated result increased throughout the year.”





## Riikka Luukko

CEO of Aktia Life Insurance

**What do you do at Aktia?** I have worked as the CEO of Aktia Life Insurance since 2020.

**What was 2022 like for Aktia Life Insurance?** The year 2022 has been twofold. Russia's war of aggression against Ukraine has affected the investment market and customers' willingness to buy investment products. This has also affected the life insurance company's investment portfolio. We have, however, put great effort into sales and distribution channels, and in that respect the year has been excellent. Our efforts have paid off, as the sales of risk life insurances are increasing for the fourth year in a row. At the end of the year, we launched the competitive Avara product family, which offers our wealth management customers a comprehensive discretionary wealth management solution in an insurance shell.

**Tell us about a significant success in Aktia Life Insurance in 2022. What makes it a success and how is it linked to Aktia's strategy of being the**

**leading wealth manager bank?** The launch of the Avara product family is an excellent example of success, where the life insurance company's personnel and the entire bank's organization collaborated to develop a competitive product.

As for the successful development of risk life insurance sales, it has direct impacts on profit. We can also be very pleased with the results from the NPS survey measuring customer loyalty conducted among our distributors, which shows that our distributor satisfaction is at an excellent level.

**How do you think Aktia serves its customers and shareholders? What benefits do we bring them?**

Aktia is agile and people-oriented. We are both suitably small and big enough at the same time. Our smallness makes us agile and people-oriented, while still being big enough to offer excellent services and a wide range of products also for wealth management customers with high demands.

**What are Aktia's special strengths in the life insurance business?** We have received a lot of feedback about our excellent customer service and the way we listen to our distributors and how we respond to their wishes. This is due to our competent personnel who have been working with us for a long time. We have invested in employee and customer experience in accordance with our strategy. We are developing and renewing our range of products purposefully, based on feedback from distributors and customers.

**What does sustainability mean in the life insurance business?** Sustainability is an inherent part of the life insurance business. In addition to statutory insurance, we offer our customers protection for unexpected and unpleasant happenings. Sustainability can be seen in banking operations in connection with lending in such a way that we advise and strive to ensure that the borrowers will manage financially, even if something unexpected happens.

Aktia's corporate responsibility programme is reflected in everything we do. We comply with Aktia's responsible investment policy in the life insurance company's investment activities. We also focus on the well-being of our personnel. We strongly believe that an excellent customer experience can only be created if the personnel is doing well.

**What do you expect from 2023?** I expect 2023 to be a year of change. We have some bank-wide system development projects and other big projects starting. We are also expecting sales to keep increasing and we are working hard to promote this. We also have high expectations for the Avara product family mentioned above. At the same time, I am sure we are all concerned with the general market environment and how it affects the customers' willingness to save.

**What's the best thing about your work?** The best thing is the people I get to work with. The cooperation with Aktia's banking and wealth management business and the resulting successes are also very rewarding.

A person is silhouetted against a bright, hazy sunrise or sunset, sitting in a meditative pose on a large rock. The background shows a dense forest of trees, with a body of water visible in the distance. The scene is framed by the branches of a large pine tree in the foreground.

Sustainable Aktia

**Sustainability-driven  
success for the leading  
wealth manager bank**



# Sustainability-driven success for the leading wealth manager bank

**Aktia's vision is to be a leading wealth manager bank and we aim for sustainability-driven success. Our operations are based on our values which are Courageously, Skilfully and Together. Our goal is to enable sustainable prosperity. We strive to be a trustworthy partner and systematically develop the ESG considerations of our own operations and the industry as a whole. We think further for a sustainable future and work towards carbon-neutrality. Furthermore, we provide meaningful work for skilled employees and take care of our people. Sustainability guides Aktia's operations. Our ambition leads us towards our goal of being the leading wealth manager bank, building sustainable wealth for our customers, society and the better world.**

Aktia engages in responsible business and offers financial, investment, asset management, and insurance services profitably, reliably and efficiently – without forgetting the interests of owners and society. We continuously monitor and develop each aspect of our operations from the point of

view of sustainability. While we work to reduce the environmental footprint of our own operations and take actions to maintain and improve well-being at work, we recognise the fact that the majority of our impacts – economic, environmental or social – is created through assets under management and investments. We have therefore further increased our focus on active stewardship and engagement.

For us, the essential dimensions of sustainability are corporate responsibility and ESG (Environmental, Social and Governance – criteria applied in investment activity globally). Due to the nature of our business, ESG considerations are highly relevant to us and our stakeholders alike and consistently applied in investment and loan strategies. Corporate responsibility, on the other hand, is a framework for assessing and developing our own operations and encompasses matters such as information safety and security or work against corruption, our environmental work, personnel well-being and development as well as stakeholder engagement.

## KEY DEVELOPMENTS IN 2022



**In 2022, Aktia signed the UN Principles for Responsible Banking and became a member**

**of the UNEP FI (United Nations Environment Programme Finance Initiative).** The Principles are the leading framework for ensuring that banks' strategy and practice align with the UN Sustainable Development Goals and the Paris Climate Agreement.

**During 2022, we refined our climate strategy and defined interim targets for 2025 and 2030.**

For asset management the interim goals for 2025 are to decrease the carbon footprint of equity and credit portfolios by 30% and to grow the share of green bonds of corporate credit funds to 35%. For lending the next interim target is to create a green loan framework and launch the first green lending products and further develop a green bond framework during 2023. For Aktia's own operations the interim goal is that Aktia's HQ will be net carbon neutral in its energy consumption by 2025.

**Aktia published the first fund-specific ESG-reports in 2022.**

The reports describe the responsibility and impacts of our funds, e.g. through ESG indicators related to the environment, society and governance, impacts related to the UN's sustainable development goals, the net impacts of operations and climate indicators. For now, fund-specific reports cover our equity and corporate bond funds and they will be published quarterly.

**Aktia's sustainability programme update was accepted in 2022.**

The updated program is built around themes; people, planet, prosperity and principles of governance and follows the same time cycle as Aktia's strategy. Sustainability guides Aktia's operations and our ambition leads us towards our goal of being the leading wealth manager bank, building sustainable wealth for our customers, society and the better world.

# Aktia's sustainability programme - Sustainability-driven success for the leading wealth manager bank

**Aktia's vision is to be a leading wealth manager bank and we aim for sustainability-driven success. Our operations are based on our values which are Courageously, Skilfully and Together.**

During 2022 we worked on updating our sustainability programme to align better with our strategy and the update was approved in 2022. The updated program is built around themes; people, planet, prosperity and principles of governance and follows the same time cycle as Aktia's strategy. Sustainability programme is the ambition towards what Aktia aims.

Our goal is to enable sustainable prosperity. We strive to be a trustworthy partner and systematically develop the ESG considerations of our own operations and the industry as a whole. We think further for a sustainable future and work towards

carbon-neutrality. Furthermore, we provide meaningful work for skilled employees and take care of our people.

Sustainability guides Aktia's operations. Our ambition leads us towards our goal of being the leading wealth manager bank, building sustainable wealth for our customers, society and the better world.

High-level ambition:

- Enabling sustainable prosperity
- Providing meaningful work for skilled employees
- Ensuring reliable and transparent operations
- Working towards carbon-neutrality

“Sustainability programme is the ambition towards what Aktia aims.”

## Aktia's sustainability program for 2022–2025

SUSTAINABILITY THEME	PROSPERITY	PEOPLE	PRINCIPLES OF GOVERNANCE	PLANET
<b>Focus areas</b>	<ul style="list-style-type: none"> <li>Customer experience</li> <li>Responsible investment</li> <li>Responsible lending</li> <li>Comprehensive understanding of customer's needs</li> </ul>	<ul style="list-style-type: none"> <li>Good leadership</li> <li>Employee experience</li> <li>DEI (Diversity, Equity &amp; Inclusion)</li> </ul>	<ul style="list-style-type: none"> <li>Transparency (in operations and reporting)</li> <li>Business ethics</li> <li>Information security</li> </ul>	<ul style="list-style-type: none"> <li>Climate strategy</li> <li>Minimizing Aktia's own environmental impact</li> </ul>
<b>Targets for 2025 (KPIs)</b>	<ul style="list-style-type: none"> <li>T-media reputation &amp; trust score above 3.50</li> <li>Increase the share of Article 8/9 classified funds</li> <li>Increase the share of sustainable loans</li> <li>Wealth plan done in 90% of cases when mortgage loan granted</li> </ul>	<ul style="list-style-type: none"> <li>Siqni flame index at least 80</li> <li>eNPS at least 20</li> <li>SHE index participation</li> </ul>	<ul style="list-style-type: none"> <li>Reach at least industry average in the ESG ratings by:                             <ul style="list-style-type: none"> <li>- MSCI</li> <li>- Sustainalytics</li> <li>- ISS</li> </ul> </li> <li>Positive Net impact ratio of Aktia Bank Plc (Upright Project)</li> <li>Information security:                             <ul style="list-style-type: none"> <li>- Inreach program (overall awareness of employees): score over 3</li> <li>- Outreach program: supplier evaluations and stakeholder meetings at least 25 done</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Interim objectives of the climate strategy:                             <ul style="list-style-type: none"> <li>- Carbon footprint of equity and credit portfolios -30 %</li> <li>- Green bonds share of corporate credit funds 35 %</li> <li>- Developing a green bond framework</li> <li>- (Net) Carbon neutrality in energy consumption in Aktia's HQ</li> </ul> </li> </ul>
<b>Actions</b>	<ul style="list-style-type: none"> <li>Continuous work on responsible investing</li> <li>Development of sustainable lending criteria</li> <li>Internal collaboration between functions</li> <li>Comprehensive overview of customer's needs</li> </ul>	<ul style="list-style-type: none"> <li>Listening to our employees (Siqni questionnaire)</li> <li>Training program for our supervisors</li> <li>Annual one-to-one conversations</li> <li>Following the diversity policy &amp; equality plan and fostering equal opportunities</li> <li>Prepare a development plan for each employee by 2025</li> </ul>	<ul style="list-style-type: none"> <li>Increasing transparency &amp; expanding our reporting</li> <li>Following international principles &amp; standards</li> <li>Acting as a thought leader encouraging companies to join sustainability initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Taking part in initiatives (NZAM etc)</li> <li>Working systematically with climate impact assessment within wealth management</li> <li>Active ownership &amp; stewardship</li> <li>Negotiating with lessors about transition to green energy</li> <li>Develop green lending products</li> </ul>

### UN Sustainable Development (SDG) goals related to the program



### Aktia's contribution to the UN Sustainable Development Goals

The United Nations 2030 Agenda for Sustainable Development and Sustainable Development Goals (SDGs) steer global sustainability development. Aktia supports the SDGs and they guide our sustainability work such as our sustainability programme.

Within the SDGs Aktia has defined as the most important for Aktia the goals 5 gender equality, 8 decent work and economic growth, 9 industry, innovation and infrastructure, 12 responsible consumption and production, 13 climate action and 17 partnerships for the goals.

Aktia has cooperated with the domestic start-up company the Upright Project since 2019. The Upright Project is modelling the impacts of companies with a quantification model that utilizes scientific articles and machine learning to measure and summarize how products, services, and companies impact the surrounding world. The Upright Project has analysed Aktia's positive and negative contribution to each of the 17 SDG's. The SDG contribution is quantified as % of revenue contributing to the goals. The revenue contribution for Aktia, Aktia's funds and Aktia's loan portfolio is assessed in light of the official subgoals defined for each SDG. Aktia has already earlier utilized The Upright Project's net impact analysis of

its operations and investments on the environment, health, society and knowledge and now also for assessing the SDG contribution.

The Upright Project has not audited Aktia but used artificial intelligence to create the analysis. The model considers both alignment and misalignment with the SDGs. However, it focuses only on the largest impacts a company has and does not consider everything, it aims to create a big picture of the company's positive and negative impacts. Alignment and misalignment are shown in percentages and the maximum is 100%.



# Aktia

“

Aktia supports the SDGs and they guide our sustainability work such as our sustainability programme.”

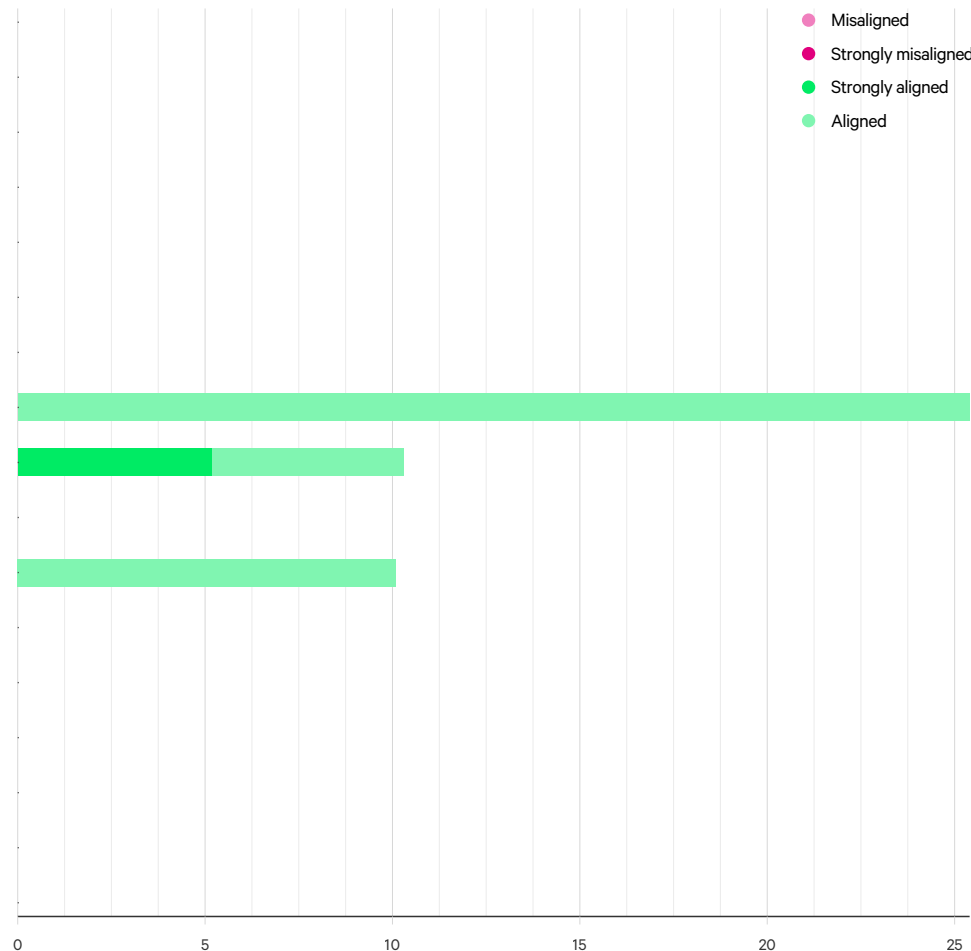
### Upright impact analysis

#### Aktia's own operations

- Aktia's own operations are positively aligned with the goals 8 'Decent work and economic growth', 11 'Sustainable cities and communities' and 9 'Industry, innovation and infrastructure'.
- Aktia creates jobs and pays taxes, also Aktia's employees pay taxes and through tax payments the state and local municipalities raise funding. Aktia also participates in charity work and through that supports local communities. As a bank Aktia supports industries, innovation and infrastructure by investing and financing companies.
- No misalignment with any SDG found.

#### Aktia Bank

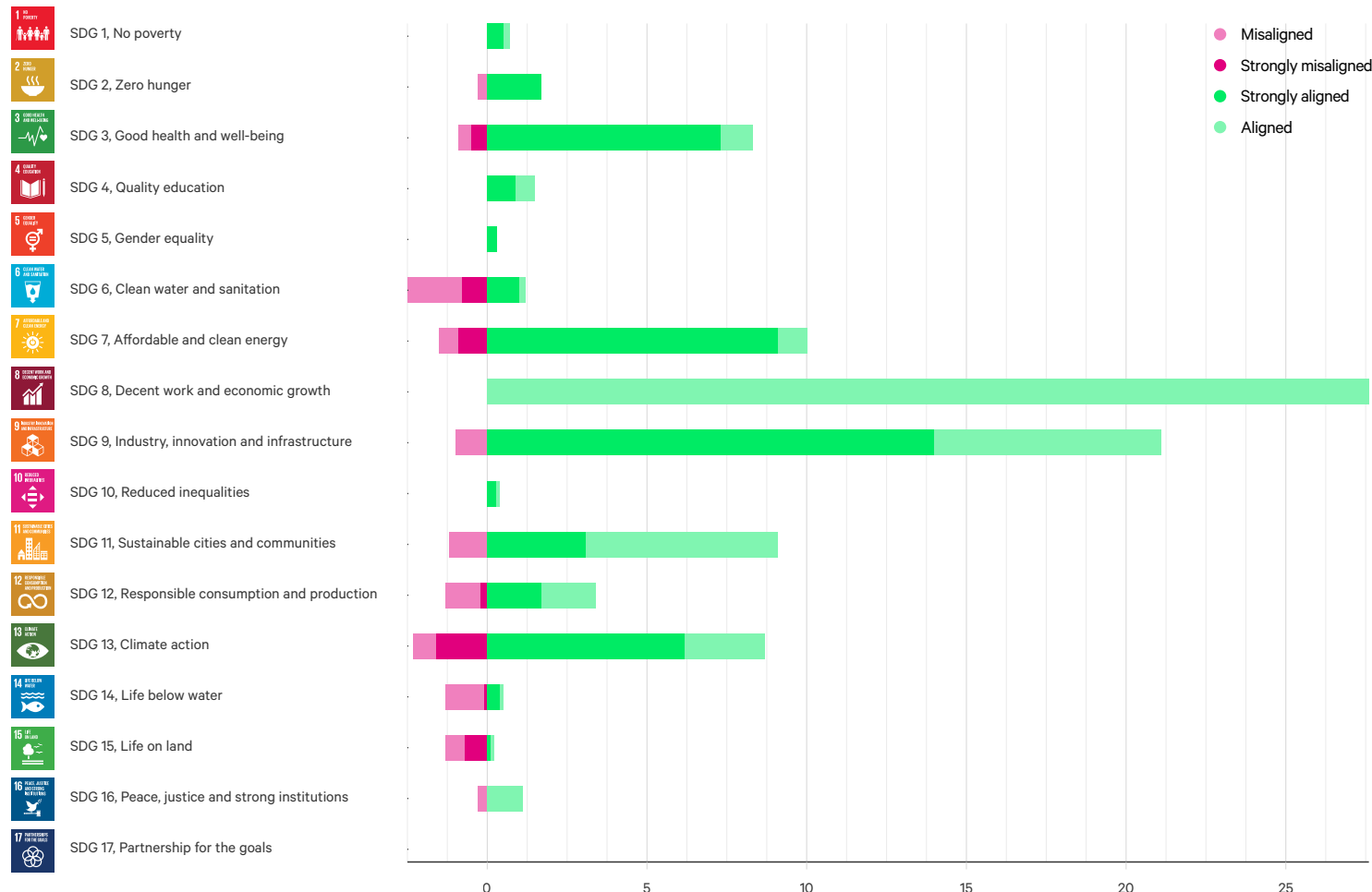
	SDG 1, No poverty
	SDG 2, Zero hunger
	SDG 3, Good health and well-being
	SDG 4, Quality education
	SDG 5, Gender equality
	SDG 6, Clean water and sanitation
	SDG 7, Affordable and clean energy
	SDG 8, Decent work and economic growth
	SDG 9, Industry, innovation and infrastructure
	SDG 10, Reduced inequalities
	SDG 11, Sustainable cities and communities
	SDG 12, Responsible consumption and production
	SDG 13, Climate action
	SDG 14, Life below water
	SDG 15, Life on land
	SDG 16, Peace, justice and strong institutions
	SDG 17, Partnership for the goals



### Aktia's funds

- Aktia's funds have the strongest alignment with the goals 8 'Decent work and economic growth', 9 'Industry, innovation and infrastructure' and 7 'Affordable and clean energy'.
- Most misaligned Aktia's funds are in terms of goals '6 Clean water and sanitation', '13 Climate action' and 7 'Affordable and clean energy'.
- The goal of asset management is to create wealth to its customers and thus increase economic growth. By investing in companies Aktia supports industries, innovation and infrastructure.
- Several Aktia's funds invest in renewable energy companies and thus support creation of affordable and clean energy. On the other hand, Aktia still has some exposure to non-renewable energy production, which creates misalignment with the same goal.
- To some extent, the same companies that operate in the renewables sector still have significant exposure to fossil energy. By identifying these transition companies that prepare to operate in a low carbon environment we can support the development that goes in the right direction.
- Aktia's investment portfolio is the biggest source of GHG emissions for Aktia and thus is on that part misaligned with the climate action SDG.
- Aktia invests in some companies operating in locations where water is a scarce resource or causing pollution which creates the misalignment with clean water and sanitation goal.
- Overall Aktia's funds have a much stronger alignment with the SDGs than misalignment.

### Aktia's equity, corporate credit and impact funds



### Aktia's loan portfolio

- The mortgage loans are well aligned with the goals 8 'Decent work and economic growth' (8.1) and 'Sustainable cities and communities' (11.1).
- Corporate loans have a wide variety of positive effects, the biggest of which are related to housing and real estate. The portfolio is well aligned with the goals 8.1 and 11.1. Corporate loans also align positively with goal 2 'Zero hunger' (2.1 and 2.2) as the portfolio includes loans to companies operating in processing and preservation of fish, crustaceans and molluscs, bread, pastry and cake making as well as breeding of dairy cattle. In addition, corporate loans are positively aligned with the goals 7 'Affordable and clean energy' and 9 'Industry, innovation and infrastructure' as the portfolio includes loans to companies operating in the energy sector (gas production, electricity trade and electricity transmission). On the other hand, the corporate loans are negatively aligned with the goal 13 'Climate action' as for example some of the loans are used for meat production, energy-intensive metal production or operation of gravel and sand pits, which all are associated with intensive GHG emissions.
- Consumer credits are positively aligned only with the goal 8 'Decent work and economic growth' (8.1) as we do not have more information on what the credits are actually used for.

### Aktia's loan portfolio



## Memberships, commitments and sustainability initiatives

By joining sustainability initiatives Aktia can join networks to together combat challenges such as climate change. By joining forces companies can achieve more than just one company could. To further overall sustainability and to keep up to date in sustainability development Aktia is a member in the Finnish Business & Society corporate responsibility network (FIBS).

Our biggest impacts come through our asset management, thus for us it is very important that we can participate in the development of the field of sustainable investment. Aktia's asset management has signed the UN supported Principles for Responsible Investment (PRI). Aktia is also a member of Finland's Sustainable Investment Forum (Finsif), Net Zero Asset Managers Initiative, the Standards Board for Alternative Investments, AIMA (Alternative Investment Management Association) and the Green Building Council Finland.

Aktia has also signed the international Climate Action 100+ investor initiative, which is aimed at influencing companies with some of the largest atmospheric emissions as well as the 2022 Global Investor Statement to Governments on the Climate Crisis and takes part in the advisory committee of the

ASCOR Project (Assessing Sovereign Climate related Opportunities and Risks). The aim of the project is to create practical tools to support investors in their assessment of sovereign climate related risks and opportunities.

Aktia wants to promote transparency and to do that, Aktia reports to CDP and in addition, in 2022 Aktia acted as a lead investor in two engagements in this year's CDP's Non-disclosure campaign encouraging companies to respond to CDP's disclosure request. Aktia is also an investor signatory in the CDP climate change, water and forest initiatives. Aktia supports the Science Based Targets initiative (SBTi) by participating in CDP's annual SBTi campaign. We are also a public supporter of the TCFD (Task Force on Climate related Financial Disclosures) recommendations. Aktia answered Nasdaq's ESG survey and achieved the 'Nasdaq ESG Transparency Partner' certificate. In 2022, Aktia also signed the Principles for Responsible Banking and became a member of UNEP FI (United Nations Environment



Programme Finance Initiative) that helps financial institutions to set and implement sustainability targets and communicate about their impacts.



Our biggest impacts come through our asset management, thus for us it is very important that we can participate in the development of the field of sustainable investment.”



# Aktia's co-operation with stakeholders

**For Aktia, stakeholders constitute a major asset in changing markets. Our main stakeholders are customers, employees, shareholders, and financiers, as well as social operators such as authorities, partners, NGOs, and the media.**

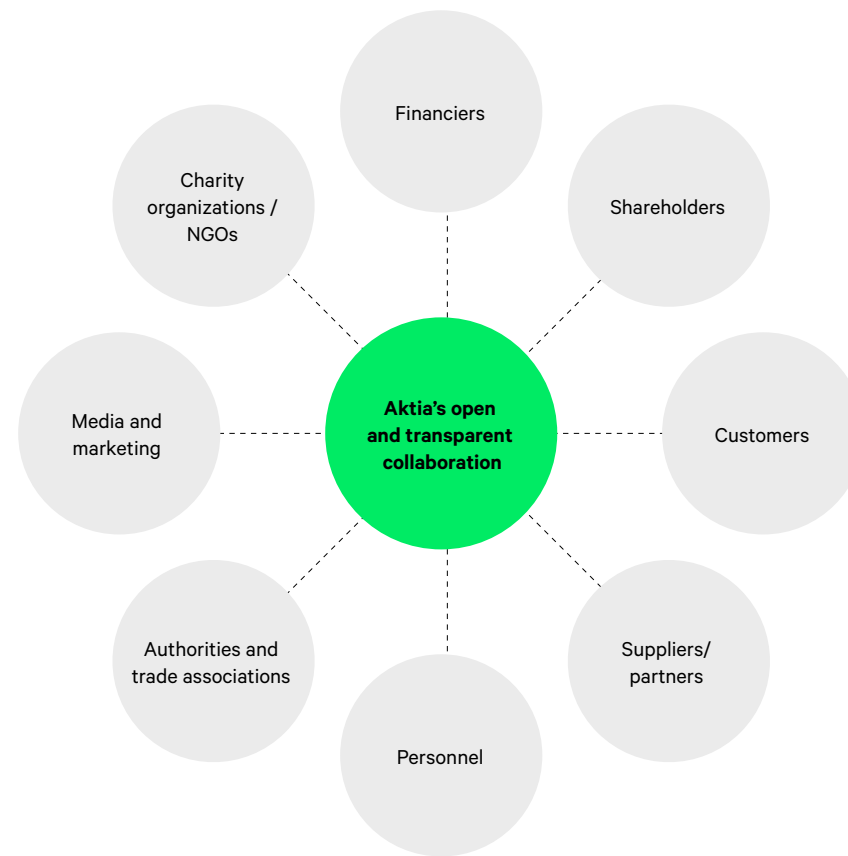
Co-operation with different stakeholder groups helps us assess and respond to the expectations placed on Aktia. These expectations, as well as our sustainability actions, challenges, and areas for development are described in closer detail in the table on the following page. The expectations of stakeholders are based on the corporate responsibility stakeholder survey carried out in 2020.

## Active dialogue and interaction

We engage in continuous open dialogue in several channels with our stakeholders to develop our operations. Aktia's open and transparent

collaboration tools are the company's website, social media, stock exchange and press releases, customer newsletters, and regular communication with selected customer groups. We meet and listen to our stakeholders at seminars, webinars, local events, trade fairs and by participating in projects.

We participate in various industry forums to discuss trends, challenges, and opportunities. We monitor and assess the public debate regarding our industry. Open and transparent co-operation with the authorities, partners, and national and local media is important to us. We also aim to be a significant social actor at a local level. Aktia's stakeholder groups are presented in the following figure.



## STAKEHOLDER EXPECTATIONS, AKTIA'S ACTIONS AND AREAS FOR DEVELOPMENT

Expectations of stakeholders	Actions taken 2022
<b>Responsible development and longterm planning.</b>	<ul style="list-style-type: none"> <li>We updated our sustainability programme to align better with our strategy.</li> <li>We defined interim targets for 2025 and 2030 in our climate strategy.</li> </ul>
<b>Transparent and open communication with stakeholders.</b>	<ul style="list-style-type: none"> <li>We published the first fund-specific ESG-reports in 2022. The reports will be published quarterly. We also expanded our annual sustainability reporting and added new indicators to the report.</li> <li>We publish articles and news and produce focused highlights in social media regarding our sustainability actions.</li> </ul>
<b>Flexible and efficient services, shorter waiting times at the customer interface, and the development of processes to reduce the consumption of paper.</b>	<ul style="list-style-type: none"> <li>We continue developing our digital services and in 2022 we launched the first version of Aktia ID identification application, which our clients can use to log in to some of Aktia's electronic services and, as a personal customer, services that require strong identification offered by authorities and companies without a key ID card (e.g. Kela, OmaKanta, Verofi).</li> <li>Our Aktiabot robotic assistant serves our customers 24/7 in Finnish or Swedish about personal and business customers' banking and insurance matters.</li> </ul>
<b>Accessibility and consideration for customers who are not able or willing to utilise all digital services.</b>	<ul style="list-style-type: none"> <li>Our digital services meet the requirements imposed on credit institutions by the Accessibility Act, and we strive to make our services equally accessible to all at our offices.</li> <li>We continuously support our senior citizen customers with onboarding our digital services as well as continuous use of the digital services.</li> <li>We continue developing our network of meeting points, the Aktia Studios. We opened a new Aktia Studio in Vaasa in addition to the previous Aktia studios in Helsinki and Tampere.</li> </ul>
<b>Activities compliant with sustainable development.</b>	<ul style="list-style-type: none"> <li>Aktia supports the SDGs and they guide our sustainability work such as our sustainability programme, where we prioritize the goals assessed as most important for Aktia.</li> <li>The Upright Project has analysed Aktia's positive and negative contribution to each of the 17 SDG's for Aktia Bank, Aktia's funds and Aktia's loan portfolio.</li> <li>In 2022, Aktia signed the UN Principles for Responsible Banking and became a member of the UNEP FI (United Nations Environment Programme Finance Initiative).</li> </ul>

Expectations of stakeholders	Actions taken 2022
<b>Communicating on the carbon footprint as part of reporting our activities and investment products that take sustainable development into account.</b>	<ul style="list-style-type: none"> <li>We report Aktia's Scope 1, 2 and 3 GHG emissions according to GHG protocol.</li> <li>We also report the relative carbon footprint of Aktia's funds.</li> <li>Aktia's asset management complies with Aktia's principles for responsible investment in all its investment activities.</li> <li>To support our portfolio management, we utilise both our internal ESG analysis and external analyses.</li> </ul>
<b>Customer orientation, identifying the customer and enhancing the customer experience.</b>	<ul style="list-style-type: none"> <li>We have chosen customer experience and comprehensive understanding of customer's needs as two of the focus areas in our updated sustainability programme.</li> <li>According to Finnish legislation, all banks must identify and know their customers. The customer relationship is monitored, and the information saved as part of the process of knowing the customer, credit risk analysis and the avoidance of money laundering and the financing of terrorism.</li> <li>A customer experience manual was published at the beginning of the year to help us create an excellent customer experience.</li> </ul>
<b>Promotion of diversity, equality, and ethical conduct in the work community.</b>	<ul style="list-style-type: none"> <li>Aktia's diversity policy covers both the personnel and the Board of Directors.</li> <li>We have Aktia Group's Code of conduct to support and guide our employees in their everyday work and our employees are provided with annual code of conduct training.</li> </ul>
<b>Utilisation of green labels.</b>	<ul style="list-style-type: none"> <li>Aktia's head office is located at a site awarded with the international BREEAM building rating of 'Very Good'.</li> <li>Our head office has the WWF Green Office label.</li> <li>Aktia's real estate investment funds invest in real estate properties holding various best in class energy efficiency ratings</li> </ul>
<b>Enabling the employees' well-being, mobility, and new ways and places of working.</b>	<ul style="list-style-type: none"> <li>Aktia continued the co-operation with Mehiläinen and the AktiaWellbeing concept, and as part of it, Aktia employees are offered diverse services as well as coaching regarding nutrition, physical exercise and recovery, and individual digital coaching.</li> <li>During 2022 we have introduced a hybrid working model where our employees work partly at the offices and partly remotely.</li> </ul>

# Management of corporate responsibility and ESG work

Sustainability, consisting of both corporate responsibility and ESG integration in all business areas, is managed in a structured way at Aktia. Sustainability is an integrated part of all Aktia's operations and sustainability matters are on the agendas of Aktia's Executive Committee and Board of Directors. On the Board level, the Audit Committee oversees ESG development and the progress in the sustainability programme. The board of directors approves new or updated sustainability related policies as well as sustainability programme and climate strategy updates. Depending on the issue, some matters are also approved by the Boards of Directors of the relevant subsidiaries within the Group.

The board of directors holds the highest governing power over sustainability issues, which are presented to the board of directors regularly, at least annually and most important decisions are made on the board level. During 2022 sustainability issues presented to the board included for example an overview of the sustainability work for the whole year, the updated sustainability programme and a

status update relating to the taxonomy reporting requirements for Aktia. Sustainability issues are also quarterly on the agenda of Aktia's fund management company's board.

In Aktia, ESG matters are managed and developed by Aktia's ESG team that is headed by the director for sustainability. In addition to overseeing sustainability related development and management, the team introduces and implements Aktia Group's sustainability initiatives. The director for sustainability is responsible for sustainability development at Aktia and together with a team of corporate responsibility and ESG professionals manages Aktia's impacts on the economy, environment and people. The director for sustainability reports to the Executive Vice President for the asset management business area. However, the scope of the team's responsibility covers all Group activities. The management, strategies, policies, targets, and results of corporate responsibility and ESG work are assessed by the Executive Committee and the Board of Directors in

regular updates. The executive committee is also responsible for reviewing effectiveness of Aktia's processes related to sustainability. During 2022, sustainability issues were quarterly on the Executive Committee's agenda.

Sustainability at Aktia is based on our customer promise and our values, which are Courageously, Skilfully and Together. The sustainability work is guided by the Group's sustainability programme 2022–2025 and Aktia's climate strategy, which both support the UN Sustainable Development Goals. The climate strategy focuses on long-term climate targets and actions whereas the sustainability programme is the short-term action plan for advancing sustainability more widely.

The development of Aktia's responsible investing is headed by the director for sustainability. Aktia asset management's ESG committee coordinates the implementation of Aktia's ESG policy, stewardship policy, actions, and initiatives, as well as ESG analyses and sustainability outcomes of investments.

The ESG committee also discusses violations of norms and decides on how to deal with existing investment recommendations in case of breaches of norms. The ESG Committee consists of experts in sustainable investing representing different asset classes and functions.

The development of responsible lending activities is done in co-operation between the Banking business area and the Group-wide ESG team. The demand for responsible lending is growing and we see new business opportunities arising in this field.

Aktia's central policies and principles that guide Aktia's corporate responsibility are described in more detail on the Group's sustainability website at [www.aktia.com/sustainability](http://www.aktia.com/sustainability). In order to increase sustainability awareness and commit the organisation to sustainability work, training sessions on emerging topical themes are regularly organised, among others, trainings on EUs sustainable finance regulation updates organised by the ESG team.

# Aktia's Sustainability Work's Governance Structure

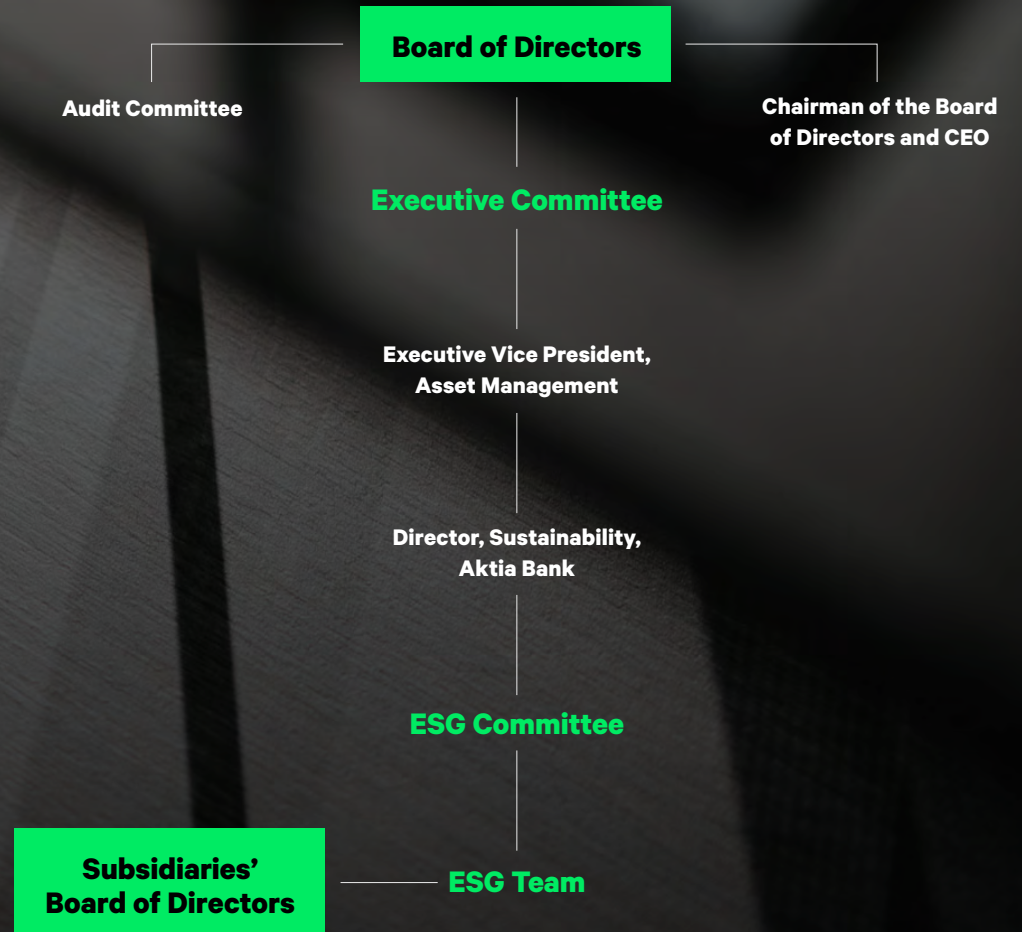
**The ESG team** handles the daily sustainability work at Aktia and for example prepares policies, principles, guidelines, strategies, programmes, targets, reporting and training related to sustainability through all group activities.

**The Executive Committee** guides and governs sustainability and ESG-related policies, guidelines, programmes, targets, integration to strategy, sustainability reporting and oversees performance and ESG risk management.

**Relevant subsidiaries' Board of Directors** govern ESG policies, guidelines and targets and oversees the ESG work.

**The ESG Committee** drives sustainable investing performance and coordinates implementation of ESG principles, actions and initiatives and ESG analysis in asset management.

**The Board of Directors and the Audit Committee** guide and govern sustainability and ESG-related policies, guidelines, programmes, targets, non-financial reporting and oversee the performance, ESG risk management and compliance.



# Aktia's climate strategy

**Our mission is to be the leading wealth manager bank. To achieve this, we need to meet the expectations and wishes our customers and potential new customers have and to be proactive in our way of working. Climate change has a comprehensive effect on the world we live in and therefore it is essential that we consider climate change in all our operations. We published our group wide climate strategy in 2021 and worked on determining the interim goals for the climate strategy during 2022.**

Aktia's climate strategy guides our efforts to include climate considerations in our business activities in a strong and consistent manner and steers us in doing our part to reach the goals of the Paris Agreement. Our climate objectives extend to 2050 and will guide activities across the Group from now on. We seek to continuously improve our understanding of the impacts of climate change on the operating environments of our customers and investment objects. We also constantly develop our customer offering and investment portfolio to ensure that we are operating in a sustainable way. We meet regularly

with our most important clients and discuss their wishes. In terms of climate issues probably our most demanding customer base is our institutional clients, and we seek to create sustainable growth in line with our overall business strategy.

As part of the climate strategy, Aktia has joined the Net Zero Asset Managers Initiative, the goal of which is to achieve carbon neutrality in investment portfolios by 2050. The initiative has become a standard in asset management and offers concrete tools for our sustainability work. The net zero target covers all asset classes within both asset management and Aktia's own investment activity, including even sovereign bonds.

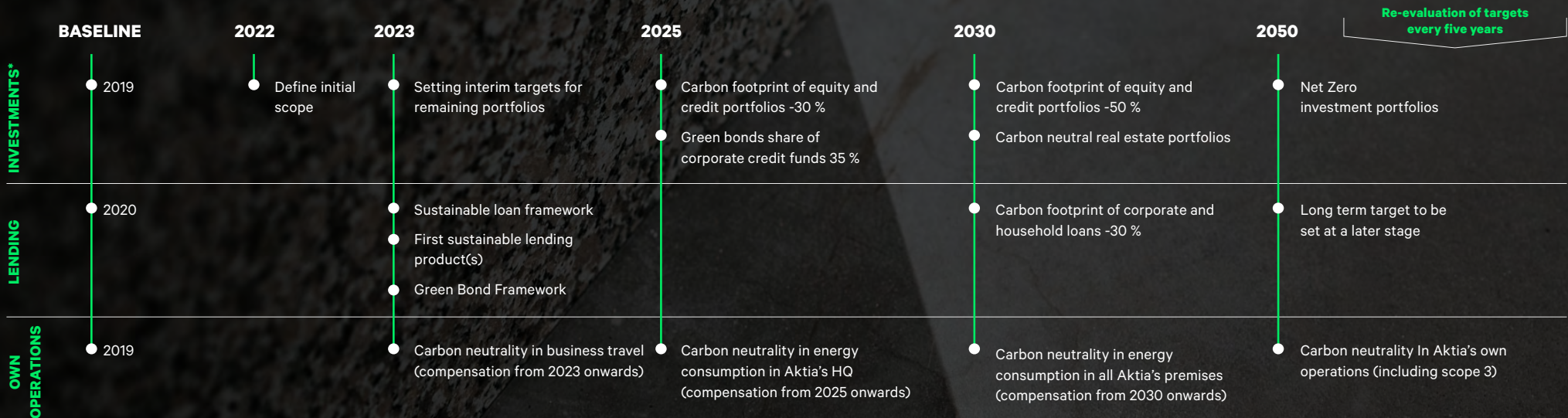
During 2022 we set the interim targets for 2025 and 2030. We aim to re-evaluate the targets every five years and set the interim targets between 2030 and 2050 closer to 2030. Also, in lending our target is reducing CO2 emissions. Initially we have set an emissions reduction target for 2030 and the long-term 2050 target will be set later.



**Aktia's climate strategy guides our efforts to include climate considerations in our business activities in a strong and consistent manner and steers us in doing our part to reach the goals of the Paris Agreement."**



**CLIMATE STRATEGY: TIMELINE & INTERIM TARGETS**



\*Interim targets include scopes 1 & 2, 2050 Net Zero target includes all scopes

**Changing operating environment**

The financial sector is under significant pressure in terms of sustainable finance regulation coming from the European Union. Regulation drives change that also our stakeholders have been demanding. For example, the aim of the EU taxonomy and Sustainable Finance Disclosure Regulation (SFDR) is to place

requirements for reporting and steer capital flows to companies that have a positive sustainable impact. In accordance with the SFDR regulation, we have published for example disclosures on the integration of sustainability risks and the consideration of adverse sustainability impacts of our investment activities on our internet pages. In 2022, we also have

drafted pre-contractual reports as attachments to the fund prospectus for all Article 8 and Article 9 funds and prepared for the periodic reporting and PAI statements to be published in 2023.

The EU taxonomy is one framework for assessing the environmental impacts of potential investments

or funding decisions. However, the taxonomy, in its current state, does not cover all aspects of environmental exposure and impact, so other tools and frameworks need to be used alongside. Aktia follows the Task Force on Climate Related Financial Disclosures (TCFD) reporting framework to assess the economic effects of climate change and risks and

opportunities the climate change causes. Both, the taxonomy and TCFD reporting are addressed in more detail in Aktia's report on [Non-Financial Information](#). While there is much work to be done, this also creates opportunities to impact the green development through, for example, investment activity.

Demand for green funding and green loans is growing at an increasing pace, and we expect it to accelerate further in the future. Sustainability concerns are of course not limited to environmental and climate related criteria – there is a wider, growing trend of ESG loans and increased attention to sustainability in the finance sector. Aktia wants to be part of this development and offer these kinds of loans to its customers. Creating sustainability criteria for lending is an important part of our climate strategy.

### **Climate change creates new opportunities**

Appropriately we talk a lot about the risks related to climate change and how combating climate change is our shared responsibility. However, in addition to risks climate change poses, it also brings opportunities when companies find new technologies and new ways of working. As an asset manager we

have the opportunity to make a positive impact through our investment decisions. By investing in, for example, companies operating in circular economy and developing new technologies related to it, we can support measures to reduce climate impacts. By focusing our new product offering to sustainable options, we can seize the opportunity. Our new funds that we launched in 2022 are Article 9 classified which means that they make sustainable investments and promote environmental and social objectives and may not cause significant harm to other sustainability indicators and comply with good governance practices.

We also see opportunities within sustainable lending and are focusing on product development on lending side to widen our sustainable offering to lending. Since the beginning of 2022, we have applied the principles of responsible lending, which were drawn up the previous year. We also drafted the criteria for green and sustainability linked loans during 2022 and we aim to launch our first responsible loan products soon. Our target is also to create a green bond framework during 2023.

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**Demand for green funding and green loans is growing at an increasing pace, and we expect it to accelerate further in the future.”**



# Governance

**In 2022, the operating environment continued to be unstable as the global COVID-19 pandemic continued, new regulation kept coming up and cyber threats seemed to be becoming even more common. We continuously work on our data privacy and reliability ensuring that our operations and financial activities are always ethically sound and compliant.**

During 2022, we adopted new regulation in our operations and actively monitored trends and upcoming regulation to maintain best business practices and our reliability as a financial partner. We have focused on improving our risk management processes and maintaining high-level information security. We have also eagerly participated in campaigns around important societal matters, such as cybersecurity, to spread financial know-how and provided continuous training to our employees on cyber security matters. We have continued to improve and expand our ESG reporting and transparency, carrying out our operations with high ethics.

## Management of systemic risk

Aktia's risk management is organised according to the Three Lines of Defence model. The first line of defence includes risk management in the context of our daily business, including credit risk and insurance risk management. Business units bear the responsibility for risk management measures. The second line of defence independently controls risks and includes a Risk Control unit, Compliance function and Actuary function. It monitors processes and procedures, reporting to the Board of Directors. The third line of defence comprises the Group's Internal Audit function, which is independent and separate from other functions and evaluates the work of the first and second lines of defence.

Aktia's Board includes a Risk Committee, which prepares matters concerning risk taking and risk management for the consideration of the wider Board. Notably, the committee considers the central risk-related processes for capital and liquidity, the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment (ILAAP).



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We have focused  
on improving our  
risk management  
processes and  
maintaining high-  
level information  
security.”



In 2022, we strengthened the three lines of defence model by further clarifying roles and responsibilities particularly between the first and second line of defence. Resources within Aktia were reallocated to reinforce asset and liability management. Also, the role of credit risk management in the first line of defence was strengthened in business steering as well as credit decision-making. More resources have been given to preventing money laundering and fighting financial crime. Risk control has taken a more active role in major credit decisions through providing opinions.

We actively monitor Aktia's solvency status with regard to any potential risks to solvency and capitalisation. This is all the more important now that the Finnish economy is headed towards a downturn. In 2022, our comparable operating profit was EUR 65,2 million. Our aim is to keep the Common Equity Tier 1 capital ratio (CET1) more than 1.5 percentage points above the regulatory requirements. In 2022, our CET1 was 10.8%, which means we exceeded our objective, since the minimum requirement was 7.7%.

The economic downturn itself can be regarded as Aktia's biggest risk in the current situation. If it becomes steep and inflation reaches high levels, this will impact the debt servicing costs of our debtors, the costs for Aktia for the acquisition of funds, and the amount of fee income from asset management. Aktia has traditionally carried out

meticulous customer selection while continuously monitoring customers' ability to pay and observing potential risks relating to economic fluctuations. We continue to monitor the situation and assess the risks regarding our credit portfolio.

We conduct regular stress tests in accordance with the guidelines set by the European Banking Authority. These stress tests help us evaluate our position in different economic scenarios. In 2022, we proceeded according to plan, carrying out, for example, solvency stress tests, including reverse stress testing. The results of our stress tests have not given cause for corrective measures.



**We actively monitor Aktia's solvency status with regard to any potential risks to solvency and capitalisation.”**

In 2021, Aktia updated and improved its recovery and resolution plans, taking into account the latest recommendations from the EBA and the resolution authorities. This work has continued in 2022 with substantial efforts. Together with the Financial Stability Authority of Finland, we have developed a playbook for securing Aktia's financial viability and the continuity of our critical customer services in the event of a major crisis. Furthermore, we update our business continuity plans annually and have revised them in light of the current economic and geopolitical situation.

Risk management was a key theme for Aktia Life Insurance Ltd. in 2022. We introduced a risk management scorecard, used for setting targets related to risk management as well as defining actions and KPIs for monitoring progress. A risk assessment and self-evaluations were carried out within the company's Management Team and the Board of Directors, strategic insurance risks were addressed with the risk management function. The observations made were taken into account in our risk management plans and policies.

Furthermore, Aktia Life Insurance updated several internal instructions to improve the client identification process and client risk categorisation. As for balance sheet risks, we revised the company's investment policy and strategy with sustainability as a key concern and introduced ESG risks as part



**Risk management was a key theme for Aktia Life Insurance Ltd.”**

of the company's ORSA (Own risk and solvency assessment) report.

Climate change poses a continuing and increasing risk to Aktia, and we work actively to mitigate this risk in our daily and long-term operations.

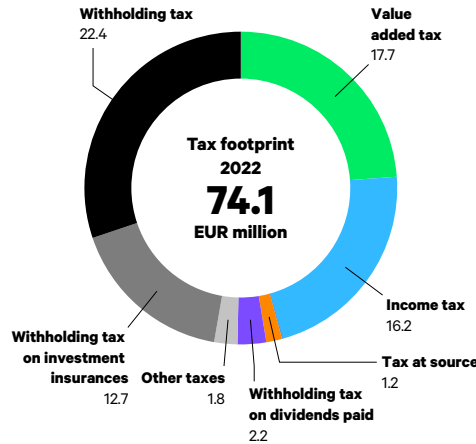
We assess the ESG risks of corporate clients and for many years, environmental risks have been a factor when assessing credit quality. In 2022, we considered for the first time the environmental risks of the investment portfolios of both Aktia Bank and Aktia Life Insurance in the internal capital adequacy assessment process (ICAAP) to estimate the additional risk to the value of the investment portfolios brought on by climate change or other ESG risks.

The war in Ukraine has increased the risk of cyber attacks across the globe. We actively maintain and develop our high level of readiness for cyber security attacks at least on the level required by the authorities. We are also actively co-operating with both the authorities and the industry with regard to cyber threats and fraud activities.

Early on after the start of the war, we verified that Aktia is not engaged with third parties in Ukraine, Russia or Belarus. There is no risk related to Russia or Belarus in our funds or investment instruments.

The energy crisis has no direct impact on Aktia's operations. From the beginning of 2022, we have been actively monitoring the status of client companies in energy and raw materials intensive industries, as well as industries that the war, inflation and rising interest levels might affect particularly strongly. So far, the impacts have, however, been moderate. We continue to actively monitor the situation.

Although the year 2022 was dramatic in many ways, we believe that we are facing a rather mild economic downturn from which we will recover. From the point of view of a 200-year-old bank, cyclicality is a natural part of the economy, and with active anticipatory measures, we will pull through.



### Transparency

In our updated sustainability programme one of our focus areas is transparency in both our operations and reporting. In our view transparency, openness and ethics are some of the most important principles of good governance. We take part and follow multiple ESG ratings and strive to continuously enhance our transparency. We have chosen MSCI, Sustainalytics and ISS as those whose ratings of Aktia we follow in

our sustainability programme. We strive to improve our success in the ESG ratings by continuously developing and expanding our reporting and other externally given information about our operating methods, principles policies and guidelines.

Aktia also operates transparently in society and pays a wide range of taxes and tax-like levies on its business.



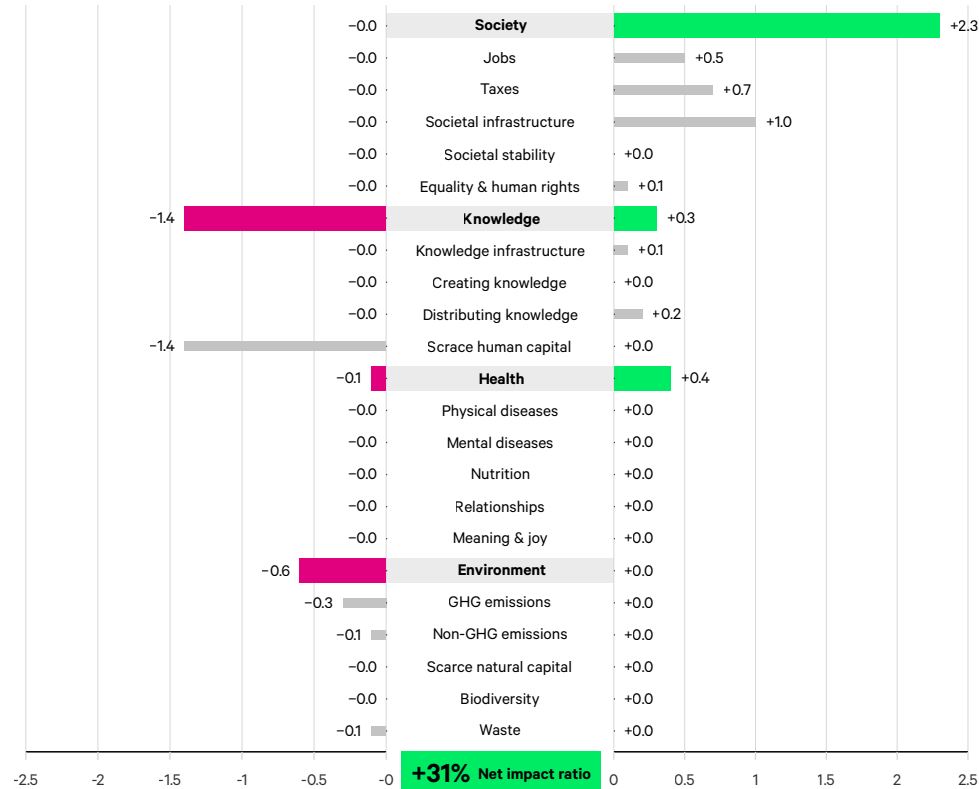
**In our view transparency, openness and ethics are some of the most important principles of good governance.”**

MSCI: **AA** | Sustainalytics: **Low risk** | ISS: **D+**

**Net impact of Aktia Bank Plc**

The Upright Project has done a comprehensive quantification of the net impact of Aktia as a company, including both our negative and positive impacts; what “resources” we use or “costs” we create - and what we do, or what we “gain”. The Upright model analyses four aspects of company’s impact: society, knowledge, health and environment. The Upright model utilises scientific articles and machine learning to summarise how products, services, and companies impact the surrounding world. The analysis is not based on an audit of Aktia but is produced fully outside-in. The model considers both costs and gains providing their net sum, the net impact ratio. The model focuses only on the largest impacts a company has and does not consider everything, it aims to create a big picture of the company’s positive and negative impacts.

A positive net impact ratio means that Aktia achieves on average more positive external effects than negative ones. In the model the minimum is minus infinity and maximum is +100 %. The main resources used by Aktia are scarce human resources and environmental ones. Scarce human capital refers to the opportunity cost of employing skilled individuals, and the Upright model considers this a resource like any other. Aktia’s skilled personnel is what makes all positive impact possible. Similar to all businesses, Aktia also produces some emissions. With these resources Aktia creates a positive impact within society, knowledge and health. Within a positive



impact on society, Aktia creates jobs and contributes to our common funds via taxes. In addition, Aktia has a highly positive impact on societal infrastructure, ie. the basic infrastructure needed for our modern societies

to function. By offering basic banking and lending services such as online banking and mortgage lending, Aktia contributes to the financial infrastructure that acts as the backbone of our economy.

Within knowledge impacts, Aktia contributes particularly to the distribution of knowledge. Through financial and investment advisory services Aktia distributes knowledge and guidance on investment opportunities and processes. In health Aktia’s impact is mainly through increasing people’s feelings of meaning and joy. Homeownership and financial stability and freedom have been found to increase people’s wellbeing, and Aktia plays its part in enabling these through lending, advisory, and investment services.

**Code of conduct supports work and responsibility**

We have Aktia Group’s Code of conduct to support and guide our employees in their everyday work. We believe that as a set of standards and principles outlining responsibilities and proper practices it is our most important guideline. Employees are provided with annual code of conduct training. In 2022, mandatory online compliance training was completed by 95.7 per cent of Aktia’s personnel, which is 2.2 percentage points higher than in the previous year. The mandatory compliance training consists of several eLearning courses related to code of conduct, information security, AML/KYC and physical security as well as data protection. The code of conduct training includes modules on customer complaints, handling conflicts of interest, insider rules and training regulations, preventing corruption, secondary occupations and positions of trust, reporting suspicious orders and transactions related to financial instruments, obligation of confidentiality and reporting of infringements.

The code of conduct covers essential instructions on bribery, corruption, inappropriate influence, benefits and situations where a gift or entertainment may affect the employee's conduct at work, confidentiality and processing customer complaints, as customer relationships are crucial to Aktia's success. The code of conduct is permanent by nature but updated when necessary. The last update was approved by Aktia's board of directors in 2022. The code of conduct and related training also include instructions for the Group's employees to report any infringements of the code of conduct and nonethical business methods or suspicions thereof ("whistleblowing"). In 2022, there hasn't been any reports in the whistleblowing channel on the operation in the corporate customer business.

Central policies and principles that guide Aktia's corporate responsibility are described in more detail on the Group's sustainability website at <https://www.aktia.com/en/sustainability/principles-of-governance>. The group-wide policies apply to all functions and all employees. The code of conduct for suppliers applies to Aktia's suppliers and Responsible investment policy applies to Aktia's asset management. The policies are approved by the board, the subsidiaries' boards, the group CEO or the responsible executive committee member, depending on the hierarchy of the policy.

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**We have Aktia Group's Code of conduct to support and guide our employees in their everyday work.”**

Aktia's goal is to have no sanctions imposed on the company by the Finnish Financial Supervisory Authority (FIN-FSA) and this was achieved during 2022. Aktia has decided not to finance political activities. In addition, in compliance with its code of conduct, Aktia is not involved in politics, nor does it directly or indirectly support any political parties, politicians or election candidates.



### **Information and cyber security management, protection of customer data**

Systematically assessing and improving Aktia's information security and data protection is vital for maintaining customer confidence and fulfilling regulatory and contractual requirements. It is the responsibility of every Aktia employee to ensure that guidelines and regulations relating to information security and data protection are complied with in their everyday work.

The monitoring, management and development of information security is carried out by the Chief Information Security Officer and his team. The Chief Information Security Officer, the Data Protection Officer, and the Head of Operational Risks form the basis of an information security management group, which strives to build and maintain an overall view of information security and privacy, monitor their development as well as that of the operating environment, identify new risks, ensure that there are sufficient capabilities for each responsibility area at all times, and serve as a forum in which all information security and privacy related issues may be addressed and discussed before risk-based decision-making.

The Board of Directors is informed about cyber security matters on a quarterly basis as part of regular reporting on operative risks. In addition,

the Chief Information Security Officer attends Board meetings to discuss cyber security matters as needed.

In order to comply with regulations from the Finnish Financial Supervisory Authority, the European Banking Authority and different legislative requirements, including GDPR and its national derivatives and the NIS directive, Aktia has chosen the ISO/IEC 27001 framework as a basis of its information security management system (ISMS). Our ISMS is fully integrated into our overall management system and covers all business areas at Aktia.

We continued to enhance information security across Aktia's value chain by cooperating closely with subcontractors and service providers and identifying development areas together with them. In 2022, we carried out around 30 supplier evaluations, such as self-assessments and site walks, to actively ensure good security practices and compliance.

Due to the current geopolitical situation, the threat of cyber attacks has increased. Aktia has actively prepared for potential attacks and carried out preventative actions. In 2022, there were no successful cyber attacks against Aktia's systems. However, during the year, a number of successful phishing attacks and other digital frauds were



**Due to the current geopolitical situation, the threat of cyber attacks has increased. Aktia has actively prepared for potential attacks and carried out preventative actions.”**

targeted at customers of Finnish banks. Aktia successfully developed its response and controls for such incidents in 2021, and thanks to these actions and the vigilance of our personnel, Aktia has been capable of efficiently stopping successful frauds from causing monetary losses to customers.

In 2022, we developed playbooks for responding to cyber attacks, participated in several internal and external cyber exercises, and further developed guidelines for processing and classifying data. We strengthened the information security function with

a data protection expert, expanding our practical data protection knowhow in the first line of defence in our business operations.

Data protection is governed by EU-level and national regulation and dependent on high-level information security systems and processes. At Aktia, we only collect and process necessary personal data. Our website provides comprehensive information on the processing of personal data, and we inform the relevant stakeholders of any changes in the processing of personal data in the manner required by law. In 2022, personal data breaches were handled in accordance with the applicable laws and requirements in close collaboration between Aktia's different departments. If they were considered likely to cause high risk to the persons involved, they were notified to the data protection authority and the data subjects as required by the General Data Protection Regulation.

## SYSTEMATIC TRAININGS KEEP AKTIA PREPARED FOR CYBER INCIDENTS

**Information security awareness is a key focus area in Aktia, and each year, we carry out systematic trainings and awareness campaigns to ensure the information security capabilities of the entire personnel. We also participate in sector-specific and larger exercises to improve our cooperation with peers and authorities.**

Our training programme consists of internal trainings, such as onboarding trainings for new employees as well as classroom and online trainings. Annual AktiaWay trainings on information security and data protection are mandatory for all Aktia personnel. In 2021, we started our cyber incident training programme with an external partner. Based on positive experiences, we continued it and developed it further systematically in 2022 with technical training for IT experts as well as incident response exercises for the crisis management team.

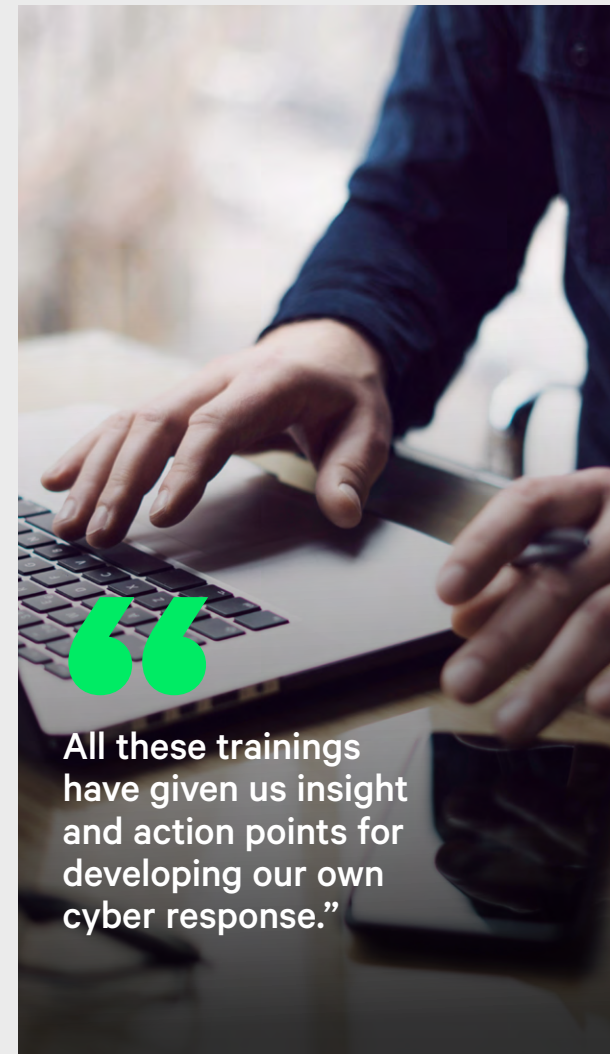
In addition to internal trainings, we regularly participate in larger exercises involving the relevant authorities, other parties from the financial sector, and actors within critical infrastructure support. This allows us to continuously improve our information security management system, ensuring that existing and future threats are dealt with in the appropriate manner.

In September 2022, we took part in Finland's largest joint cyber security exercise, Tieto22. The exercise, organised by the National Emergency Supply Agency, brought together participants from numerous sectors. In addition to representatives from the finance sector, various authorities such as the National Cyber Security Centre of the Finnish Transport and Communications Agency Traficom, the Finnish Defence Forces, and the Finnish Broadcasting Company Yle participated in the three-day scenario-based exercise.

"We gained valuable knowledge from the training. It attested to the importance of the processes we have already created. It also affirmed our notion that cooperation and exchange of information within the financial industry and with the authorities is essential in our common fight against cybercrime. The simulated situation called attention to the necessity of establishing lines of communication and ways of working together already in normal circumstances, because in a crisis situation, this may prove difficult and unnecessarily time-consuming," says **Henri Heinonen**, Chief Information Security Officer at Aktia.

Aktia also participated in a joint exercise for the FI-ISAC information exchange group of the finance sector, organised by the National Cyber Security Centre. In addition to cybersecurity experts, the one-day desk training involved participants from different business areas, allowing them to assess how basic business processes function in situations involving extensive cyber disturbances.

"All these trainings have given us insight and action points for developing our own cyber response. We have also learned best practices from other financial sector actors and ways of developing information exchange and cooperation within the industry and with authorities. Our information security experts have been able to further enhance their expertise as individuals and as a team. While we appreciate the learnings Aktia has gained, we also value the possibility to participate in advancing the preparedness of the entire sector," Heinonen concludes.



All these trainings have given us insight and action points for developing our own cyber response."

### **We prevent money laundering, and financing of terrorism**

Aktia recognizes that money laundering and terrorism financing pose a significant risk to its operations and the integrity of its services. Aktia Bank Plc and all its subsidiaries are strictly obliged to comply by the Finnish Anti Money Laundering Act and other relevant regulations to prevent anti money laundering and financing of terrorism.

Aktia is committed to high standards of business ethics and effective internal controls to prevent the Group either deliberately or accidentally assisting, directly or indirectly, in any financial crimes such as money laundering, terrorist financing, circumvention of financial sanctions or international tax evasion.

Aktia applies a risk-based approach to the prevention of money laundering and terrorist financing. The risk-based approach is implemented by continually assessing and understanding the risks in different areas of business.

The risk-based approach on a regularly updated risk assessment for the group and its subsidiaries, encompasses the inherent risks associated to customers, industry, products, services, distribution channels, geographic location, and technologies. The risk assessment plays a central role in defining the central areas of development required to mitigate the

residual risk for the use of Aktia or its products and services for criminal purposes. Aktia continuously invests in its capabilities to prevent financial crime to keep up strong defences against financial crime.

By knowing and identifying its customers and understanding the nature of the business and by monitoring the transactions of the customers, Aktia will mitigate and control the risk that any services we provide are used for criminal purposes. Enhanced due diligence measures are applied to customer relations with higher levels of risk for money laundering or terrorist finance to mitigate the identified risk factors. High risk customer relations are referred to a separate customer committee for approval before a customer relationship is established.

Customer transactions and activities are constantly monitored throughout the duration of the customer relationship. The aim of ongoing monitoring is to detect any deviation from the normal customer behaviour to prevent money laundering and the financing of terrorism. Suspicious activity must be investigated and reported to the National Financial Investigations Unit.

Aktia's internal rules, routines, system support and training back up the employees in their work. With them Aktia ensures that the Group's companies and services are not used for money laundering and sets

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**By knowing and identifying its customers and understanding the nature of the business and by monitoring the transactions of the customers, Aktia will mitigate and control the risk that any services we provide are used for criminal purposes.”**

out the instructions for reporting any suspicious transactions. We train our employees regularly on the Group's policies for preventing money laundering, corruption, and financing of terrorism through eLearning and additional role-based training.

Aktia engages in cooperation with regulators, police authorities, and other actors in the private sector to exchange information to enhance the joint societal effort to prevent financial crime.



# Prosperity

**Sustainability is at the heart of Aktia's operations and guides us towards our goal of being the leading wealth manager bank. Sustainability is reflected in our lending and investment decisions, active ownership policies and solid customer relations. We also aim to recognize new opportunities in a changing world driven by digitalization and ESG megatrends and contribute to building sustainable wealth in society by offering comprehensive solutions of the highest quality for customers within investment, financing and personal insurance.**

We aim to be a pioneer in responsible investment and want to help our customers increase their wealth. We believe that investment objects operating in a responsible manner, in accordance with sustainable norms, are more profitable and have a more positive risk profile in the long term than investment objects that do not operate responsibly. Our methods for responsible investment are exclusion, ESG integration, norm-based screening, active ownership and engagement. We also strive to form a picture of the investment objects' impact on the development of society. Responsibility is an integral part of our investment activities and the principles of responsible investment are complied

with in all the funds we manage. The principles for responsible investment are also followed in our discretionary asset management and our other investment services.

In our asset management, ESG matters are managed and developed by Aktia's ESG team with the help of Aktia's ESG committee and ESG specialists across different asset classes. The ESG committee coordinates the implementation of Aktia's principles of responsible investment, stewardship policy, as well as ESG analyses and sustainability outcomes of investments. The ESG Committee consists of 13 experts in sustainable investing.

## **Responsible and impact investing**

We have a long track in responsible investments and have in recent years increased impact investing activities in all asset classes. Aktia's first principles for responsible investment were published in 2006. After the acquisition of Taaleri Wealth Management in spring 2021, we have strengthened our impact investment expertise and product offering. When we speak of responsible investment activities, we are referring to every action that considers environmental, social and governance (ESG) factors.



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**We have a long track in responsible investments and have in recent years increased impact investing activities in all asset classes.”**



## Methods and application of responsible investment in Aktia

	Direct investments in equities	Investments in corporate bonds	Investments in government bonds	Third-party fund selection	Alternative investments	Investment Desk
Exclusion	X	X	X	(X)	X	X
Considering responsibility factors	X	X	X	(X)	X	X
Norm-based screening	X	X		(X)		X
Active ownership and engagement	X	X	X	X		
Impact on the development of society	X	X	X	X	X	X

(X) The definition is made by an external asset manager

## Exclusion from equity and corporate bond investments

Line of business and turnover limit	Equity portfolio management	Corporate bond portfolio management
Controversial weapons (including nuclear weapons) 0%	X	X
Production of weapons 5%	X	X
Tobacco production 5%	X	X
Gambling 5%	X	X
Production of cannabis 5%	X	X
Production of adult entertainment 5%	X	X
Companies using child labour	X	X
Companies using controversial, aggressive or unethical methods in lending	X	X
Coal extraction for energy production or peat production and energy production based on the incineration of these* 25%	X	
Alcohol production 5%		X
Production of fossil fuels or energy production* based on the incineration of these > 5%		X

\*One can deviate from this exclusion with the consideration of Aktia's ESG committee if it assesses that handling of the transition risk of the investment object is on a sufficient level, considering the risk and return profile at the portfolio level

## Central international agreements and norms create a value system for responsible investment

To identify how companies meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption we use norm-based screening as one of our responsible investment methods. Aktia cooperates with Institutional Shareholder Services (ISS) ESG, a pioneer in norm-based shareholder influence. ISS ESG monitors the holdings of our funds using criteria based on the UN's Global Compact principles and identifies companies that have not complied with these principles. The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. These central international agreements and norms create a value system for our responsible investment.

Norm-based screening means in practice that ISS ESG monitors the allocations of our funds according to the criteria based on the UN Global Compact principles and identifies companies that have not been able to operate in accordance with the Global

Compact principles. The ISS ESG screening includes three categories: no violations, possible problem, verified problem.

ISS ESG carries out engagement dialogues with companies that have not been successful in complying with the UN Global Compact norms on behalf of Aktia. The aim of the dialogue is typically to have companies report their problems and either fix them or take measures to ensure that corresponding problems do not appear going forward.

The portfolio managers in Aktia's equity and corporate bond teams make decisions on how to deal with the investment in the event of violations of norms. In this case, it will be assessed whether the measures taken by the company are sufficient and whether the company can be invested in. Violations of norms are also regularly discussed by Aktia asset management's ESG Committee. Using norm-based screening enables us to support companies in meeting the international expectations better, regarding environmental, social and good governance norms.

At the year end, the screening of our funds discovered two verified problems. Firstly, our funds have invested in a company that has been

Reference: Institutional Shareholder Services, ISS ESG, 31st December 2022.

sentenced to fines for abuse of a dominant market position. The company denies the accusation and has appealed the sentence. The second verified problem relates to a company that has failed to prevent negative environmental impacts in Nigeria. Here the company is a minority owner and operator in the case. However, in both cases we have urged ISS ESG to engage in an engagement dialogue with both companies on our behalf. In the second case, we also have participated in a meeting organised by ISS with the company on the subject, where it commented on the problems and its measures regarding the matter.

### **Sustainable prosperity with sustainable investment products**

Both responsible investing and impact investing play an important part in our sustainability programme and enabling sustainable prosperity. Impact investing is a part of a responsible investment entity and a new, strongly growing way of investing. In addition to financial return, impact investing pursues measurable environmental or social benefits. When it comes to impact investing it is not enough that the investments avoid causing harm through their business activities, but they also need to achieve positive impact.

More information about sustainability risks and principles for responsible investments can be found from our web page <https://www.aktia.com/en/sustainability/principles-of-governance> and more information on each fund on our <https://www.aktia.fi/fi/sijoituskohteet> but only in Finnish and Swedish.

As part of our sustainability programme, we are aiming to further increase the share of client AUM invested in SFDR Article 8 or Article 9 funds, so called sustainable or ESG products. During 2022, the implementation work regarding sustainable finance regulation requirements has been in full speed. As part of the implementation, we have, for example, increased our SFDR product categories and produced more transparent documentation on investment products' ESG perspectives. Although our investment product offering mainly consists of sustainable and ESG products, we know that more investments into sustainable solutions are required. In addition to the climate crisis, natural biodiversity and social issues also require solutions. Directing finance to innovations and actions aiming to solve or support solving these issues, is much needed.

Share of SFDR Article 8 and Article 9 funds



**As part of our sustainability programme, we are aiming to further increase the share of client AUM invested in SFDR Article 8 or Article 9 funds, so called sustainable or ESG products.”**

## INVESTING WITH IMPACT

**Impact investing is a part of a responsible investment entity and a new, strongly growing way of investing. In addition to financial return, impact investing pursues measurable environmental or social benefits – when it comes to impact investing it is not enough that the investments avoid causing harm through their business activities, but they also need to achieve positive impact. In accordance with Aktia’s responsibility principles, the possibilities for impact investment are applied to different asset classes.**

In 2022, Aktia launched two especial impact investing funds: Aktia Bioindustry I Ky and Aktia Sustainable Corporate Bond Fund. After these two new funds and

Aktia Impact Fund updates, there are now three funds classified as so-called dark green, Article 9 aligned fund, in accordance with the EU Sustainable Finance Disclosure Regulation.

These impact investing funds must make only sustainable investments and meet several requirements set by the regulation in order to be classified as Article 9 aligned products. The funds only invest in objects that benefit the society or the environment. For example, the Aktia Sustainable Corporate Bond Fund’s objective is to make an overall positive impact through investing in ICMA aligned sustainable corporate bonds where the use of proceeds is used to finance environmental projects (green bonds), social projects (social bonds),

the combination of these (sustainability bonds) or sustainability linked bonds.

Aktia Impact Fund, on the other hand, diversifies investments in green and social bonds, listed and non-listed shares, equity funds and microfinance funds. The fund has invested in wind power plants, solar power plants, micro-loans, sustainable transport infrastructure, green construction projects, innovations promoting circular economy, construction of housing for special groups, and many other activities that produce impact and benefit and build a sustainable future. Aktia Bioindustry I Ky is a closed-end private equity fund whose only investment object is Taaleri Bioindustry Fund I Ky, which focuses on

bioindustry projects. In the first round of funding, the fund raised around EUR 68 million.

According to fund’s investment types and sustainable objectives, the impact and benefits pursued by the funds can be diverse, for example carbon dioxide emissions avoided, employed people and green energy produced. In addition, Aktia utilises the Upright Project to measure funds’ net impact ratio: a model to measure the overall impact of investments on society, the creation and sharing of knowledge, people’s health and the environment. The funds’ impact is reported annually to showcase the investors what impact has been created through the investments.

### Sustainability and impact of Aktia’s mutual funds

Transparency through reporting and monitoring is key when it comes to responsible and impact investing. At Aktia, we showcase our funds sustainability and achieved impact with various ways and reports. While regulation sets standards for reporting, we always aim to produce more transparent and broader insights for sustainability perspectives of our funds. We are constantly developing our reporting to meet

our customers’ needs as well as for purposes of our portfolio management.

At the end of the year 2022, we published our first fund level ESG reports including ESG data, the net impact ratio of funds as well as climate indicators and climate risk data. At first, the fund level ESG reporting covers Aktia’s equity and credit funds. Later it will be developed to apply to other asset classes and products. The fund level ESG reports

will be published quarterly. Our active ownership and engagement, proxy voting and pooled engagement activities are reported at least on an annual basis.

On a quarterly level, we also publish the net impact profiles for Aktia’s equity and corporate bond funds and SDG profiles for Aktia’s EMD funds. The net impact ratio of Aktia’s funds is 27% positive, which makes it significantly better than the net impact ratio of some of the well-known market indices (OMX

Helsinki 25 receives 2%, Nasdaq Helsinki receives -26%). A positive net impact ratio means that our funds achieve on average more positive external effects than negative ones. The positive net impacts of the funds are related to the society and people’s health. In the model the minimum is minus infinity and maximum is +100 %.

## AKTIA'S WEALTH PLAN HELPS CUSTOMERS IN HOLISTIC FINANCIAL PLANNING

**Aktia's wealth plan concept provides customers with tools for understanding their financial situation and planning for the future. The wealth plan, first introduced in 2021, includes an evaluation of the customer's financial standing and a practical plan carried out together with Aktia's experts.**

Aktia wants to support its customers in achieving financial stability and planning for the future. For this purpose, Aktia developed the wealth plan concept, first introduced in 2021 and implemented on a larger scale in 2022. It is a holistic solution for anyone hoping to gain a thorough understanding of their economic situation.

“With the wealth plan, we help our customers review their finances and plan ahead. Our job is to produce the big picture of the customer's current situation and the possibilities they have for improving it further,” says **Nina Ahtiainen**, Head of Sales Communication at Aktia.

### **Asking the right questions, envisioning different scenarios**

Aktia helps customers to map out their current life situation, starting from loans, investments, and insurances. Everything starts with asking the right

questions – questions the customer may not even think to ask. For example, what are different ways of approaching mortgage, and which interest rate hedging solutions are available?

Aktia also wants to help customers prepare for foreseeable changes, along with unexpected life situations: Is the primary earner of a household covered by the right insurances?

Possible scenarios are not always negative. “We also help people prepare for positive situations, such as inheritance taxes and ensuring comfortable living for future generations,” Ahtiainen says.

Having the financial situation reviewed by an expert can benefit the customer in many ways, and above all, increase their long-term economic well-being. Aktia can feed a monthly budget into a system that visualises and calculates how it can be divided for the best possible outcome, helping customers optimise their monthly spending.

“With the wealth plan, our customers can find the means to increase their capital in ways that support their personal or their household's financial goals,” Ahtiainen notes.

### **Supporting the wealth of individuals and society**

Aktia understands that all customers are different, with varying income levels, goals, and ideas about the future. This is why there is no single solution for financial planning, and it must always be tailored to each customer individually, Ahtiainen says.

The wealth plan contains useful parameters for approaching finances and illustrating different courses of action, but each life situation is evaluated independently. In its corporate responsibility programme, Aktia has defined the goal of producing a wealth plan for 90% of its loan customers.

Responsible financial planning and preparing for the future is not only important for the customer, it also bears social significance. “The wealth plan is a great example of our Group strategy aligning with customer needs,” Ahtiainen notes. “The way we see it, a prosperous society can be built one wealth plan at a time. Individual economic stability is also crucial for the whole society's welfare.”



**The wealth plan is a great example of our Group strategy aligning with customer needs.”**

**Responsible lending**

Responsible lending underpins our efforts to create long-term customer relationships. The basis for all lending is a thorough and up-to-date risk assessment of the customer's solvency and credit rating. The assessment also considers interest rate risks and the customer's long-term financial position. We only conclude sound and ethically justifiable credit agreements.

Our lending is based on an effort to prevent the customer's over-indebtedness by carrying out a thorough evaluation of the customer's solvency and credit rating, only providing loans that correspond to the customer's financial standing. Even the most careful creditworthiness assessment cannot prevent all future payment difficulties caused by unforeseen circumstances. In situations involving delays in payment, we provide consumers with advice on how to prevent and handle financial difficulties.

The positive credit register (FI: positiivinen luottotietorekisteri), which will be launched in spring 2024, will make creditworthiness assessment for private customers significantly more reliable benefitting both borrowers and banks. Aktia has established a working group to implement the positive credit register in 2024.

Mortgage repayment plans are prepared in a way that allows for rearrangements. We also offer reverse



**In situations involving delays in payment, we provide consumers with advice on how to prevent and handle financial difficulties.”**

mortgages enabling customers to release their home equity for example to finance costs for renovation of plumbing without the need to sell investments. There are several ways to prepare for unexpected situations and Aktia discusses different options with customers. If the customer wishes, mortgages and consumer credit can be supplemented with an insurance policy that covers the customer's repayment capacity in the event of unemployment or illness. Aktia Life Insurance Ltd. offers additional insurances when granting loans, providing an option for customers to be prepared for different life situations.

Customers are also encouraged to save and invest while they are repaying their loans, especially long-

term loans, and consequently prepare themselves for unexpected expenses and life changes. New sales of credits in accordance with the customer's ability to pay, a loan cap, as well as an active follow-up on credits constitute our central tools for responsible lending.

Our lending is guided by our policy for credit risk management and credit risk strategy. In 2022, we have continued our sustainability-related work within our banking business. ESG risk assessment has been incorporated as part of Aktia's creditworthiness assessment for corporate customers and employees have been provided with ESG training. In 2022, Aktia participated as lender in syndicated loans classified as sustainability linked but did not release any green or sustainability linked loans of its own. Preparatory work has been undertaken in this field including development work regarding Aktia's criteria for green loans and sustainability linked loans. During 2023, Aktia's first green loan products, including green mortgages for private customers, are expected to be launched. Aktia's first pilot sustainability linked loan project has also been initiated in 2022. The development of green and sustainability linked loans is conducted in co-operation between the Banking business area and the Group-wide ESG team.

We have seen increased interest, especially among corporate customers, and are actively engaged in ESG related discussions. We are also

closely monitoring the EU taxonomy regulation developments and frequently discussing taxonomy related topics with corporate customers. Aktia is also participating in various stakeholder groups such as the Green Building Council Finland 's taxonomy expert group in the building and construction sector. Our preparation for the more detailed taxonomy disclosure requirements in 2024 (taxonomy alignment reporting) is ongoing and includes adopting changes in the lending process such as collecting energy certificates for buildings (both relating to retail customer's mortgages and corporate real estate financing) and obtaining information on greenhouse gas emissions when financing vehicles.



**Our lending is guided by our policy for credit risk management and credit risk strategy.”**

### **Flexible and safe services for customers**

Aktia aims to bring together location-independent services, such as online, mobile and telephone services, and physical touch points to provide our customers with the best possible service experience.

Our digital solutions enable the provision of services regardless of time and place. We actively enhance our service models and utilize the opportunities offered by digitalization when we develop products and services. During 2022, we opened a new Aktia Studio in Vaasa in addition to the previous Aktia studios in Helsinki and Tampere. The Aktia Studio concept is designed for meetings, gatherings, and networking in a modern banking context.

Customer satisfaction is one of the most important indicators of how we serve our customers. We measure customer satisfaction with multiple indicators and focus to monitor customer satisfaction with the Net Promoter Score (NPS). In 2022, the average NPS for customer meetings was 69, which is an excellent result. Aktia's strengths according to open feedback include friendliness, security, and expertise. Customers also appreciate our holistic approach. The feedback is aligned with our pledge to provide responsible banking services and helping our customers think further. We also strive to ensure customer satisfaction and loyalty with the help of our internal instruction for managing complaints.

In addition to customer satisfaction, we also measure our brand reputation development in corporation with the T-Media reputation and trust survey. In 2022, the T-Media reputation and trust score was 3.45.

Majority of customers prefer to use digital services and customers appreciate functional and flexible digital services. We are actively working on development of our digital services and strive to improve and expand our digital services. In 2022 we launched the first version of Aktia ID identification application. Aktia ID is an identification application, that works on a smartphone or tablet, which our clients can use to log in to some of Aktia's electronic services and, as a personal customer, services that require strong identification offered by authorities and companies without a key ID card (e.g. Kela, OmaKanta, Vero.fi). The application facilitates safe transactions in online services of Aktia and other operators. We will continue to develop the ID application and gradually increase the usage of the Aktia ID identification application.

We have continued to utilize and actively develop the Aktiabot robotic assistant that can chat in Finnish or Swedish about personal and business customers' banking and insurance matters, and the hybrid mail and a digital archive that reduce the number of letters and printed information sent to customers.

Our range of digital services also included Apple Pay, a fully digital credit card, Google Pay, Fitbit Pay and Garmin Pay applications, a digital investment reporting tool for our Private Banking customers, the digital appointments and signature process, the possibility for electronic housing transactions using the DIAS platform, electronic initiation of customer relationships, electronic mortgage loan application process, automated processing and decision of private customers' unsecured loan and cards applications, and a digital process through which parents can order banking services to minors.

Our digital services meet the requirements imposed on credit institutions by the Accessibility Act, and we strive to enable our services to be equally accessible to everyone, also at our branch offices. We continuously support our senior citizen customers with onboarding our digital services as well as continuous use of the digital services. In the future, Aktia will further continue increasing automatization to loan application and handling. We are in the process to develop fully digital customer onboarding process for private customers in 2023.



**Product governance and responsibility**

We openly share detailed information on the success, risk details and classification of all Aktia's investment products on our website. Our customers are also informed of the success and risk classification by our salespersons in connection with customer interaction. An overview of responsible investment is published bi-annually and funds' ESG reports are published quarterly, covering Aktia's own funds. The risks and opportunities related to the environment, society and good governance, including the societal impacts and risks, are constantly assessed and monitored in our asset management. The ESG Committee of our asset management also organises regular training sessions regarding the responsibility of our product offering. During 2022 several training sessions have been held covering different aspects of the EU Sustainable Finance regulation with a focus on disclosure requirements of financial products and the integration of ESG considerations in the suitability assessment process. ESG aspects have also been integrated into the product governance process by updating internal guidelines and the process for defining the target market for financial products.

In terms of the product development of financial instruments, Aktia complies with the Investment Services Act and in terms of insurance products, with Aktia's product management regulation for financial instruments and insurance products and associated

guidelines. In case of development of a financial instrument or insurance product, the regulations governing the management of these products are also complied with.

**The tools and mechanisms for customer feedback and complaints**

Aktia is committed to listening to customer feedback and complaints. Our customer service and sales teams have the tools and mechanisms required to collect and study customer feedback, as well as to actively implement corrective measures so that we can surpass customer expectations. Customers



**We openly share detailed information on the success, risk details and classification of all Aktia's investment products on our website.”**

can give feedback using a form on Aktia's website, in the online bank, by telephone or in person at a bank branch.

Aktia also has internal instructions regarding the handling of customer complaints and how responsibilities are defined in the organisation and the instructions are updated annually. These instructions are in place so that Aktia's employees can resolve and process customer complaints in a uniform and fair manner that meets the official requirements. A summary of customer complaints is also reported to the Financial Supervisory Authority in accordance with the reporting requirements. The Chief Compliance Officer has managerial responsibility for the internal instruction regarding the handling of customer complaints.

Customer complaints are registered, documented and archived in accordance with the internal instructions. Our customer complaints are processed in compliance with the instructions, Aktia's values, customer promises and principles of operation. The Executive Committee regularly follows reports compiled of customer complaints, actions taken and monitoring of compliance with deadlines. Customer complaints are also regularly monitored by the Risk Management and Compliance function. Our aim is to enhance customer satisfaction, and we report the customer satisfaction indicator every six months.



**Aktia is committed to listening to customer feedback and complaints.”**

**Responsible marketing**

We aim to support the attainment of Aktia's strategic and business goals with marketing and communications. They are used as tools for building a uniform company image and a strong brand. In marketing and communications, we comply with the Board of Directors' guidelines on disclosing information, our disclosure policy, our code of conduct, Aktia's guidelines for the use of social media, and our communications manual. Our disclosure

policy and code of conduct are presented in closer detail on the Group's website at <https://www.aktia.com/en/investors/corporate-governance>.

Aktia strives to be open in its marketing and comply with Finnish legislation, responsible marketing principles, and the guidelines of the Finnish Competition and Consumer Authority and the Financial Supervisory Authority. We provide relevant information about our products and services to

support our customers in their decision-making. The transparency of the terms, conditions and pricing of our products and services is of paramount importance to us. We always aim for clarity and openness in our advice and sales materials and strive to avoid misleading messages. We do not provide instant loans with predatory pricing.

Aktia's marketing takes into consideration the limited legal capacity of minors and legally unauthorised

people to enter into agreements on certain banking services. In addition, we will take into consideration the sustainable finance disclosure regulation concerning product marketing in our future marketing efforts in order to ensure compliance. This regulation concerns the consideration and disclosure of the ESG risks and impacts regarding investment decisions and advice related to products and services. In 2022 there were no reported breaches of regulations or voluntary rules in Aktia's marketing, advertising or sponsorships.



We provide relevant information about our products and services to support our customers in their decision-making.”



Ajattele  
pidemmälle.  
Tänk framåt



### Sponsorship and charity

For years, Aktia has invested in a few key themes, which are sports, culture, and the Baltic Sea. Sponsorship support for children has been a priority under these themes. At the heart of the partnerships are Aktia's values: courageously, skillfully, together. In 2022, we have sponsored Stafettkarnevalen, Svenska Teatern, Two Rowing Finns Atlantic Rowers, Dicken Handball Club, NJK Sailing Club, HIFK football club, Midnight Tennis event, the Urheilugaala sport award event, Aalto University & Åbo Akademi Student Scholarships, Finnish Tennis Association and Tapio Lehtinen's around the world sailing team. In addition, local Aktia foundations provide support especially for local projects through their own channels. Aktia identifies and values highly all the positive impact on society that these local organisations create through their activities.

The future visibility through sponsorship will support Aktia's Wealth Manager Bank brand image. In events organised together with partners, we aim to raise their members' awareness of the long-term

management of their own finances according to Aktia's "Think Further" ideology. The sales lead model tied to the monetary lead reward has been created with a few partners in addition to other visibility, bringing sport clubs a whole new way to raise funds for their club's youth activities. Through our partnerships, we have introduced our partners' key themes to Aktia's customers and staff members. For example, they have been able to learn about the Baltic Sea conservation work done by the Two Rowing Finns duo through our sponsorship events and webinars.

In 2022, we have focused our donations on a few charities close to Aktia's values. Before the Holidays, we donated to the Folkhälsan Lucia fundraiser to support low-income families with children. During 2022, significant investments were made to help children and youths who suffer from loneliness in the form of a Christmas donation to the Helsinki Missio charity.

### Aktia Secura – supporting non-profit organisation Folkhälsan

Aktia Secura is a balanced fund that also has a responsible function built into some of the fund's share classes as Aktia is supporting Folkhälsan, a non-profit organisation operating in the field of social and health services, through the Aktia Secura fund.

Aktia Secura is Finland's oldest fund, founded in October 1987, whose investment activity has been successful and long-term. The cooperation started originally with a dedicated fund (Aktia Folkhälsan), that accrued a bit higher management fee, part of which was directed to Folkhälsan to support the organisation's operation. Later, the fund was merged with the Aktia Secura fund with a similar investment objective. Two of the fund's share classes, E- and F-shares, support Folkhälsan even today. The payment to Folkhälsan is higher than the difference in the management fee for the E- and F-shares compared to the corresponding A- and B-shares, thus Aktia is waiving a part of its normal management fee to support Folkhälsan. The support payment Aktia made to Folkhälsan in 2022 was about 46 000 euros.



**For years, Aktia has invested in a few key themes, which are sports, culture, and the Baltic Sea.”**

# People

**In 2022, Aktia focused on improving employee engagement and being a responsible employer who offers meaningful work to its employees. We continued to hone our new strategy internally and supported our employees in providing an excellent customer experience.**

Our key activities during the year included improving employee engagement and supporting our personnel with well-being both at the office and when working remotely. We invested in leadership, employee engagement, and well-being services. We continued to implement our new strategy within the company, with customer experience as one key area.

## **Together towards a better working life**

In 2022, we have revisited our organisational structure, resulting in certain key changes for the company as well as Aktia's individuals. Leadership has been a focus area in 2022, and we will continue to invest in it more heavily in 2023.

In personnel management, the focus has been particularly on employee engagement. We continued to invest in our summer employee programme and well-being services. One key change in 2022 has been introducing a new and better employee survey tool for our personnel. It has already brought us insights on both our success and development areas. With the survey, we want to ensure that we listen to our employees and provide them with a work environment that builds on their motivations.

## **A shared understanding brings our strategy to life**

Creating high-level strategy awareness and understanding is a key focus area within Aktia's strategy implementation. We believe that a good understanding of our strategy, vision, mission, and strategic priorities throughout the organisation builds a sense of purpose, motivation, and long-term engagement among our personnel.



**We invested in leadership, employee engagement, and well-being services.”**

During 2022, we continued the implementation of our new strategy, which was updated in the previous year. The focus areas of Aktia's strategy are customer experience, understanding, and holistic service models. This year's work focused on co-operation and leadership will be our main theme in 2023.

One major milestone was reached in autumn when Aktia entered into a strategic co-operation with CGI. A joint venture was established between Aktia and CGI to provide Aktia with maintenance and development services for Aktia's banking business IT systems in the future. The co-operation supports Aktia's strategic objectives to develop its banking business and services and to be the leading wealth manager bank in Finland. With the partnership, some 50 Aktia IT service specialists were transferred to the joint venture before the end of the year. At the same time, a significant part of the capacity and data centre services of Aktia's banking business were transferred to CGI.

In November, Aktia Bank and Aktia Life Insurance began change negotiations to clarify the organisational structure, responsibilities, and roles. Negotiations resulted in significant changes in the structure. As a result, some roles were discontinued while new ones were created. Major focus was

in leadership resulting in fewer leader roles with clarified content to support leadership general.

**Honing our employee & customer experience**

Customer experience is a key area in our strategy. In 2022, we looked for ways to bring our customer experience vision to life. We arranged workshops throughout the year around the theme, and in May, we released a customer experience handbook featuring the focus areas and principles of our customer work. The goal is for every Aktia employee to contribute to and assume responsibility for the customer experience through their own role.

The customer experience work has also been closely linked to work around the employee experience. Our employee experience is measured using the Employee Net Promoter Score (eNPS), which describes employees' willingness to recommend Aktia as an employer. Aktia's eNPS target is 20. During 2022, our score varied between -2 and -13. In 2021, our eNPS was -5. We will continue to carry out work to improve the results in the future.

We introduced Siqni as the new employee survey tool to reflect our employees' individual wishes more comprehensively (see pg. 59). The most meaningful work factors determined in the survey form the Siqni

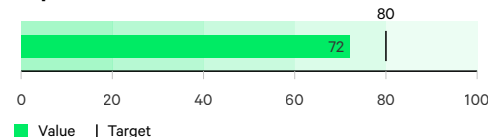
flame index, revealing how high employees' passion for their work is. It shows the average of how the most significant factors, according to the employee, are realised at the workplace. In 2022, the index has been at 72, and Aktia has set a target level of 80.

The AktiaSummer recruitment event was arranged again in 2022 as part of the process of hiring summer employees. The goal of the event is to find long-term employees for Aktia and to provide working opportunities for people seeking a career in the finance industry. The event will be held again in 2023.

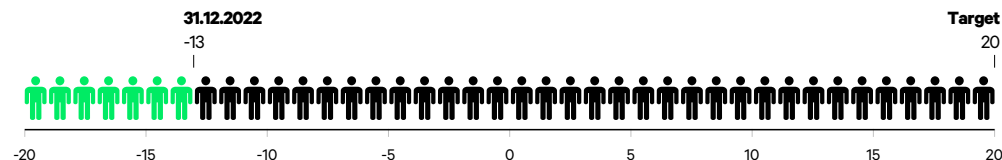


**The most meaningful work factors determined in the survey form the Siqni flame index, revealing how high employees' passion for their work is."**

**Siqni flame Index**



**Employee net promoter score**



**NEW EMPLOYEE SURVEY EXAMINES WORK SATISFACTION AND PERSONAL MOTIVATION**

**Aktia has introduced a new employee survey tool in 2022. With the new tool, the company can get more insights about employees' work satisfaction and personal motivation factors. The results help teams to map out areas of improvement, discover individual wishes, and improve work culture.**

March 2022 brought changes for Aktia, as Siqni was implemented as the new employee survey tool. The new, improved survey has a clear purpose: to explore employee work satisfaction and individual motivation factors in more detail than before. Compared to previous questionnaires, the tool also effectively reveals how well employees find that different areas are approached at Aktia.

"With Siqni, we can find where we need to improve our employees' working experience, both within teams and on an individual level," says **Heidi Metsähovi**, Human Resources Business Partner at Aktia.

**Finding improvement areas and increasing personal motivation**

All employees take part in the Siqni survey at least once a year. The main survey takes place in the spring, and in the autumn, Siqni Trend maps the new

responses from the same respondents. This provides valuable comparison data on how things have improved during the year.

Compared to many other surveys, Siqni does not provide a large number of set questions but allows employees to choose their top five motivation factors at work. Employees then evaluate how the company currently approaches these areas on a scale of 1 to 100. Through open answers, employees can elaborate on what they find positive in their work as well as what should be improved and how.

"We receive valuable data on where we should focus our efforts and where we need to be more transparent," Metsähovi points out. "People now have an excellent channel for verbalising thoughts that may not have previously come up."

**Measuring work enthusiasm and its development**

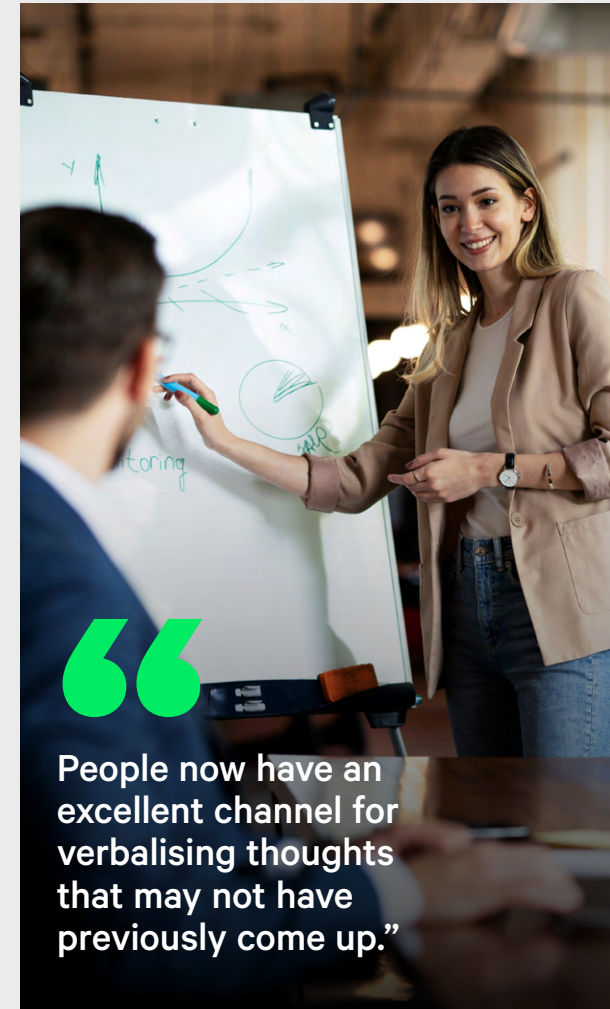
The most meaningful work factors determined by Aktia's employees form an average index, revealing employees' average level of work enthusiasm. In 2022, the index has been at 72, and Aktia aims to improve the result further.

Discussions are crucial in finding shared solutions and implementing change in lasting ways.

Supervisors are encouraged to incorporate findings from the survey within their teams and in one-on-one discussions with employees.

The results of the survey, together with processes that help to incorporate them into everyday work, provide a clear path for HR work. Larger improvement areas, such as remuneration, will be developed over a longer period.

"The results help us to adjust our working ways to reflect our employees' values and wishes clearly," Metsähovi concludes.



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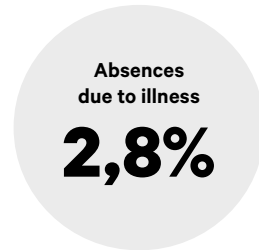
People now have an excellent channel for verbalising thoughts that may not have previously come up.”

### Promoting personnel well-being

In 2022, we began to use our head office premises in Helsinki on a wider scale. We continued with the hybrid working model introduced in 2021, with some variation between different teams on the level of remote work.

We continued our collaboration with healthcare service provider Mehiläinen on well-being through the AktiaWellbeing programme. The programme aims at promoting awareness about health and safety issues, preventing occupational disease and work accidents, advancing well-being, and reducing absenteeism. The AktiaWellbeing concept, created in co-operation with Mehiläinen, encompasses basic health care and annual dental checks, along with a diverse selection of services and coaching that enable Aktia employees to improve their well-being and ergonomics. Owing to the AktiaWellbeing programme, we have several tools to support occupational well-being, including a working capacity indicator, which facilitates early intervention in the event of health risks.

Occupational health and safety matters are monitored internally and in co-operation with an external partner. In addition, workplace surveys were carried out in Aktia, and well-being questionnaires were made for different age groups.

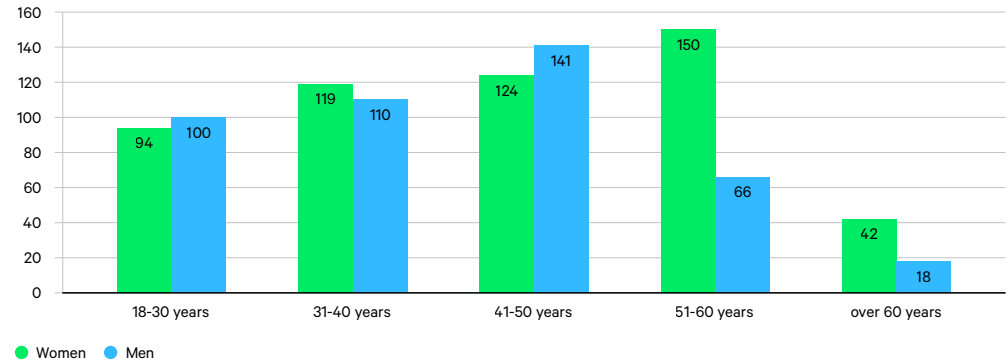


The “Aktia Take a break” concept has been arranged regularly to support coping with remote work. The concept also includes a physiotherapist’s and psychologist’s reception and Well-being Manager counselling clinics that make it easy to discuss well-being issues.

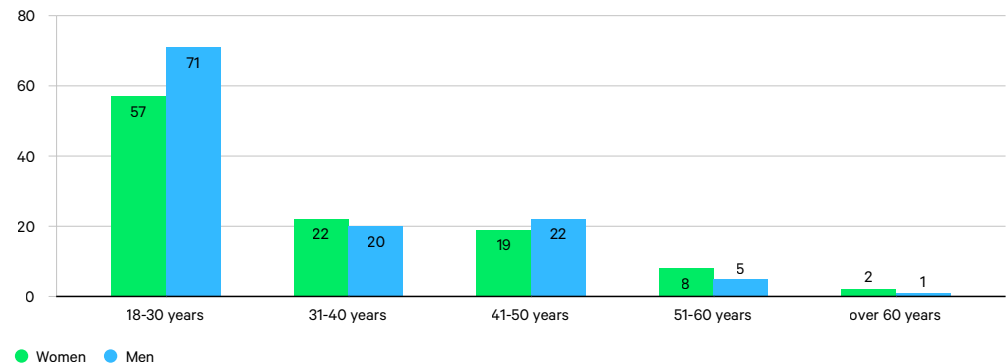
Aktia Life Insurance Ltd. prides itself on having exceptionally long careers, with a low turnover rate. In 2022, the company focused on renewal and strengthening the culture of continuous development. The life insurance company arranged its own Siqni personnel surveys in March and November. The results have been incorporated into the planning of HR work in 2023 and utilised in setting the first NPS goals for 2023.

At Aktia Life Insurance, a clear strategy and vision guide our operations, and we introduced theme-specific score cards to bring clarity and focus into personnel matters. Although corporate responsibility is an overarching theme across different business

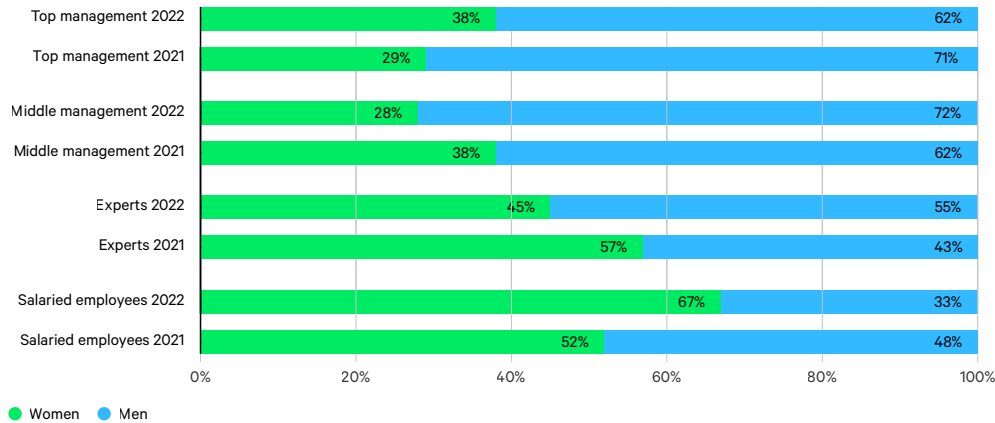
### Age & Gender distribution (all employees)



### Age & Gender distribution (new employees)



### Gender distribution



areas, we decided to implement a separate ESG score card focusing entirely on responsibility and its development.

The employee turnover rate for the entire Aktia Group was 7% in 2022, increasing by 1 percentage point from 2021 (6%)

### Development of competence and management

In 2022, we invested nearly EUR 500,000 in developing our personnel. On average, each Aktia employee participated in employee training for 12 hours, of which approximately 9 hours was AktiaWay training, which is mandatory for all employees. Competence

was developed particularly through diverse eLearning sessions. In addition to mandatory AktiaWay learning, some of our employees, such as our employees working with investing, are provided with role-based learning. Our investment professionals received on average 21 hours of training per employee in 2022.

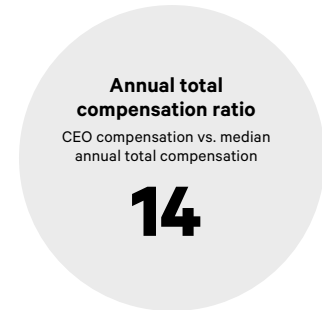
Good management is a key factor if we want to attain our goal of having committed employees. The foundations of the development of Aktia's management are the company's strategy and values, as well as the ability to lead in times of change. Big Five personality tests were utilised in a targeted fashion, among other things, as part of recruitments. The tests

allow developing self-awareness and leadership, internal interactions, and the understanding of different personality types in the workplace.

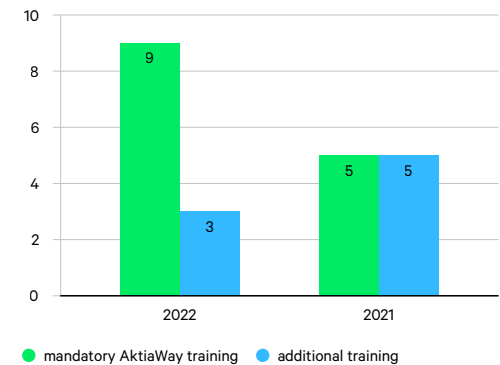
In 2022, Aktia began senior management steering activities for managers, seeking to promote good leadership, increasing collaboration, and sharing practices among managers. Performance reviews for the entire personnel, assessing the goals, performance, and development plans of individual employees, have continued twice a year.

Aktia complies with the collective agreements of the banking and insurance sectors valid at the time. In addition to the collective agreements of the banking and insurance sectors, we also comply with the regulations of Finnish labour law regarding the implementation of organisational changes and the period of advance notice given for them, as well as with national legislation that guarantees employees' freedom of association and the right to organise. In 2022, approx. 90 per cent of Aktia's employees were covered by a collective bargaining agreement. Only employees with managerial contracts are not covered by the collective agreement.

Aktia uses external employees when it is not cost-effective to have internal resources. We currently do not have a policy for external resources but are in the process of drafting one.



### Training (hours per person)



### Equality and diversity as part of Aktia's operations

We want our employees to feel that Aktia is a good workplace and that they are appreciated. The Group has an equality plan in place, and in compliance with it, we have committed to respect diversity and equality. Our diversity policy is based on Aktia's values, codes of

conduct, and guidelines against discrimination. The diversity policy covers the diversity of the personnel and the Board of Directors, as well as the monitoring of practical results of the diversity policy principles and their extent. Aktia's principle is to support multilingualism, minorities, and groups in a vulnerable position in the work community equally.

Equal and non-discriminatory treatment is always promoted, starting from recruitment. Possibilities for advancing in one's career are provided equally for everyone at Aktia. Our aim is to provide training and programmes supporting career development in a manner that takes into account the individuals' own strengths.

We are monitoring the development of diversity by examining the gender distribution figures concerning our personnel. Aktia has decided to participate in the SHE Index in 2023 – powered by EY, which measures and compares the gender balance in organisations. We will set a target score for Aktia after we get our first evaluation and see the level where we are.

### Key figures for Aktia's personnel in Finland

Employees	2022	2021	2020	2019
Women	529	536	534	532
Men	435	421	392	347
Total	964	957	926	879

Employment contracts (headcount)	2022			2021			2020	2019
	women	men	total	women	men	total	total	total
Full-time employees**	465	382	847	467	378	845	812	754
Part-time employees**	64	53	117	69	43	112	114	125
Non-guaranteed hours employees	21	25	46					
Permanent employees	484	383	867					
Temporary employees	45	52	97					
Workers who are not employees*			310					

\*For Aktia the figure means consultants. The figure consists of all the people who perform work for Aktia as contractors and need access to our systems. The figure also includes the people working in AktiaDuetto, a joint venture where all Aktia IT service specialists were transferred after Aktia and CGI entered into a strategic partnership giving CGI responsibility for a major part of Aktia's banking IT services.

\*\*Gender distribution data not available from years 2019-2020.

Gender distribution of the Board of Directors	2022	2021	2020	2019
Women	25 %	25 %	33 %	50 %
Men	75 %	75 %	67 %	50 %

Occupational health and safety	2022	2021	2020	2019
Accidents, registered injuries	5	3	8	15
Absences due to illness (days)	7			
Absences due to illness (%)	2,8 %	1,8 %	2,1 %	3,1 %
Employee turnover (%)	7,0 %	6,0 %	17,2 %	11,2 %

Pay equality (Median Salary of Full-Time Employee)	2022		2021	
	monthly	annual	monthly	annual
Median Male Salary	6,000,00 €	72,000,00 €	5,900,00 €	70,800,00 €
Median Female Salary	4,035,00 €	48,420,00 €	4,000,00 €	48,000,00 €

The pay gap is due to the bank branch personnel (lower wages) being mainly women, while management and asset management personnel (higher wages) are mainly men. The figures do not include temporary or hourly paid employees

# Planet

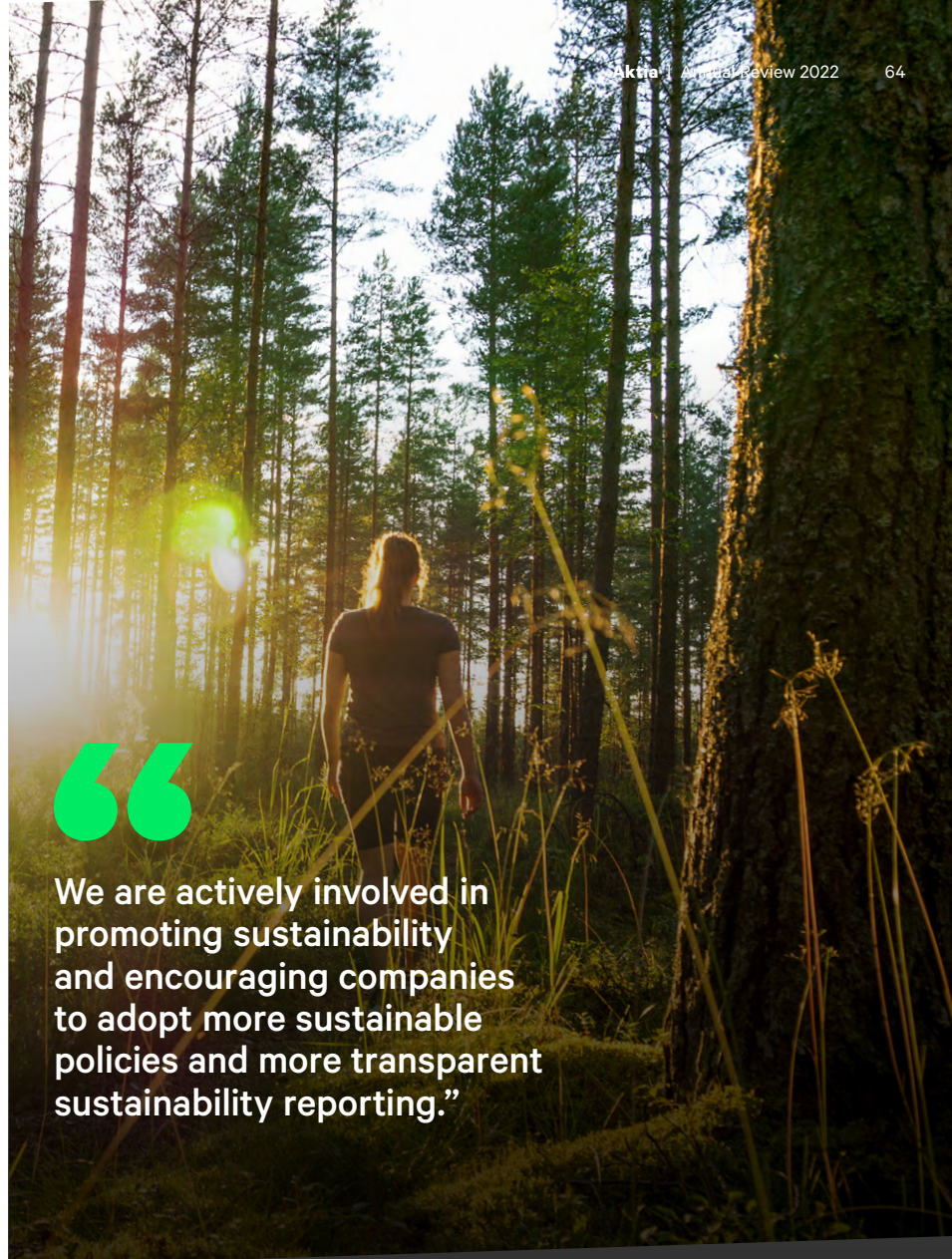
**We want to carry our responsibility and contribute to building a sustainable future. In our view mitigating climate change and curbing emissions is a shared responsibility and our climate strategy guides our operations towards a carbon-neutral company and society.**

Due to the nature of our business, the biggest environmental impacts of our operations come from investment and lending. In our climate strategy we have determined short-term emission reduction targets for our investment and lending as well as our own operations and net zero targets for 2050. More information on our work to reduce climate impacts across all asset categories is given in the section titled 'Aktia's climate strategy' of this report. We have signed the UN supported Principles for Responsible Investment (PRI) and are committed to taking environmental criteria into account in our wealth management. We also want to take the initiative and encourage other actors towards carbon neutrality and climate action. We are actively involved in promoting sustainability and encouraging companies to adopt more sustainable policies and more transparent sustainability reporting.

Our environmental sustainability work encompasses stewardship-related aspects as well as systematic actions in the sphere of Aktia's direct impacts.

This year, Aktia signed the UN Principles for Responsible Banking (PRB) and joined the world's largest banking community. The impact analyses of our funds, lending and own operations are presented in the section 'Aktia's contribution to the UN Sustainable Development Goals' of this report and later this year we will publish a separate PRB report with more information. We adhere strictly to environmental regulation, and in 2022, there were no incidents of non-compliance.

While the majority of emissions stemming from our operations come from assets under management and lending, we strive to reduce the environmental footprint of our day-to-day work as well. The most significant factors affecting our own footprint are energy use, materials and equipment, and travel. We strive to reduce our consumption and thus our emissions.



**“We are actively involved in promoting sustainability and encouraging companies to adopt more sustainable policies and more transparent sustainability reporting.”**



The following table shows a breakdown of Aktia's carbon dioxide emissions – Aktia's own emissions (Scope 1 and Scope 2) and the emissions arising in the value chain (Scope 3). In a separate table on chapter 'Office premises and travel' we show the energy and scope 2 emission intensities in relation to the number of employees, managed assets and gross area of our business premises. Aktia's value chain emissions stem from purchased goods and services (paper, mobile phones, laptops, screens and tablets), losses on the electricity network, business travel, employee commuting, mail deliveries and processing as well as our investment and lending portfolios. The calculations of emissions for Scopes 1, 2 and 3 are based on the GHG Protocol guidelines.



**We strive to reduce our consumption and thus our emissions.”**

## Greenhouse gas emissions (GHG emissions)

tonnes CO2e	2022	2021	2020	2019
Scope 1 (direct emissions)	0	0	0	0
Scope 2 (indirect emissions, location-based)	425	468	681	1,070
Scope 2 (indirect emissions, market-based)	220	440	not calculated	not calculated
Scope 3 (other indirect emissions)	161,494	177,436	52,889	64,754

## Scope 3 GHG emissions, tonnes CO2e

GHG protocol category	category name	2022	2021	2020
Category 1:	Purchased goods and services	380	313	315
Category 2:	Capital goods	n/a	n/a	n/a
Category 3:	Fuel and energy-related activities	4	6	19
Category 4:	Upstream transport and distribution	n/a	n/a	n/a
Category 5:	Waste generated in operations	not yet calculated	not yet calculated	not yet calculated
Category 6:	Business travel*	230	21	15
Category 7:	Employee commuting	168	78	300
Category 8:	Upstream leased assets	n/a	n/a	n/a
Category 9:	Downstream transportation and distribution	38	32	52
Category 10:	Processing of sold products	n/a	n/a	n/a
Category 11:	Use of sold products	n/a	n/a	n/a
Category 12:	End-of-life treatment of sold products	n/a	n/a	n/a
Category 13:	Downstream leased assets	n/a	n/a	n/a
Category 14:	Franchises	n/a	n/a	n/a
Category 15:	Investments**	160,674	176,986	52,188
Scope 3 total		161,494	177,436	52,889

\*Change in calculation methodology in 2022. 2022 calculation based on Thrust Carbon methodology that also considers the RFI factor that calculates the emissions multiplied by 1.9. Previously based on DEFRA methodology.

\*\*2020 figure includes Aktia's equity funds Capital, Nordic, Nordic Small Cap, Nordic Micro Cap, Europa, Europe Small Cap, America and Global.

2021 figure includes Aktia's comparable funds and the funds Micro Rhein, Rhein Value, Micro Markka, Europa Dividend which were transferred to Aktia from Taaleri through the acquisition as well as credit funds Corporate Bond +, Short-Term Corporate Bond +, European High Yield Bond +, Nordic High Yield, balanced funds Secura and Solida and also Aktia Treasury and Aktia Life Insurance Fixed income investments.

2022 figure includes Aktia's comparable funds and the fund UI Aktia Sustainable Corporate Bond.

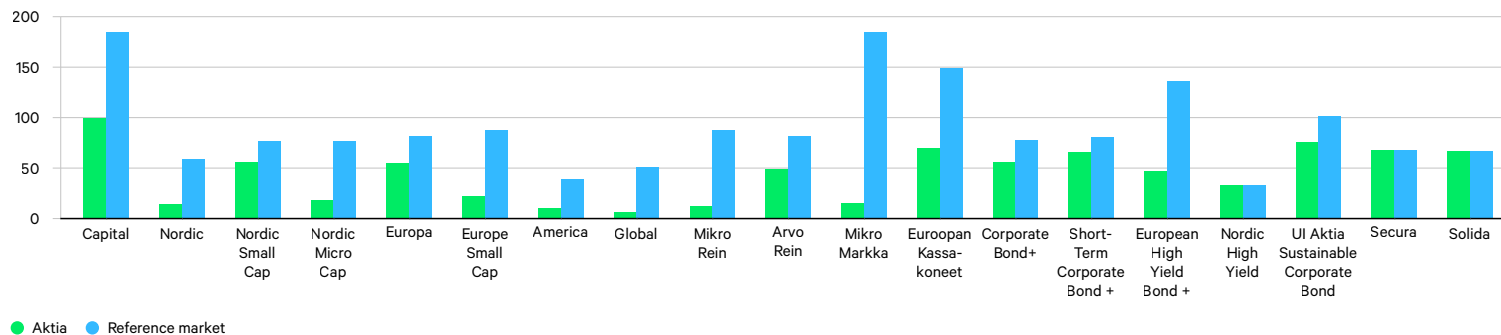


### Climate impact of Aktia's funds

Aktia's climate work has already showed positive results. For example, the carbon footprint of Aktia's own funds has declined over the years. At the end of December 2022, our direct equity investments relative carbon footprint was on average 53% lower than the benchmark.

The ISS ESG Climate Impact assessment also has a scenario alignment analysis that compares current and future portfolio greenhouse gas emissions with the Paris Climate agreement 1,5-degree scenario. The scenario analysis states whether the fund is aligned with the Paris Climate agreement or not and when the fund will exceed its Sustainable Development Scenario carbon budget.

### Relative carbon footprint of Aktia's funds 2022, tonnes of CO2 e/ million euros invested



### Climate impact of Aktia's loan portfolio

The loan portfolio consists of mortgage loans, consumer credits and corporate loans. The vast majority of emissions in Aktia's loan portfolio arise from the corporate loan portfolio. In terms corporate loans the largest shares of emissions arise from Electricity, gas, and heating maintenance,

cooling business (34%), Real estate operations (32%) and Finance and insurance operations (11%) sectors while largest shares of loan amounts are within Real estate operations (57%) and Finance and insurance operations (19%) sectors. The emissions from mortgage loans arise from heating and electricity consumption. The biggest impact on

the carbon footprint of Aktia's mortgage portfolio is in apartment buildings, which are also the largest in terms of quantity. Emissions from consumer credit form a bit larger share of emissions than mortgage loans, even though the monetary loan amount of mortgage loans is many times higher.

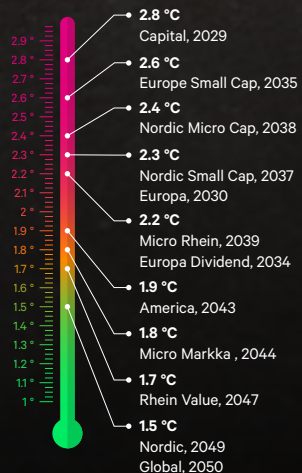
Carbon footprint of the loan portfolio	pcs	M€	tCO2e	% share of emissions	tCO2e/M€
Corporate loans	7,137	2,478	867,696	73%	350
Mortgage loans	44,746	4,414	148,410	12%	34
Consumer credit	15,851	613	179,051	15%	292
<b>Total</b>	<b>67,734</b>	<b>7,505</b>	<b>1,195,158</b>		

Reference: Institutional Shareholder Services, ISS ESG, 31st December 2022

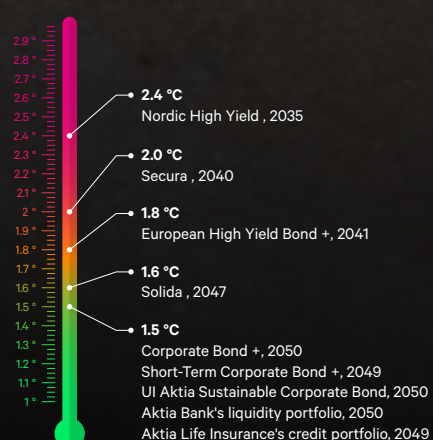
## FUNDS' ACCORDANCE WITH THE PARIS CLIMATE AGREEMENT 1,5 DEGREE SCENARIO

In accordance with the Paris climate agreement, the goal is to limit global warming to 1.5 degrees by 2050. The estimated year indicates when the fund will exceed the carbon budget allocated to it. The estimated degree shows whether the fund is in line with the Paris climate goal.

### Equity funds



### Balanced funds and credit funds and portfolios



### Office premises and travel

Our head office is located in energy-efficient premises that have received the BREEAM Very Good environmental rating. Our head office also holds the WWF Green Office label. The WWF Green Office environmental management system assesses, among other things, energy consumption, recycling and waste handling, sustainable procurement, and mobility. We have a Green Office team in place to implement and share ecologically sound practices throughout the organisation, and we strive to minimise the climate impacts of our daily operations through trainings and personnel engagement initiatives. We aim to expand the Green Office practices to other offices as well.

We purchase electricity produced with renewable forms of energy, so called green electricity, in the head office and utilise modern technology and automatization to reduce energy usage by, for example, applying motion sensors to operate lighting. In addition to our head office, also in our other renovated locations (Tapiola, Tampere, Karjaa and Vaasa), we have lighting operated by motion sensors. We also purchase green electricity, in all locations where Aktia has its own electricity contract and 89% of our purchased electricity is green (14 out of 17 locations in total).

During 2022 we reached our own operations climate strategy interim goal for 2025 of carbon neutrality in energy consumption in our HQ as all energy

(electricity, heating and cooling) consumed in our HQ is produced with renewable energy sources.

Remote work, caused by restrictions related to the COVID-19 pandemic, reduced work-related travel and the energy usage at the offices, which lead to much lower emissions. However, during 2022, we started going back to working at the offices or working in the hybrid mode as well as travelling again. We try to apply the positive learnings from the pandemic and for example utilize teleconferencing and collaboration tools instead of always travelling to limit our emissions to remain under the pre-pandemic levels.

The uncertain world situation and separation from imported energy from Russia have led to energy crisis in 2022. Thus, Aktia's own energy consumption has become a particularly important topic this year. In order to combat the electricity shortage, we started energy-saving campaign at Aktia's head office with the landlord Sponda, and in Aktia Life Insurance's office in Turku with the landlord Teknologiakiinteistöt. These campaigns are based on the nationwide 'Astetta alemmas' energy saving campaign, which offers concrete means to improve energy efficiency. For example, we have agreed to lower the temperature of our office and warehouse spaces, limit the time of use of light signs and optimize the use of our electrical equipment. We also remind our personnel on energy-saving and share energy-saving advice.

Energy consumption and energy intensity of all business premises leased by Aktia (regarding electricity and heating)	2022	2021	2020	2019
MWh	2,958	3,294	4,616	6,648
MWh/ FTE	3.32	3.81	5.68	8.82
MWh/operating income	11.63	12.49	22.95	30.03
MWh/AUM	0.22	0.21	0.44	0.67
MWh/sqm	0.21	0.20	0.26	0.27

Emission intensity (scope 2, location based)	2022	2021	2020	2019
tonnes CO <sub>2</sub> e/FTE	0,48	0,54	0,84	1,42
tonnes CO <sub>2</sub> e/operating income	1,67	1,78	3,39	4,83
tonnes CO <sub>2</sub> e/AUM	0,03	0,03	0,07	0,11
tonnes CO <sub>2</sub> e/sqm	0,03	0,03	0,04	0,04

As our premises are leased and located in office buildings with multiple tenants, we haven't been able to obtain data on our waste amounts thus far.

We actively monitor the climate risks and possibilities in relation to Aktia's business. We report on these matters on the CDP portal as part of our annual climate change reporting. Our current CDP rating is C, which is in the Awareness band and is the global average but below the European regional average and financial services sector average. Aktia follows the recommendations of the Task Force on Climate related Financial Disclosures (TCFD) on reporting climate-related risks and opportunities.

We have gathered information about the activities in Aktia by using the TCFD reporting framework in our Report on Non-Financial Information in the Financial Review 2022.

#### Air travel

Up to 2021 we used travel data calculated with the DEFRA methodology. However, in 2022 we gained access to the Thrust Carbon data that also considers the RFI (Radiative Forcing Index) factor, which makes it a more correct calculation method (the Thrust Carbon RFI factor is 1,9). Therefore, our air travel emissions seem even bigger than pre-Covid emissions in 2019 even though we have travelled

less. Hence, our travel emissions are not comparable between past years. The following table shows our flight kilometres and flight emissions.

#### Sustainable supply chain

We apply green procurement guidelines in our purchases to improve our environmental performance also when it comes to indirect impacts. The guidelines call for attention to environmentally friendly procurement options where available and support our compliance with the WWF Green Office criteria.

We apply a Supplier Code of Conduct to promote responsibility across our supply chain. It covers legal aspects, good business practices, social and environmental considerations, employee and human rights, safety, and reporting and monitoring obligations. We began to apply the Code of Conduct

to new supplier contracts in the beginning of 2020 and are gradually widening its scope as contracts are renewed. The majority of Aktia's suppliers are local, mainly Finnish, with a small number of European operators. In 2022, 86% per cent of our procurement was from Finnish companies.

We consider potential sustainability risks in our supply chain on an ongoing basis. In some years, we have also carried out separate risk assessments in accordance with the Sustainability Accounting Standards Board (SASB) standards. These assessments include observations on environmental and social impacts, management methods, business models, innovations, and value chains. However, in 2022, we focused on continuous work and considered sustainability aspects as well as risks in each supply occasion.

Flight emissions & flight kilometres	2022	2021	2020	2019
Flight kilometres	1,079,391	150,740	104,790	1,390,000
Flight emissions, t CO <sub>2</sub> e*	230,240	20,769	14,616	163,794

\*2019-2021 emissions calculated with DEFRA methodology and 2022 with Thrust Carbon methodology.

### **Making a difference with active ownership and engagement**

Active ownership and engagement are essential parts of our asset management's climate work. Aktia employs engagement with companies, stewardship and active ownership to promote good governance in companies that constitute investment objects, and to promote the possibilities for a good long-term return development in investment objects or investment portfolios. The ways are various and we at Aktia utilise direct engagement, pooled engagement, proxy voting and take part in nomination committees. Also, investor initiatives and joint engagement campaigns are important elements in accelerating change in companies and governments.

Through direct engagement with the companies we invest in, we strive to influence the way they carry out their business activities and environmental performance. Typically, we prioritise companies in which we have significant ownership. These are generally smaller companies, which are one of Aktia's focus areas. As part of our service offering, we use external asset managers that enable us to offer our clients even broader selection of investable funds. In such cases, we engage in dialogue with these asset managers to ensure sufficient attention to climate concerns.

Furthermore, we apply direct engagement with governmental institutions as part of our sovereign fixed income activity in emerging and frontier markets. Throughout our long history as sovereign bond investor, we have formed good relationships with institutions such as ministries of finance, debt offices and central banks in numerous countries.

As an example of joint engagement campaign, we signed the Global Investor Statement to Governments on the Climate Crisis 2022 launched ahead of the COP27 climate meeting. The statement, coordinated by the seven Founding Partners of The Investor Agenda, urges governments to raise their ambition and to focus attention on adopting



**Active ownership and engagement are essential parts of our asset management's climate work.”**



## AKTIA INVESTS IN TRANSITION COMPANIES AND ACCELERATES THE GREEN TRANSITION

**There are numerous firms that operate in environmentally controversial sectors but aim towards net zero in carbon emissions. These transition companies are transforming their operations to a more sustainable direction and hence are an integral part of the green transition. However, the identification of these companies must be transparent and reliable in order to avoid green washing. During 2022, Aktia developed its own framework and quantitative model to identify these transition companies in order to make sustainable investment decisions systematically.**

A transition company can be classified as a company that operates in an environmentally challenging sector

that has a certified greenhouse gas emission reduction target and evidence of actions towards that target. Aktia's identification method for transition companies relies on external data provided by the Upright Project, ISS ESG, Transition Pathway Initiative, and the Science-Based Targets initiative. Many of these data sources are widely used in asset management, which makes the model more credible.

The model utilizes various data sets of greenhouse gas emissions, information of the ambition of a company's climate strategy, and the company's net impact profile. A firm can be identified as a transition company if it is best-in-class in its sector in greenhouse gas performance, and if nearly 100% of those emissions are

reported with a certification\*. Additionally, a firm must have an ambitious and certified\*\* climate strategy in order to be considered as a transition company. Concrete examples of such companies are a Finnish forest industry company UPM-Kymmene Oyj or a Finnish oil refining company Neste Oyj.

Aktia's portfolio managers can utilize the transition model in their daily investment decisions. The framework ensures that all investment decisions are in line with Aktia's own responsible investment policy. In addition, the transition framework enables positive screening as all carbon intense sectors are not directly excluded from Aktia's investment universe.

By investing in transition companies Aktia is accelerating green transition to a more sustainable world. From an investor's perspective, transition investing expands the investment universe without compromising sustainability and risk-adjusted return aspects.

*\*Source: Institutional Share Holder Service's evaluation of reported emissions*

*\*\*Sources: Institutional Share Holder Service, Transition Pathway Initiative, Science-Based Targets initiative*

and implementing the specific policies needed to enable large scale zero-emissions, climate-resilient investments in order to meet just transition when limiting global temperature rise to 1.5°C according to the Paris Agreement.

Another way to make an impact is through pooled engagement, which is carried out by ISS ESG, a service provider that engages in dialogue with companies on behalf of its clients. This is an efficient

way for us to take part in engagement dialogues on a global scale. In 2022, we participated in an engagement dialogue with 110 different companies through ISS ESG. Of these dialogues, 28 focused on the environment, 11 on corruption, 18 on human rights, 40 on employee rights and 13 on several or overlapping topics.

Our portfolio management also performs direct engagement campaigns. In the first half of 2022, we

carried out a total of ten separate impact discussions or measures. The most important topic in these discussions was potentially weak climate targets of companies, which were the subject of six discussions. We feel that the reception of discussions in the companies was mainly positive. We also carried out a follow-up on the 2021 climate risk impact campaign. Four out of the six companies targeted by this campaign have improved their operations measured using the climate risk indicator.



**Our portfolio management also performs direct engagement campaigns.”**

We can also influence the way companies address climate issues by using our voting rights in annual general meetings. ISS ESG provides us with a proxy voting service and support for voting decisions based on its sustainability voting. Through the service, we can effectively participate in general meetings globally. During 2022, we attended a total of 342 general meetings, of which 334 were attended via the voting service and 8 outside the voting service.

In these general meetings, the funds voted on a total of 5766 voting items, of which 616 against the management's recommendation (10.7% of the voting items).

By having representation in companies' Nomination Committees, we take part in the nomination of their Boards of Directors. It is vital in today's corporate world that the Board composition includes people

with understanding on climate matters, from the point of view of climate impacts on the company as well as of the company's contribution to the battle against climate change. For our part, we want to ensure that the Board compositions proposed to Annual General Meetings include capabilities relating to climate change and the sustainability themes relevant to the industry in question.



**During 2022, we attended a total of 342 general meetings, of which 334 were attended via the voting service and 8 outside the voting service.”**

*Reference: Institutional Shareholder Services, ISS ESG, 31st December 2022.*

## AKTIA MODELS ITS FUNDS' BIODIVERSITY PROFILE

Biodiversity – a measure of variation of life on Earth – is becoming an increasingly important aspect in sustainable investing. However, the problem in integrating biodiversity to investment decisions is the lack of reliable data. In 2022, Aktia took steps in modelling its credit funds' biodiversity profile based on sector weights and United Nation's Environment Programme's data.

In order to determine the impact companies have on biodiversity, it is vital to identify the companies' various operations and how those operations impact

biodiversity. To do this, Aktia utilized sector-level information provided by ENCORE\* (Exploring Natural Capital Opportunities, Risks and Exposure) which is a tool provided by the Natural Capital Alliance in partnership with the UN Environment Programme.

Aktia utilized data on natural capital assets – the world's stock of natural resources – and how different sectors utilize and affect these assets. As companies do not yet disclose their dependencies or impact on biodiversity in detail, ENCORE's sector-level assessments were adopted into the credit funds'

sector allocations. In this initial modelling, all Aktia's credit funds performed well or very well.

Although the model was top-down, it depicted the rough biodiversity profile of an individual fund. The model was hand-built to approximate the dependency of natural capital assets based on ENCORE's assessments. In addition to the ENCORE database, analysis by The Upright Project was used to measure the funds' impact on biodiversity related SDG's 14 (Life Below Water) and 15 (Life on Land). This analysis showed only minor positive and negative impact on these SDG's.

The modelling was an important first step into the quantification of funds' biodiversity profiles. All in all, Aktia has achieved its first milestone in integrating biodiversity into its investment decisions and is determined to continue the work on biodiversity in the future.

*\*For more information, see: <https://encore.naturalcapital.finance/en/about>*

# Reporting principles

## Materiality

The sustainability programme was updated to align better with Aktia's strategy. Now, the updated programme follows the same timing as the strategy, also the focus areas and targets are better aligned with Aktia's strategy.

The updated sustainability programme's themes are based on the four pillars of the World Economic Forum (WEF - IBC) Measuring Stakeholder Capitalism –metrics, which are: People, Planet, Prosperity and Principles of Governance.

## Determining focus areas

Aktia conducted a stakeholder analysis in 2020 and that was used as a basis for determining the focus areas for the updated sustainability programme. The 2020 materiality analysis was complemented by a trend and peer analysis to determine topics that have the biggest impacts within the financial industry's working environment.

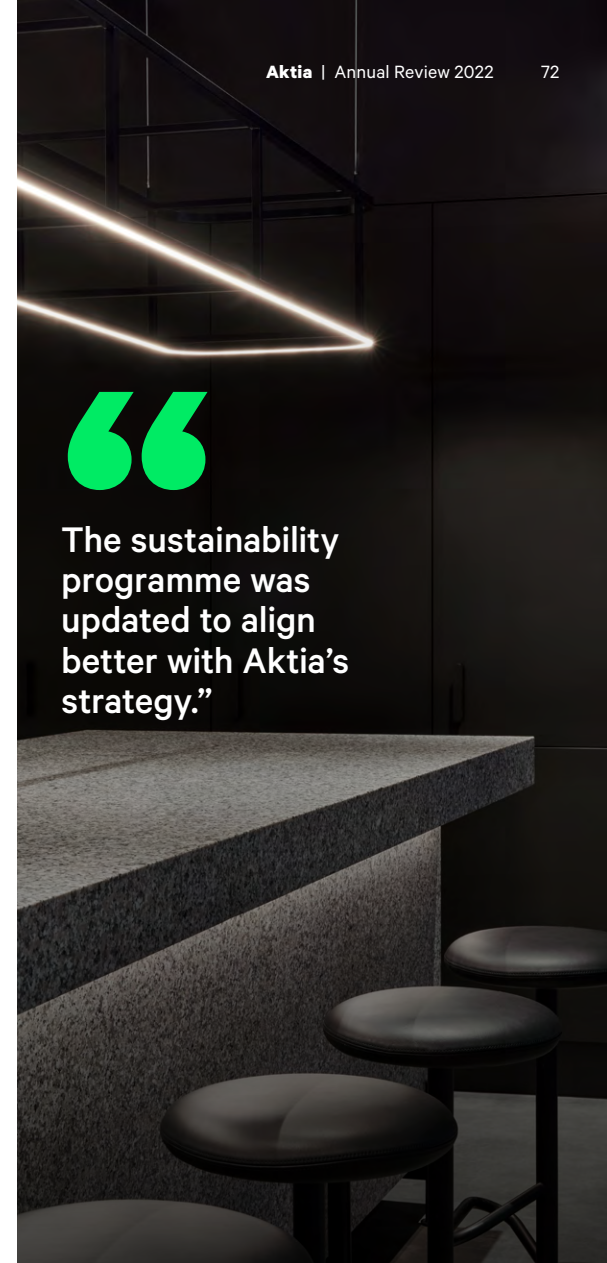
After this a questionnaire was conducted for Aktia's employees to find out their views. Finally, from the questionnaire results, Aktia's ESG team determined the focus areas to be selected for the program with the help of some workshops on selected groups: customer experience, life insurance, asset management, HR and Aktia's executive committee. Also, the Upright Project's (2021) impact analyses on Aktia Bank and Aktia's funds were utilized at this point to determine the topics that have most actual and potential impacts on the economy, environment, and people. Thus, the focus areas of the program are Aktia's material topics.

SDG alignment included in the programme is based on the ESG team's assessment and Upright Project's Impact analyses on Aktia Bank and Aktia's funds (2021). The final sustainability programme was approved by the Audit Committee and Aktia's board of directors in December 2022.

## List of material topics:

- Customer experience
- Responsible investment
- Responsible lending
- Comprehensive understanding on customer's needs
- Good leadership
- Employee experience
- DEI (Diversity, Equity & Inclusion)
- Transparency (in operations and reporting)
- Business ethics
- Information security
- Climate strategy
- Minimizing (own) environmental impact

The sustainability programme was updated to align better with Aktia's strategy.”





## Twelfth corporate responsibility report by Aktia

Aktia's sustainability reporting fulfils the requirements of the EU's Non-Financial Reporting Directive (NFRD). In addition, our non-financial reporting includes climate-related information on Aktia's operations in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our Non-Financial reporting is part of our Financial review. This report includes our voluntary sustainability reporting, and it was prepared in accordance with the Global Reporting Initiative (GRI) Standards. Both, our Non-Financial reporting in our Financial review and this voluntary sustainability report, are assured by KPMG, the assurance statement is included in this report on page 81.

The financial period of the company is the calendar year and the report is published annually. Unless otherwise stated, the information in the report concerns the financial period of 1 January to 31 December 2022. And all the figures presented in the report are per December 31st, 2022, unless otherwise stated. The previous corporate responsibility report was published on March 16th, 2022. The GRI content index lists the GRI Standard indicators used by Aktia and explains where the information can be found. The annual sustainability report and the report of non-financial information complement the Group's

financial reporting and cover the entire Group's activities. In addition to this sustainability report, Aktia also publishes selected sustainability indicators in the quarterly reports.

The sustainability report can be downloaded at [www.aktia.com](http://www.aktia.com), and any questions concerning the report should be addressed to [ir@aktia.fi](mailto:ir@aktia.fi). The next sustainability report will be published around the first quarter of 2024.

### Scope of the report and impacts

The reporting covers Aktia's entire business, and there are no special grounds for limiting the scope of the report. The report covers all Aktia's functions, employees and locations, unless otherwise stated. We have reported figures on tables in four-year time series if there is data available on the past years. However, for some new reporting indicators we only have data on the current or the current and past year.

Of all the reported information, the greatest external impacts are caused by the GHG emissions and the mechanisms by which the emissions arise, waste, scarce human capital, jobs created, tax footprint, societal infrastructure (mostly driven by mortgages provided, life insurance services, commercial deposit account and long-term disability insurance services) and the indicators presented in the value creation graph on page 13.

## Consumption of electricity and heating energy

The reporting of electricity consumption and the associated emissions is based on consumption data. So far, Aktia has been unable to obtain information about the heating consumption of its leased premises. Thus, the district heating consumption has been estimated using statistical heating consumption data and the gross area of Aktia's business premises based on a report by the City of Helsinki's Energy Saving Committee titled "Energy-saving activities and energy-use development in the City of Helsinki 2018".

### Emission calculations (Scope 1, 2 and 3)

The GHG emission calculations for Scopes 1, 2 and 3 are based on the GHG Protocol guidelines. The Scope 2 emission calculation for electricity consumption uses electricity consumption data. 'The location-based' emissions have been calculated using and Motiva's average CO2 emission factor for electricity production in Finland, calculated as the average of the last three statistical years (2018–2020), where cogeneration is divided by the energy method. 'The market-based' emissions have been calculated using 0 as emission factor for all consumed electricity that has been produced with renewable energy (and for which Aktia has received guarantees of origin), emissions from consumed electricity produced with non-renewable energy, have been calculated using AIB's European residual mixes for 2021 for Finland.

The emissions from district heating are calculated using Motiva's average CO2 emission factor for Finland's average district heating production using the average of the last three statistical years (2018–2020), where cogeneration is divided by the energy method.

The scope 3 emission calculations use direct third-party emission data from our suppliers, measured data and estimates.

For category 1 'Purchased goods and services', we have included data on paper consumption and number of purchased mobile phones, laptops, screens and tablets, and used WWF Green Office emission factors for 2022. For category 3 'Fuel and energy related activities', we calculated the T&D losses by using the scope 2 electricity consumption data and IEA statistics (OECD/IEA 2018) factor for Finland. For category 6 'Business travel', we received emission data for flights directly from our travel agency CWT and similarly for train travel from the Finnish railroad company VR. For CWT's data, we use the emission data applying the Thrust Carbon methodology that considers the Radiative Forcing Index (1,9x).

For category 7 'Employee commuting', we utilised estimates and made assumptions. We used our headcount, the number of working days in 2022 and the average commute to work from "Findikaattori". We made the assumption that 50% of the work was

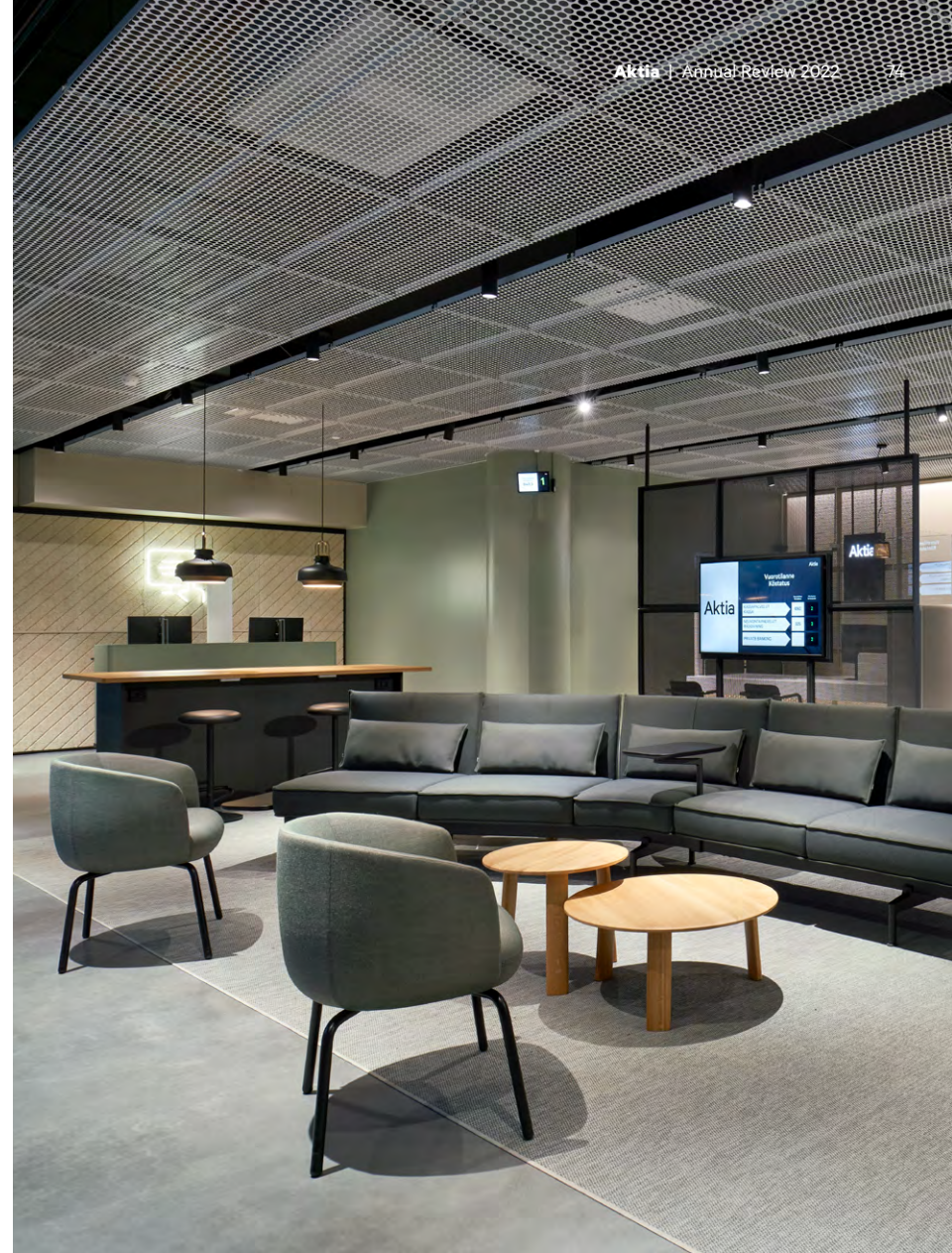
remote, and when working at the offices, 50% of employees used their own cars and other 50% used public transportation. We calculated an average emission factor for the leased cars and for the rest we used the WWF green office 2022 average emission factor for car travel and an average of the public transportation emission factors. For category 9 'Downstream transportation and distribution', we included data on the number of letters sent and calculated emissions using the emission factor from the Finnish postal company Posti. For category 15 'Investments', we got the emission data for our funds using ISS ESG's climate tool. The ISS ESG data coverage on Aktia's funds is on average 86%.

The emissions from Aktia's loan portfolio have been calculated according to the Global GHG Accounting & Reporting for the Financial Industry standard (PCAF 2022) using a cost-based method for consumer credit and corporate loans excluding instalment and leasing vehicles that were calculated using estimated average annual direct (scope 1) and indirect (scope 2) emissions of purchased energy. The guidelines for the "Mortgages" category of the PCAF standard were followed in the calculation of mortgage emissions. The calculation took into account the energy consumption of the loaned properties, i.e.

electricity and heat. Emissions from corporate loans were calculated according to the Business loans or Project loans sections of the standard, depending on whether the business loan was taken for a general or unspecified purpose (Business loans) or for a specific project/purpose (Project loans) using EXIOBASE emission database. Corporate loans for vehicles were calculated in accordance with "motor vehicle loans" section of the standard for emissions from burning fuel (scope 1) and emissions from electricity consumed by electric vehicles (scope 2). Consumer loans were also calculated according to the "Project loans" category of the PCAF standard and EXIOBASE emission database. Study and investment loans were excluded from the calculation. According to PCAF the data quality level is 5 for cost-based calculated loans and 4 for the estimated emissions. According to PCAF the data quality level is 5 for cost-based calculated loans and 4 for the estimated emissions.

### Intensity figures

The calculation of the energy intensity and Scope 2 carbon dioxide emission intensity uses the gross area of offices, the number of full-time employees, the value of assets under management, as well as the operating income representing the financial success of business operations.



# GRI content index

Aktia Bank Plc has reported in accordance with the GRI Standards for the reporting period from 1 January to 31 December 2022 and applies with the reporting principles of GRI 1: Foundation 2021.

GRI standard	Reporting requirements	Reporting reference	Reporting/omission
2-1	Organizational details	<a href="#">6</a>	
2-2	Entities included in the organization's sustainability reporting	<a href="#">6, 72</a>	
2-3	Reporting period, frequency and contact point		Annual reporting. Reporting period: 1 January - 31 December 2022 Contact point: <a href="mailto:esg@aktia.fi">esg@aktia.fi</a>
2-4	Restatements of information		We have retrospectively included more funds in calculating 2021 scope 3 category 15, changing the figure from the one which was reported last year.
2-5	External assurance	<a href="#">82-83</a>	This report has been externally assured by KPMG (limited assurance)
2-6	Activities, value chain, and other business relationships	<a href="#">6, 12, 13</a>	
2-7	Employees	<a href="#">61-63</a>	
2-8	Workers who are not employees	<a href="#">63</a>	
2-9	Governance structure and composition	Corporate Governance report	All board members represent all shareholders, independence of board members is reported in Corporate Governance report
2-10	Nomination and selection of the highest governance body	Corporate Governance report <a href="http://www.aktia.com">www.aktia.com</a> > <a href="#">Investors &gt; Corporate Governance &gt; Shareholders Nomination Board</a>  <a href="http://www.aktia.com">www.aktia.com</a> > <a href="#">Investors &gt; Corporate Governance &gt; Code of Conduct</a>	

Page number is used when referring to Annual Review and name of the document or internet address when referring to other sources.

GRI standard	Reporting requirements	Reporting reference	Reporting/omission
2-11	Chair of the highest governance body	Corporate Governance report	
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">35-36</a>	
2-13	Delegation of responsibility for managing impacts	<a href="#">35-36</a>	
2-14	Role of the highest governance body in sustainability reporting		This report has not been approved by Aktia's board of Directors.
2-15	Conflicts of interest	<a href="http://www.aktia.com">www.aktia.com</a> > <a href="#">Investors &gt; Corporate Governance &gt; Code of Conduct</a>  <a href="http://www.aktia.com">www.aktia.com</a> > <a href="#">Investors &gt; Shareholder Information &gt; Major Shareholders</a>  Financial review 2022, related party transactions	Aktia's largest shareholder holds only 10% of the shares, thus there are no controlling shareholders.
2-16	Communication of critical concerns	Whistleblowing <a href="http://www.aktia.com">www.aktia.com</a> > <a href="#">Investors &gt; Corporate Governance &gt; Code of Conduct</a>	The board of directors is informed if there are whistleblowing cases, however in 2022 there were no whistleblowing cases.
2-17	Collective knowledge of the highest governance body	<a href="#">35-36</a>	

GRI standard	Reporting requirements	Reporting reference	Reporting/omission
2-18	Evaluation of the performance of the highest governance body		Aktia operates in accordance with Finnish corporate legislation and stock exchange regulations. The Board of Directors evaluates its performance annually. Information on the Board composition, tasks and duties and meeting attendance is available in the Corporate Governance statement.
2-19	Remuneration policies	Remuneration report	
2-20	Process to determine remuneration	Remuneration report	
2-21	Annual total compensation ratio	<a href="#">62</a>	
2-22	Statement on sustainable development strategy	<a href="#">4-5, 26-27</a>	
2-23	Policy commitments	<a href="#">43-44</a> , NFI report	
2-24	Embedding policy commitments	<a href="#">43-44, 48-49, 53, 63</a>	
2-25	Processes to remediate negative impacts	<a href="#">33-34, 43-44, 79</a>	
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">43-44, 79</a>	
2-27	Compliance with laws and regulations		There have been no non-compliance cases in 2022.
2-28	Membership associations	<a href="#">32</a>	
2-29	Approach to stakeholder engagement	<a href="#">33-34</a>	
2-30	Collective bargaining agreements		Aktia complies with the collective agreements of the banking and insurance sectors valid at the time. In 2022, 91% of Aktia's employees were covered by a collective bargaining agreement. Employees with managerial contracts are not covered by the collective agreement.
3-1	Process to determine material topics	<a href="#">72</a>	
3-2	List of material topics	<a href="#">72</a>	
3-3	Management of material topics	<a href="#">79-81</a>	

GRI standard	Reporting requirements	Reporting reference	Reporting/omission
<b>Economic impacts</b>			
<b>Economic Performance</b>			
201-1	Direct economic value generated and distributed	<a href="#">7, 13, 48-51</a>	
201-2	Financial implications and other risks and opportunities due to climate change	NFI report	
<b>Market Presence</b>			
202-2	Proportion of senior management hired from the local community		<p>Omission, information incomplete: Aktia does not gather a specific percentage figure of local hires according to GRI requirements.</p> <p>Aktia is a Finnish asset manager, bank, and life insurer. We serve our customers in digital channels everywhere and face-to-face in our offices in the Helsinki, Turku, Tampere, Vaasa and Oulu regions. Aktia's senior management is typically hired from the local community, meaning region or location of an office.</p>
<b>Procurement Practices</b>			
204-1	Proportion of spending on local suppliers		Proportion of spending on Finnish suppliers is 86%.
<b>Anti-corruption</b>			
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">43-44</a>	Omission, information incomplete: Aktia's information has not been broken down by employee category and region as Aktia operates in one country, Finland.
205-3	Confirmed incidents of corruption and actions taken		No incidents in 2022.

GRI standard	Reporting requirements	Reporting reference	Reporting/omission
<b>Environmental Impacts</b>			
<b>Energy</b>			
302-1	Energy consumption within the organisation	<a href="#">67-68</a>	89% (1002 MWh) of our electricity consumed was from renewable sources and 11% (118 MWh) from non-renewable sources. 44% (816 MWh) of our district heating consumed was from renewable sources and 56% (1021 MWh) from non-renewable sources. Our head office has district cooling from renewable sources (194 MWh) and in other locations cooling is included in electricity consumption. We do not consume steam and we do not sell any forms of energy.
302-3	Energy intensity	<a href="#">68</a>	
302-4	Reduction of energy consumption		Omission, information incomplete: Instead of joules, Aktia gathers and reports energy consumption data in MWh/FTE (Full-time Equivalent), MWh/operating income, MWh/AuM (Assets Under Management), MWh/sqm. Reduction of energy consumption compared to previous year was 336MWh.
<b>Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	<a href="#">65</a>	
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">65</a>	
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">65-66</a>	
305-4	GHG emissions intensity	<a href="#">68</a>	
305-5	Reduction of GHG emissions		Reduction in GHG emissions compared to previous year (2021): Scope 1: No change Scope 2 (location-based): -43 tCO2 Scope 2 (market-based): -220 tCO2 Scope 3: -15 942 tCO2

GRI standard	Reporting requirements	Reporting reference	Reporting/omission																					
<b>Social Impacts</b>																								
<b>Employment</b>																								
401-1	New employee hires and employee turnover	<a href="#">61-63</a>	<table border="1"> <thead> <tr> <th>Employee turnover</th> <th>women</th> <th>men</th> </tr> </thead> <tbody> <tr> <td>18-30 years</td> <td>33</td> <td>36</td> </tr> <tr> <td>31-40 years</td> <td>32</td> <td>32</td> </tr> <tr> <td>41-50 years</td> <td>30</td> <td>31</td> </tr> <tr> <td>51-60 years</td> <td>10</td> <td>11</td> </tr> <tr> <td>over 60 years</td> <td>7</td> <td>4</td> </tr> <tr> <td></td> <td>112</td> <td>114</td> </tr> </tbody> </table>	Employee turnover	women	men	18-30 years	33	36	31-40 years	32	32	41-50 years	30	31	51-60 years	10	11	over 60 years	7	4		112	114
Employee turnover	women	men																						
18-30 years	33	36																						
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41-50 years	30	31																						
51-60 years	10	11																						
over 60 years	7	4																						
	112	114																						
<b>Labour/Management Relations</b>																								
402-1	Minimum notice periods regarding operational changes		Aktia complies with the Act on Co-operation within Undertakings, according to which the employer is obliged to inform and negotiate with the employees' representatives before making any reorganisation decisions regarding the business that will affect the position of personnel. According to law, in the event of a business change, the personnel shall be informed within a week. Upon commencement of cooperation negotiations, employee representatives shall be given a written proposal for negotiations.																					
<b>Occupational Health and Safety</b>																								
403-1	Occupational health and safety management system		<p>Aktia Group maintains occupational safety operations covering the entire personnel, as well as regional occupational safety organisations, and carries out workplace audits and monitoring which, in compliance with the Occupational Safety and Health Act, include both risk assessments and basic surveys required by the Occupational Health Care Act.</p> <p>Aktia has an AktiaWellbeing programme, through which Aktia has committed to promoting awareness about health and safety issues, preventing occupational disease and work accidents, promoting well-being and ergonomics, and reducing absenteeism. The programme covers 100 per cent of Aktia employees.</p>																					

GRI standard	Reporting requirements	Reporting reference	Reporting/omission
403-3	Occupational health services	<a href="#">61</a>	
403-4	Worker participation, consultation, and communication on occupational health and safety		Aktia Group maintains occupational safety operations covering the entire personnel, as well as regional occupational safety organisations, and carries out workplace audits and monitoring.
403-6	Promotion of worker health	<a href="#">61</a>	
403-9	Work-related injuries		Omission, information incomplete: Aktia's reporting focuses on the number of work-related injuries (Accidents, registered injuries). Due to data constrictions, we do not have access to the type of injuries. Also, due to our field of business, and low rate of injuries, we have not considered it to be material for us to calculate loss time or rate of injuries.  No fatalities in 2022.
<b>Training and Education</b>			
404-1	Average hours of training per year per employee	<a href="#">62</a>	Omission information incomplete: Our current HR system does not provide data per employee category. We will look into possible system updates and strive to improve our data gathering.
404-2	Programmes for upgrading employee skills and transition assistance programmes	<a href="#">62</a>	
404-3	Percentage of employees receiving regular performance and career development reviews		The performance reviews for the entire personnel, assessing the goals, performance, and development plans of individual employees, have continued twice a year.

GRI standard	Reporting requirements	Reporting reference	Reporting/omission
<b>Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	<a href="#">61-63</a> , Governance report	Omission information incomplete: Our current HR system does not provide data per employee category. We will look into possible system updates and strive to improve our data gathering.
<b>Supplier Social Assessment</b>			
414-2	Negative social impacts in the supply chain and actions taken		Omission, information incomplete: Aktia has the required information partly available.
<b>Public Policy</b>			
415-1	Political contributions		Aktia has decided not to finance political activities. In addition, in compliance with its code of conduct, Aktia is not involved in politics, nor does it directly or indirectly support any political parties, politicians or election candidates.
<b>Marketing and Labelling</b>			
417-3	Incidents of non-compliance concerning marketing communications		No incidents in 2022.
<b>Customer Privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">44</a>	No substantiated complaints, no cyber attacks.

# Management approach

## Policies, practices and commitments applicable to several or all material topics

2-23 Policy commitments	2-24 Embedding policy commitments
<p>Aktia's code of conduct</p> <p>Group's governance principles</p> <p>Sustainability programme</p> <p>The Group's climate policy</p> <p>Climate strategy</p> <p>UN supported Sustainable Development Goals</p> <p>The Board of Directors' guidelines for principles of disclosing information, the Group's disclosure policy, codes of conduct, instructions for the use of social media and the communications manual</p>	<p>Investment decisions and portfolio management based analysis and view of positive and negative factors, including ESG and impact</p> <p>Partnerships with ESG data and service providers, including Morningstar/Sustainalytics, ISS ESG, and The Upright Project</p> <p>Instructions for the Group's employees to report any infringements of the code of conduct and non-ethical business methods or suspicions thereof ("whistleblowing")</p>

Themes/topics	GRI material topics	Impacts	Policies and commitments	Mitigating and addressing impacts
<b>Prosperity</b>				
Customer experience	GRI 417: Marketing and Labeling	Wealth for customers and society	Aktia's principles of responsible investment	Active engagement in direct ownership steering or stewardship, such as using voting rights in annual general meetings
Responsible investment	GRI 418: Customer Privacy	Customer satisfaction	UN supported Principles for Responsible Investment (PRI)	Aktia's Overview of Responsible Investment biannually
Responsible lending		Impacts through asset management, investments, and lending, e.g. enhancing economical activity in societies, reducing climate impacts, respecting human rights	UN Principles for Responsible Banking (PRB)	Report of funds' net impact quarterly
Comprehensive understanding of customer's needs		Impact through pooled engagement	Investor initiatives	Impact reporting for the non-UCITS fund Aktia Impact annually
		Value for owners and financiers		In lending, thorough and up-to-date risk assessment of the customer's solvency and credit rating
				Addressing climate transition risks by assessing the portfolios in asset management, monitoring current regulations, and engaging our clients in discussions from their business perspective

Table continues

Themes/topics	GRI material topics	Impacts	Policies and commitments	Mitigating and addressing impacts
<b>People</b>				
Good leadership	GRI 202: Market Presence	Personnel well-being	Occupational health and well-being programme	Performance reviews for the entire personnel
Employee experience	GRI 401: Employment	Equality and diversity in Aktia	Employee policy, including the principles of equal opportunities	Diverse eLearning opportunities
DEI (Diversity, Equity & Inclusion)	GRI 402: Labour/Management relations	Diversity and equality in society	Protecting employees with whistleblowing guidelines	Training program for our supervisors
	GRI 403: Occupational Health and Safety		Diversity policy	AktiaWellbeing program and the AktiaWellbeing concept
	GRI 404: Training and Education		Equality plan	Monitoring of employee wishes through Siqni survey tool
	GRI 405: Diversity and Equal Opportunity		Remuneration policy	Monitoring occupational health and safety matters
<b>Principles of governance</b>				
Transparency (in operations and reporting)	GRI 201: Economic Performance	Money laundering, and financing of terrorism prevented	Anti-corruption and anti-bribery policy, the Board of Directors' guidelines for handling conflicts of interest, and guidelines regarding the prevention of corruption	Active monitoring of Aktia's financial and solvency trends against financial targets
Business ethics	GRI 202: Market Presence	Aktia's performance in ESG ratings		Stress tests and scenario analyses to evaluate position and identify risks
Information security	GRI 205: Anti-corruption	Net impact ratio of Aktia Bank Plc according to the Upright Project	Aktia information security directive	Processes for preventing money laundering and corruption
	GRI 415: Public Policy			Mandatory compliance trainings for employees
	GRI 419: Socioeconomic Compliance	Secured and protected data		ISO/IEC 27001 framework as a basis for information security management system (ISMS)
				ISMS fully integrated into overall management system and covering all business areas at Aktia
				Aktia Life Insurance Ltd. measures in asset and liability management to protect long-term solvency



Table continues

Themes/topics	GRI material topics	Impacts	Policies and commitments	Mitigating and addressing impacts
<b>Planet</b>				
Climate strategy	GRI 204: Procurement Practices	Mitigating climate change	WWF Green Office programme	Emission calculations for Scopes 1, 2, and 3 based on the GHG Protocol guidelines
Minimizing Aktia's own environmental impact	GRI 302: Energy	Curbing emissions	Aktia's principles of responsible investment	Monitoring of climate risks and possibilities and CDP reporting
	GRI 305: Emissions	Minimising Aktia's own emissions	Investor initiatives which are described in closer detail under the heading Memberships, commitments, and sustainability initiatives	Green Office team implements and shares ecologically sound practices
	GRI 307: Environmental Compliance	Maximising Aktia's energy efficiency	Supplier Code of Conduct, the Group's procurement policy, the Board of Directors' guidelines regarding the principles of outsourcing operations and guidelines regarding the procedures for outsourcing operations	
	GRI 414: Supplier Social Assessment	Supporting local (Finnish) suppliers		

In addition to the information presented in this management approach table, the sustainability theme sections of the Annual Review describe:

- Specific sustainability actions and outcomes under the themes
- Tracking of the effectiveness of the actions taken
- Examples of lessons learned

Aktia's Code of Conduct covers human rights. The Non-Financial Report section of the Report by the Board of Directors summarises Aktia's practices and outcomes in human rights. The Responsible Investment section of this Annual Review tells how Aktia manages human rights as part of investment practices.

Aktia's Co-operation with stakeholders section provides an overview how stakeholder engagement has informed the sustainability actions Aktia has taken.

# Independent Assurance Report to the Management of Aktia Bank plc.

We have been engaged by the Management of Aktia Bank plc. (hereafter “Aktia”) to provide limited assurance on sustainability information presented in Annual review 2022 and Non-financial report presented in Financial review 2022 for the year ended 31 Dec 2022 (Sustainability Information).

The Sustainability Information consists of the numerical indicators presented in the GRI content index as part of the Annual Review 2022 and Non-financial key performance indicators in the Non-financial report 2022 as part of Aktia’s Financial Review 2022.

## Management’s responsibilities

The Management of Aktia is responsible for the preparation and presentation of the Selected Sustainability Information in accordance with the reporting criteria, i.e. GRI Sustainability Reporting Standards and Aktia’s own reporting instructions for Non-financial information, and the information and assertions contained within them. The Management is

also responsible for determining Aktia’s objectives with regard to sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

## Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the Sustainability Information in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board IAASB. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants IESBA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

## Procedures performed

A limited assurance engagement on Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Sustainability Information, and applying analytical and other evidence gathering

procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed members of Aktia’s senior management and relevant staff responsible for providing the Sustainability Information;
- Assessed the application of the GRI Sustainability Reporting Standards reporting principles in the presentation of the Sustainability Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Sustainability Information;
- Reviewed the presented Sustainability Information and assessed its quality and reporting boundary definitions and;
- Assessed of the Sustainability Information’s data accuracy and completeness through a review of the original documents and systems on a sample basis.
- As concerns external providers, we have compared information provided by these and the information reported by Aktia as part of its Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### **Inherent limitations**

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

### **Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in accordance with the GRI Sustainability Reporting Standards and Aktia's own reporting instructions for Non-financial information.

Helsinki, 14.3.2023  
KPMG Oy Ab

### **Tomas Otterström**

Partner, Advisory

### **Marcus Tötterman**

Authorised Public Accountant

## Contact information

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Business ID: 2181702-8  
**BIC/S.W.I.F.T: HELSFIHH**

# Aktia