

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Aktia is a Finnish asset manager, bank and life insurer that has been creating wealth and wellbeing 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. Our business areas are Banking (both private and corporate customers), Asset Management and Life Insurance. Aktia serves approximately 254 000 private customers and 20 700 Corporate and institutional customers. Aktia's corporate business provides services to companies and organisations, from micro sized companies and associations to listed companies, as well as to institutional customers with other banking services than asset management.

Links and references

<https://www.aktia.com/en/about-us/aktia-in-brief>

Annual Review 2022, page 6

Financial review 2022, page 6

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions

- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
- None of the above

<i>Response</i>	<i>Links and references</i>
<p>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.</p>	<p>Annual Review 2022 pages 26-27.</p>
<p>Aktia updated its sustainability programme in 2022 and Aktia has analysed the SDG relation to the sustainability program focus areas and defined the SDGs 5, 8, 9, 12, 13 and 17 as the most important for Aktia. 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.</p>	<p>Annual Review 2022 pages 28-31</p>
<p>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. 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.</p>	<p>Annual Review 2022 pages 37-38</p>
<p>Aktia has a Code of Conduct for its suppliers, and we require that the suppliers respect human rights, employee rights, and work safety. Responsible investment in Aktia and responsibility in general are based on key international conventions and standards, such as the UN Declaration of Human Rights and other UN conventions, the UN Sustainable Development Goals, ILO conventions and the OECD Guidelines for Multinational Enterprises.</p>	<p>Financial review 2022, page 34</p>

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

- a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

The Upright Project has done a comprehensive quantification of the net impact of Aktia's equity, corporate credit and impact funds as well as Aktia's loan portfolio, including both our negative and positive impacts. The Upright model analyses four aspects of a 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.

In addition to the net impact analysis 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's funds and Aktia's loan portfolio is assessed in light of the official subgoals defined for each SDG. The analysis covers Aktia's equity, corporate credit and impact funds as well as Aktia's loan portfolio and shows alignment and misalignment in relation to each of the 17 SDGs.

Links and references

Annual Review 2022, page 43

Annual Review 2022, pages 28-31

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<p>The investment portfolio analysis includes Aktia's own funds and does not include third party funds and funds that invest in government bonds.</p> <p>The lending portfolio analysis excludes student debt.</p>	
<p>b) <u>Portfolio composition:</u> Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products & services and by types of customers for consumer and retail banking portfolios.</p> <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	
<p><i>Response</i></p> <p>Investment portfolio:</p> <p>The analysis covers Aktia's equity, corporate credit and impact funds (21 funds in total), which cover 25% of Aktia's total AUM.</p> <p>Loan portfolio:</p> <p>The analysis covers all Aktia's corporate loans and also mortgage and consumer loans of private customers. The analysis covers 96% of Aktia's loan portfolio.</p> <p>60% of the analysed loan portfolio consists of mortgage loans, 32% of corporate loans and 8% of consumer credit.</p>	<p><i>Links and references</i></p> <p>Overview of responsible investment H2 2022, page 8</p> <p>Impact assessment of Aktia's loan portfolio, see Appendix 1</p>
<p>c) <u>Context:</u> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	
<p><i>Response</i></p> <p>Aktia has assessed climate change as a main challenge and to be considered in all Aktia's operations. The results from the impact analysis shows some misalignment with the environmental category and SDG 13 Climate action for both portfolios considered in the analysis. 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.</p>	<p><i>Links and references</i></p> <p>Annual review 2022, pages 37-38</p>

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<p>Co-operation with different stakeholder groups helps us assess and respond to the expectations placed on Aktia. We engage in continuous open dialogue in several channels with our stakeholders to develop our operations.</p>	<p>Annual Review 2022, page 33</p>
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)5? Please disclose.</p>	
<p>Response</p> <p>The impact analysis conducted by The Upright Project shows that the net impact of both Aktia's loan portfolio and funds is positive. A closer look at the results from the analysis shows that the main resources used by Aktia's funds are environmental, with GHG emissions being the main contributor. On the other hand, Aktia's funds have the biggest positive impact on society which is driven by societal infrastructure, creating jobs and contributing to common funds via taxes.</p> <p>Aktia's loan portfolio uses resources or causes negative impacts mostly in the environmental category due to GHG emissions. In turn Aktia's loan portfolio seems to create the most significant positive value in the societal category thanks to societal infrastructure and taxes.</p> <p>The results from the analysis assessing Aktia's contribution to the SDG's shows that the funds have the strongest alignment with SDG 8, Decent work and economic growth, SDG 9, Industry, innovation and infrastructure and SDG 7, Affordable and clean energy. The strongest misalignment is shown with SDGs 13 Climate action, 6 Clean water and sanitation and 7 Affordable and clean energy. The loan portfolio has the strongest alignment with SDG's 11, sustainable cities and communities, and 8, decent work and economic growth. Misalignment is shown with SDG 13 Climate action.</p> <p>The results are presented in greater detail in Appendix 1.</p> <p>Based on the results from the impact analysis we have prioritized SDG 13 Climate action in our target setting strategy. The second impact area will be determined at a later stage.</p>	<p>Links and references</p>
<p>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u> Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental</p>	

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

Loan portfolio:

The majority of loan portfolio GHG emissions stem from corporate loans and within these, 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.

We drafted the criteria for green and sustainability linked loans during 2022 and during Q1 2023 we implemented the framework for green and sustainability linked loans and granted the first sustainability linked loans. In this manner we want to support our clients’ green transition.

Investment portfolio:

We report the GHG emissions of our investments as well as the relative carbon footprints of our funds compared to the reference market. In 2022 we also added the funds’ accordance with the Paris climate agreement 1,5 degree scenario to our annual reporting. The carbon footprint of Aktia’s own funds has declined over the years and has been lower than the benchmark index for a number of years, in 2022 it was 53% lower than the benchmark index.

Links and references

Annual Review 2022, pages 53 and 66

Annual Review 2022, page 65

Overview of responsible investment H2 2022, page 9

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

⁶ You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank’s portfolio with⁷ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

Aktia has a sustainability programme in place that defines the focus areas and actions to be taken to reach the set targets. The sustainability programme is linked to the SDG’s and the most important SDG’s for Aktia have been defined.

Aktia has prepared a climate strategy that covers Aktia’s own operations as well as Aktia’s investments and lending. 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. 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. We have determined net-zero goals and interim targets for the strategy for years 2025 and 2030.

Links and references

Annual Review 2022, page 27

Annual Review 2022, pages 37-39

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health & inclusion</i>	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<i>Response</i> The timeline and interim targets are defined in Aktia’s climate strategy. The baseline year is 2019 for the investment portfolio and 2020 for the loan portfolio. The current level of alignment is assessed quarterly for the investment portfolio and annually for the loan portfolio.	<i>Links and references</i> Annual Review 2022, page 38
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c) SMART targets (incl. key performance indicators (KPIs)⁸): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<i>Response:</i> Investments: The climate targets for 2025 are to reduce the carbon footprint of the equity and credit portfolios by 30 % and increase the green bonds share of corporate credit funds to 35 %. For 2030 the targets are to reduce the carbon footprint of equity and credit portfolios further to -50 % and carbon neutrality of the real estate portfolios. Lending: Demand for green funding and green loans is growing at an increasing pace, and we expect it to accelerate further in the future. 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. The target for 2030 is to reduce the carbon footprint of corporate and household loans by 30 %. The second impact area and related targets will be determined at a later stage.	<i>Links and references</i> Annual Review 2022, page 38 Annual Review 2022, pages 38-39
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⁷ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

⁸ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response

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. Our climate strategy includes interim goals for 2025 and 2030. An action plan has been made to achieve the set goals.

The actions to meet the targets for our investment portfolio include taking part in different initiatives such as NZAM, working systematically with climate impact assessment within wealth management and active ownership and stewardship. 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.

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.

We are focusing on product development on the lending side to widen our sustainable offering to lending. The development of responsible lending activities is done in co-operation between the Banking business area and the Group-wide ESG team. In addition to developing responsible lending activities the development of sustainable lending criteria is an important part of being able to meet the set targets for lending.

Links and references

Annual Review 2022, page 64

Annual Review 2022, pages 27 and 69

Annual Review 2022, pages 35, 37 and 39

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: <i>Climate change mitigation</i>	... second area of most significant impact: <i>(yet to be determined)</i>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact:</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

Climate strategy:

Investments:

- We have our principles for responsible investment that we follow in our investment decisions.
- We have an ESG committee in place that coordinates the implementation of Aktia's principles of responsible investment, stewardship policy, as well as ESG analyses and sustainability outcomes of investments.
- Starting from 2023 we have reported the relative carbon footprint of Aktia's funds in our quarterly reporting.

Lending:

- Since the beginning of 2022, we have applied our own principles for responsible lending.
- We drafted the criteria for green and sustainability linked loans during 2022 and we have implemented the framework for green and sustainability linked loans during 2023.
- Our goal is also to create a green bond framework.

Links and references

Annual Review 2022, page 48

Annual Review 2022, page 39

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers⁹ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹⁰). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

Sustainability guides Aktia's operations. 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. 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.

Demand for green funding and green loans is growing at an increasing pace, and we expect it to accelerate further in the future. We are focusing on product development within the lending business to widen our sustainable offering to lending. Creating sustainability criteria for lending is an important part of our climate strategy. Since the beginning of 2022, we have applied our own principles for responsible lending. The principles define the sectors that Aktia has identified as having the highest potential ESG-risks and exclusions are made accordingly.

Links and references

Annual Review 2022, pages 25 and 33

Annual Review 2022, page 39

<p>Sustainability is an integral part of our investment activities and our own principles for 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. As part of our sustainability program, 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.</p>	<p>Annual Review 2022, pages 48 and 50</p>
<p>3.2 Business opportunities</p> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p>	
<p><i>Response</i></p> <p>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. In the end of 2022, the share of AUM in article 8 and 9 funds was 96,6 %.</p> <p>We also see opportunities within sustainable lending and are focusing on product development within the lending business to widen our sustainable offering to lending. Since the beginning of 2022, we have applied our own principles for 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 sustainable loan products to the wider public soon. In the end of 2022, the share of tailored sustainable loans was 2,1 %. Our target is also to create a green bond framework. With these actions we strive to make a positive impact on SDG 13 Climate action.</p>	<p><i>Links and references</i></p> <p>Annual Review 2022, page 39</p> <p>Financial review 2022, page 30</p>

⁹ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹⁰ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹¹) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

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 Aktia's Annual Review 2022.

Aktia has identified customers, employees, shareholders, and financiers, as well as social operators such as authorities, partners, NGOs, and the media as the relevant stakeholder groups for Aktia.

Links and references

Annual Review 2022, pages 33-34

¹¹ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

On the Board level, the Audit Committee oversees overall ESG development and initiatives Aktia takes part in, such as PRB. 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. The Board approves the Group's sustainability programme as well as oversees the progress towards the targets. Aktia's remuneration principles include supporting sustainable behaviour by attaching sustainability and risk management related measurement to scorecards and directing employees to consider the benefits for company, customer, environment, other stakeholders and themselves in their behaviour.

Links and references

Annual Review 2022, page 35
Pillar III report 2022, page 110

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

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

Links and references

Annual Review 2022, pages 43 and 62

mandatory AktiaWay Learning and in addition we also have role-based learning.

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. Each employee role is evaluated to determine the additional learning content and level that is included in their individual learning programme. For some employees the additional learning content includes sustainability related learnings such as an eLearning in sustainable finance.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹² Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

Investment portfolio:

We have following policies in place to address environmental and social risks in our investment portfolio:

- Principles for responsible investing
- Statement on sustainability risks and factors
- Stewardship policy
- Best execution policy

Loan portfolio:

In lending we also have our principles of responsible lending that are always applied in lending decisions. We also make case by case considerations in controversial cases.

The following policy documents guide Aktia's operations as a whole:

- Aktia Groups' Code of Conduct
- Aktia Group's Ethical code of conduct for suppliers
- Aktia Group's Climate policy
- Aktia Group's Green Procurement Guidelines
- Aktia Group's Health and safety policy
- Aktia Group's Diversity Policy

Links and references

<https://www.aktia.com/en/sustainability/principles-of-governance>

¹² Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Aktia has instructions for the Group’s employees to report any infringements of the code of conduct and non-ethical business methods or suspicions thereof (“whistleblowing”).

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response

This PRB report has not been externally assured but our sustainability reporting within our Annual Review 2022 and our NFI reporting within our Financial review 2022 have been assured by KPMG (limited assurance), thus all parts where we refer to our 2022 sustainability reporting are assured.

Links and references

Assurance statement: Annual Review 2022, pages 82-83

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

Response

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.

Aktia became a public supporter of the TCFD reporting recommendations in 2021 and our TCFD reporting is included in our Non-Financial report as a part of the Financial Review.

Links and references

GRI content index, Annual Review 2022, pages 75-78

TCFD reporting, Financial review pages 34-37

<p>Aktia reports to CDP and in addition, in 2022 Aktia acted as a lead investor in two engagements in the annual 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.</p>	<p>CDP reporting, Annual Review 2022, page 32</p>
<p>6.3 Outlook</p> <p>What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹³, target setting¹⁴ and governance structure for implementing the PRB)? Please describe briefly.</p>	
<p><i>Response</i></p> <p>As we have assessed our impacts and set our climate related targets, the next step is to implement measures to reach our targets. We are aiming to apply for the Science-Based Targets initiative validation for our climate strategy. We are conducting a double materiality assessment according to the requirements in the CSRD to better understand the material topics related to our operations.</p>	<p><i>Links and references</i></p>

¹³ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement
¹⁴ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|---|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input checked="" type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input checked="" type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

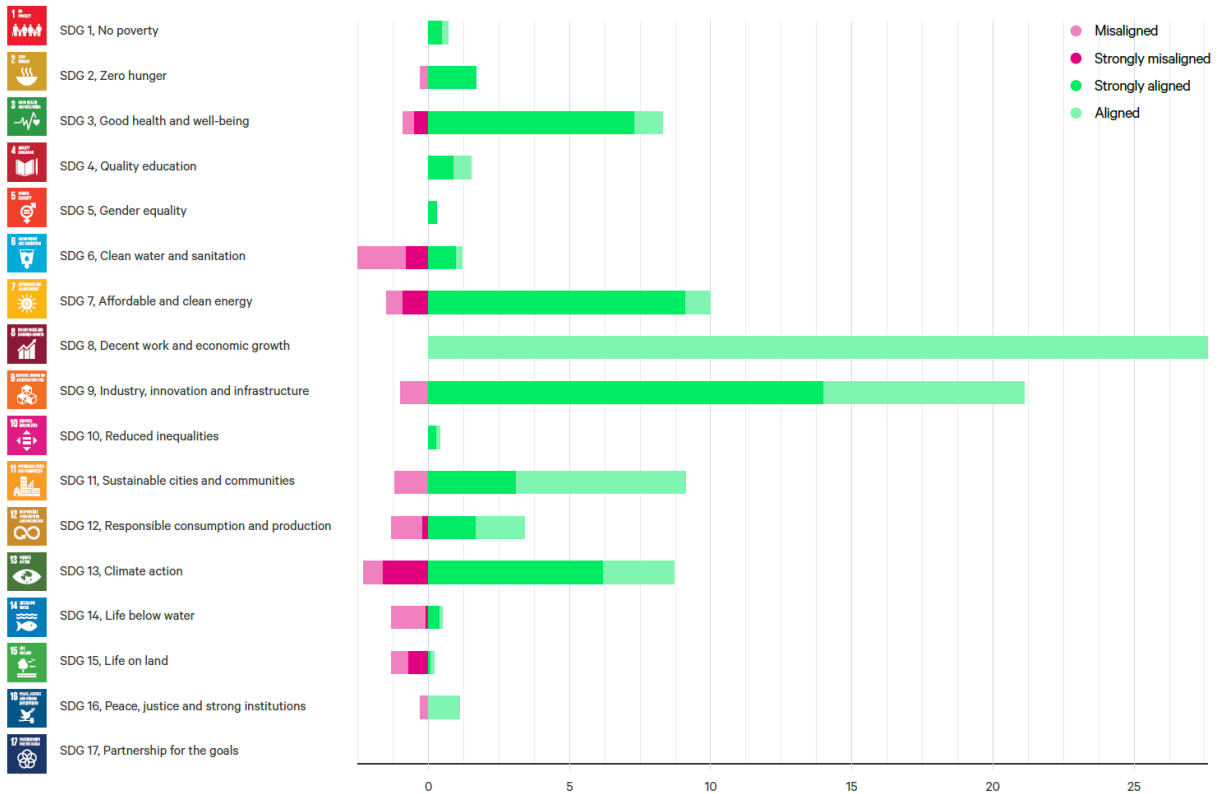
Being a small organization with limited resources brings its own challenges relating to prioritization and oversight as regulation requirements related to reporting are increasing and becoming more complex.

Appendix 1: Results from the impact analysis

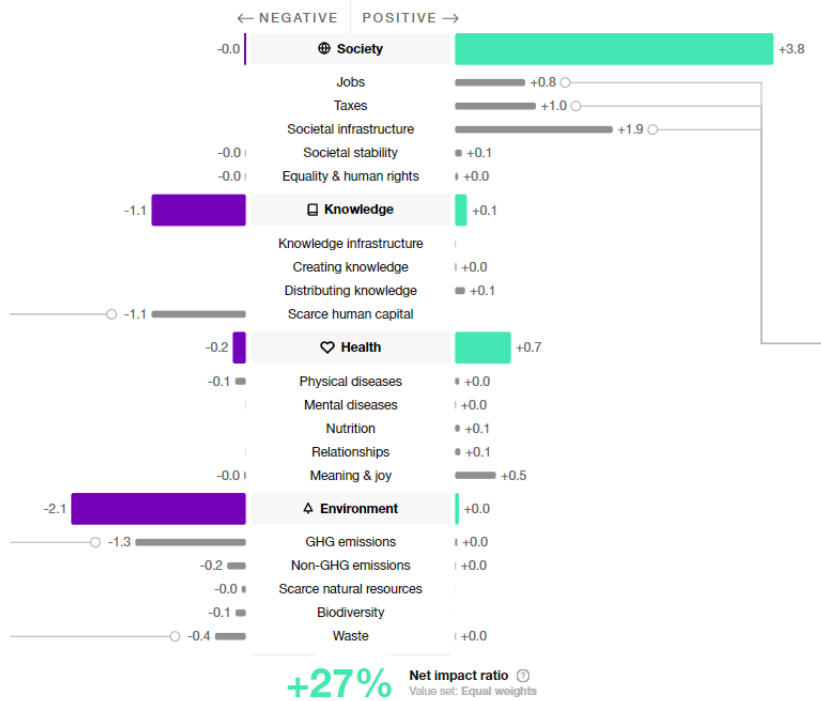
Impact assessment: Aktia's equity, corporate credit and impact funds



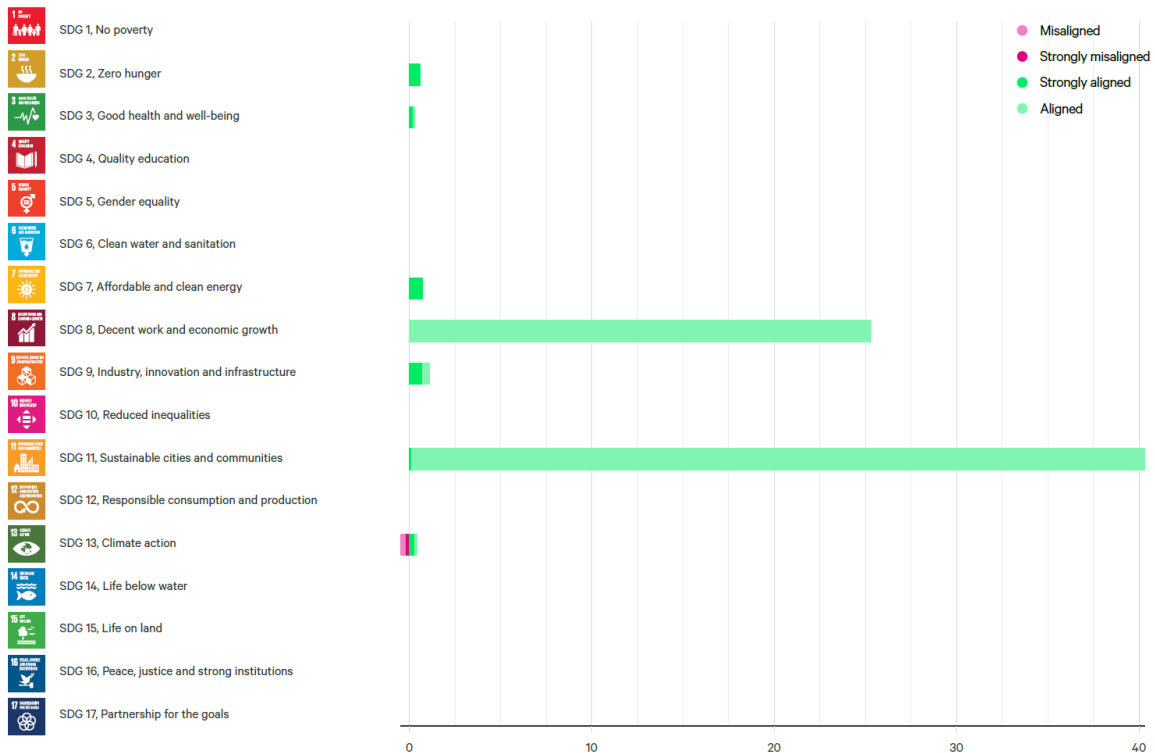
Aktia's equity, corporate credit and impact funds



Impact assessment – Net impact ratio: Aktia’s loan portfolio



Aktia's loan portfolio



Aktia

