

# Annual Review 2023

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Aktia



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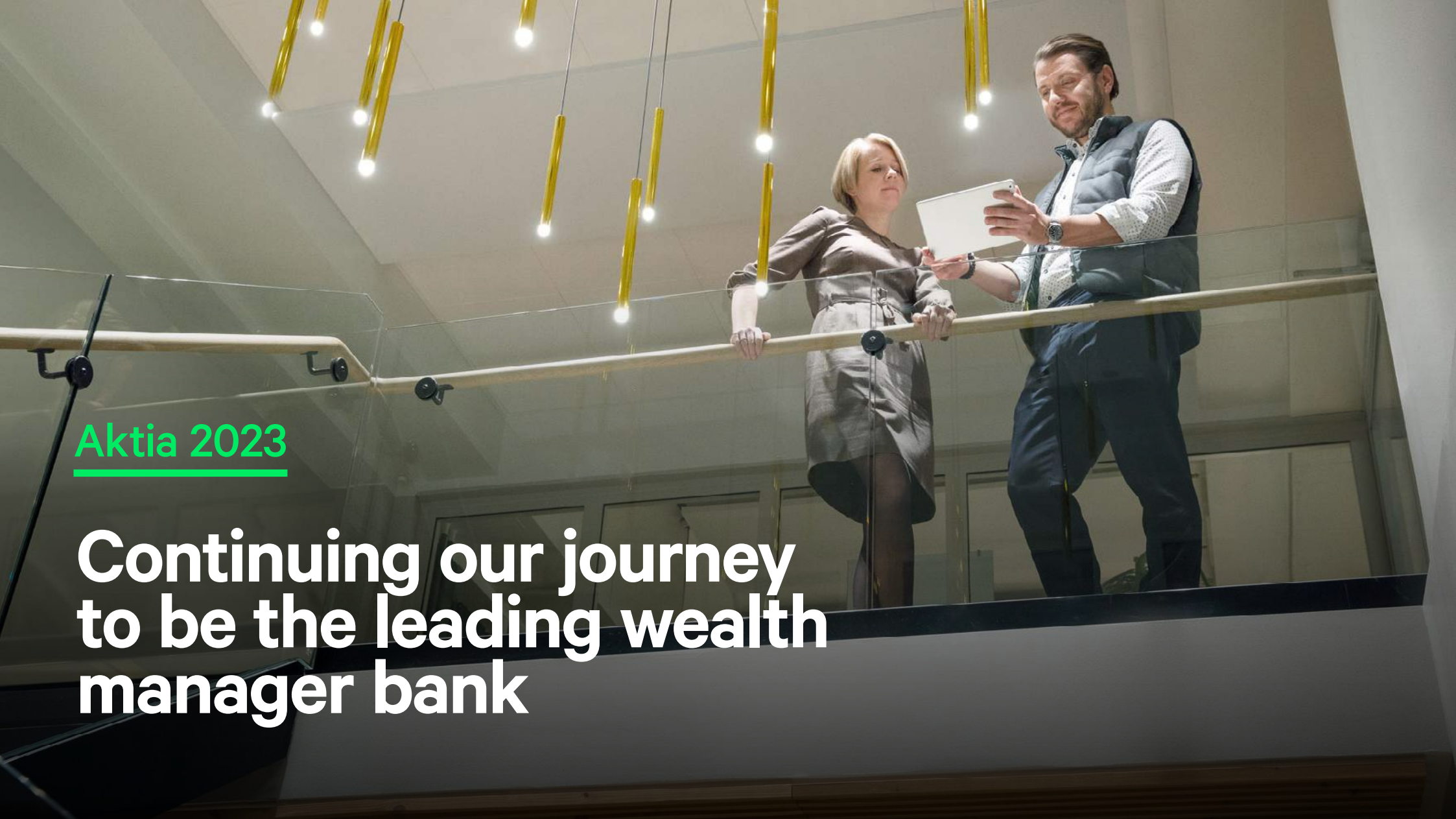
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Aktia 2023

**Continuing our journey  
to be the leading wealth  
manager bank**

## CEO'S COMMENTS

# Excellent year for Aktia despite an unstable operating environment

2023 did not bring the desired turn for the better; the same global political and economic uncertainties are still present, and the conflict in the Middle East has further weakened the predictability of the operating environment. For Finland, the outlook became darker towards the end of the year, and economic growth throughout the year is likely to be negative.

However, the central banks' tight monetary policy has done what it was supposed to, and inflation in Finland was already below four per cent in December. At the same time, the labour market situation has remained good. The rise in interest rates seems to have ended, and rate cuts are already expected from central banks for 2024.

The rise in interest rates has restored the banking operations' earnings logic and normalised the

investment environment, but the coin has two sides. Construction and the housing market have been slow for a long time, and uncertainty about interest rate developments has been reflected in weak demand for housing loans. However, the number of new private customers through the Finnair cooperation and strong demand among corporate customers has kept the total credit stock stable. Thanks to active credit risk management, our credit losses have remained moderate and the credit quality good.

## **The wealth manager bank strategy proved its strength in a challenging market**

Aktia has continued to drive forward its wealth manager bank strategy with determination. In a challenging market, a business strategy based on three pillars – Banking, Asset Management and Life Insurance – provides stability and predictability.



**Aktia has continued to drive forward its wealth manager bank strategy with determination.”**



The rise in interest rates supported the increase in net interest income and contributed to Aktia's strong result, although the implementation of IFRS 17 makes comparisons between years considerably more difficult. The rise in interest rates also restored customers' interest in fixed income investments, which strengthened the position of Aktia's products among asset managers. The market uncertainty was reflected on the development of assets under management and commission income, but towards the end of the year the market picked up and the trend turned. The investment market has adapted to a new market environment where free money is no longer available and a new, more traditional market cycle has begun.

At the beginning of the year, Aktia launched the Article 9 fund Aurinkotuuli III in cooperation with Taaleri. The fund raised almost EUR 180 million in its first two rounds of funding. The Aurinkotuuli III fund strongly supports the green transition in the energy economy. During the year, we also developed our product portfolio with new structured products that were very well received by the customers. In addition, we launched the Premium Wealth Plan for investment customers.

The year was also strong for the life insurance business. The sales of risk life insurance developed well for the fifth consecutive year and the sale of investment-linked insurances remained stable.

Net income from life insurance grew and the actuarially calculated result for the full year improved. In the summer, the life insurance company selected a supplier for its basic system, and the planning of the implementation project advanced towards the end of the year so that the implementation can begin in early 2024.

**Strong increase in the number of customers was one of the biggest successes of the year**

The interest towards the Finnair Visa Credit card, developed in cooperation between Aktia and Finnair, as well as sales remained strong also outside our standard customer base, which I am particularly pleased about. The cooperation brought us almost 30,000 new customers during the year. Our corporate customer business also developed very positively, and the acquisition of new customers resulted in more than 3,500 new corporate customers.

I am proud of the trust we gained from our new customers. As a next step, we will make the expertise of the wealth manager bank and our range of products and services fully available to this customer base.

**Customer and employee experience will remain at the core of all activities**

Each customer must have access to flexible banking services with us. Based on customer feedback, we have not always succeeded, but we have increased resources and continued the determined

development of IT solutions. During 2023, we made our identification services smoother and supplemented customer service activities in digital channels by introducing new tools for encountering customers. In the coming year, IT will focus on the digital customer experience and ensuring the continuity of service production. Among other things, we will increase the use of the Aktia ID authentication app, improve customers' possibilities to manage their business as a self-service and renew our mobile bank to better meet our customers' expectations.

At the beginning of the year, we agreed together with the employees that if the bank's result exceeds EUR 100 million, we would divide EUR 1 million equally among all employees. We reached our goal, for which we have all Aktia employees to thank. We are proud of our competent staff and want to ensure that all employees are happy and feel that they are doing meaningful work that they themselves can affect.

I believe in Aktia's strategy. I am sure that we have good prerequisites to implement our plans and develop as a wealth manager bank, bearing in mind our customers, employees, and stakeholders. Together, we are building a prosperous society where everyone is comfortable.

**Juha Hammarén**  
CEO



**Each customer must have access to flexible banking services with us.”**

# 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 2023

**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

More detailed information about the Group can be found in note G42 of the Financial Statements.

## KEY FIGURES 31 DECEMBER 2023 (APPROX.)

**255,000\***

Private customers

**23,500**

Corporate and institutional customers

**85,000**

Insurance policies

**900**

Employees

**13.7** EUR billion

Customer assets under management (AuM)

**12.0** EUR billion

Balance sheet total

**684** EUR million

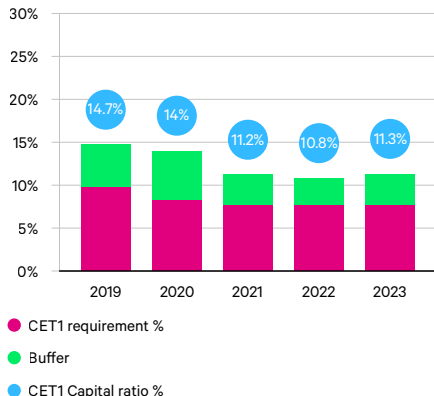
Market cap

**40,000**

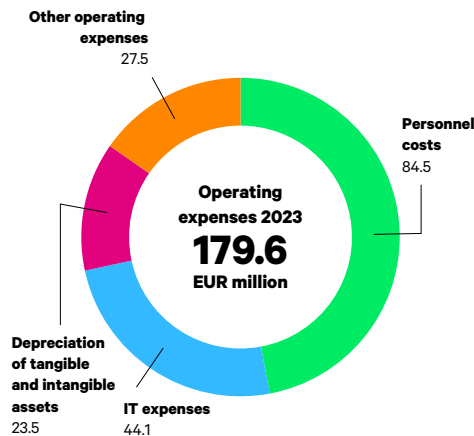
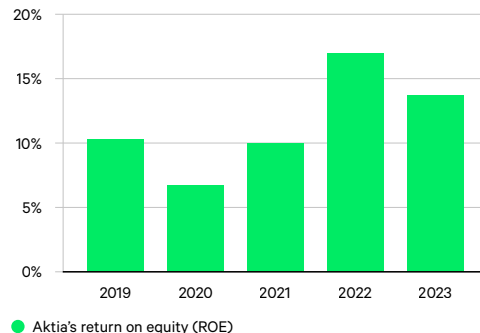
Shareholders

\*In 2023, the method for registering customers was changed.

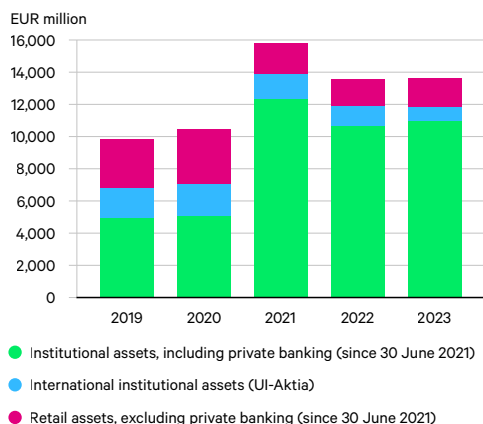
### Capital adequacy



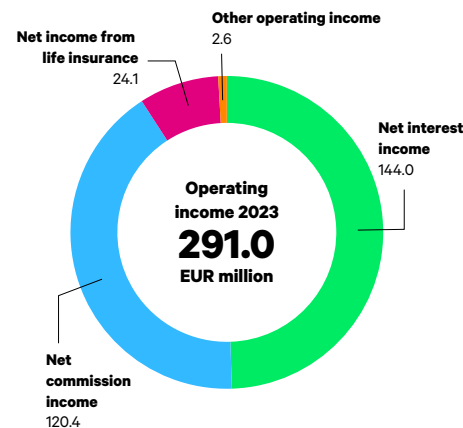
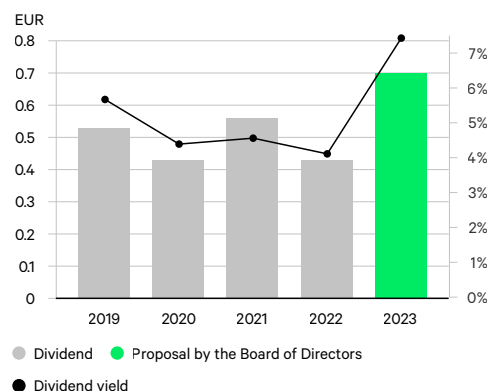
### Aktia's return on equity (ROE)



### Assets under management (AuM) excluding custody



### Aktia's dividend per share (including capital return) 2019-2023



### KEY FIGURES 2023

**290.8** (302.8) -4%  
Comparable operating income, EUR million

**174.2** (168.1) 4%  
Comparable operating expenses, EUR million

**108.4** (124.7) -13%  
Comparable operating profit, EUR million

**1.16** (1.37) -15%  
Earnings per share (EPS), EUR

**13.7** (17.0) -20%  
Return on equity (ROE), %

**11.3** (10.8) 4%  
Common Equity Tier 1 capital ratio (CET1), %

**0.60** (0.56) 8%  
Comparable cost-to-income ratio

# Highlights of the year 2023

## Q1

**1 MARCH 2023**

### **Aktia launched the Aktia Aurinkotuuli III private equity fund**

Aktia Aurinkotuuli III offers also private investors an opportunity to invest effectively in increasing the production of renewable energy. The fund invests in the international Taaleri Aurinkotuuli III private equity fund. The fund belongs to the highest, dark green category of the sustainability classification.

**9 MARCH 2023**

### **Aktia selected best fixed income fund house by Morningstar**

Aktia was selected the best fixed income fund house in Finland in the Morningstar Awards 2022 comparison. Morningstar is an independent party that carries out fund comparisons and selects the best fund houses annually based on a five-year risk-adjusted return.



## Q2

**8 MAY 2023**

### **Aktia selected best European fixed income fund house**

In the highly competitive European market, Aktia was selected the best fixed income fund house in the series for small fund houses in the Refinitiv Lipper Fund Awards comparison. In addition, Aktia's funds once again collected first prizes in both the Nordics and Europe.



**19 MAY 2023**

### **Aktia and Käärijä started cooperation to increase the financial literacy of children and young people**

The runner up in the Eurovision Song Contest 2023, Käärijä, or Jere Pöyhönen, and Aktia, are working together to improve the financial literacy of children and young people. Good financial literacy is an important civic skill that increases equality in society.





Q3

**5 JUNE 2023****Aleksi Lehtonen appointed President and CEO of Aktia**

Aktia's Board of Directors appointed M.Soc. Sc. Aleksi Lehtonen as the new President and CEO of Aktia Bank Plc. He will start in his position at the beginning of June 2024. He has been Head of Business Banking Finland in Nordea since 2018 together with the more administrative role as Country Senior Executive since 2022.

**7 SEPTEMBER 2023****Aktia Wealth Planning to be merged with Aktia Bank**

Aktia Bank Plc initiates merger procedures aiming at merging the wholly owned subsidiary Aktia Wealth Planning Ltd with Aktia Bank Plc. The subsidiary merger simplifies Aktia's group structure and enables a more efficient development of the business.

Q4

**22 NOVEMBER 2023****Aktia will start paying interest on savings deposits as of 1 January 2024**

Aktia was one of the first banks to start paying interest on fixed-term deposits as early as August 2022, following the first positive interest rate levels for a long time. From the beginning of 2024, we will also pay a deposit interest rate of 0.25 per cent on savings deposit accounts.

**19 DECEMBER 2023****Aktia launched a green housing loan**

The green housing loan is Aktia's first green loan product. Aktia has long been a pioneer in responsible and impact investment, and we have now expanded our product range with green finance products. Aktia's green housing loan is a housing credit where the housing to be purchased meets the requirements of the taxonomy in terms of the energy performance of the building and contributes significantly to the environmental objective of mitigating climate change.



## OPERATING ENVIRONMENT

# Economic development marked by rapid rise in interest rates



**Lasse Corin**  
Chief Economist

2023 became the year of beating inflation.

The total cost of this exercise, with its rapid rate hikes, is unknown. The central banks' rapid interest rate increases have had a significant impact on the economy in the euro area. At the same time, the Chinese economy suffered from weaker growth. The U.S. has been a beacon of light in the economic landscape, but its activity has been supported by significant and unsustainable fiscal deficits.

The euro area interest rates, which are determined by the European Central Bank, continued their upward trend during 2023, but the growth stalled during the second half of the year. For this we can thank the rapid decline in headline inflation, which decreased from 9.2 per cent to close to 2 per cent by the end of the year. Overall, during the last months of 2023 inflation figures came in lower than expected. From an interest rate perspective, the outlook was therefore positive.

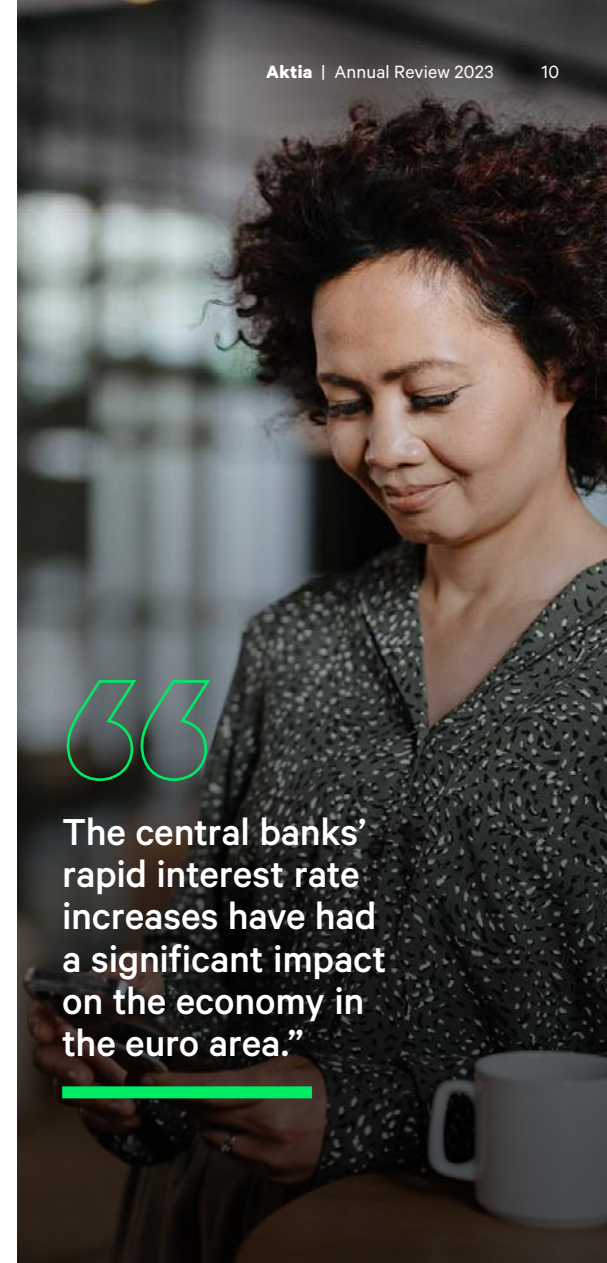
Most Finnish loans are linked to Euribor rates. Therefore, Finnish households and companies have experienced the cost of higher rates faster than in many other countries. House prices continued their downward path throughout the year, with very few indicators forecasting a positive turn in the near future. This in turn caused significant challenges for the construction industry, which has seen new building permits decrease at an alarming speed. The lower number of permits will affect construction

activity negatively in 2024. At the same time, EU economies are also experiencing economic difficulties that affect the Finnish export sector. On a positive note, Finnish households' purchasing power is improving. Earlier, salary increases did not make up for the losses caused by rapid inflation. During 2023, due to slower inflation and larger salary increases, purchasing power is growing again. However, it will take time for the purchasing power to surpass its earlier peak from 2021.

Overall, the economic mood in 2023 took a turn for the worse. Inflation uncertainty has faded during 2023 and the focus has turned to interest rate cuts. For Finland, the current outlook contains more negative than positive signals.



**The central banks' rapid interest rate increases have had a significant impact on the economy in the euro area."**



AKTIA'S STRATEGY

# We help our customers think further

Aktia's strategy, which extends to 2025, supports the company's growth objectives and guides us towards our 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. A strong focus on wealth management is an essential part of all business activities across Aktia.

The strategy has been implemented as planned, but the operating environment has become more uncertain. The strategy itself has remained the same, but in order to respond to changes, Aktia refined the implementation of its strategy at the beginning of 2023. As a result, the first priority of the strategy became to provide excellent customer experience.

In the beginning of 2024 Aktia clarified its strategic priorities. The most important change was adding "empowering employee experience" as one of the strategic priorities.

Aktia views sustainable investments, financing, and activities as drivers for long-term profitable growth. We believe that increasing prosperity coupled with economic uncertainty will increase demand for financial advisory services. New operating practices and increased customer expectations highlight the importance of excellent customer experience.

Aktia's strategy focuses on four strategic priorities:

- 1. Excellent customer experience**  
Aktia's customer experience is an important driver of growth. Aktia invests in customer insight and the development of service models, with emphasis on seamless cooperation and comprehensive solutions between different business areas in order to create an excellent customer experience.
- 2. Empowering employee experience**  
The commitment and wellbeing of our employees is a prerequisite for an excellent customer experience, profitable growth and the success of the entire

## Our four strategic priorities remain

- 1 Excellent customer experience
- 2 Empowering employee experience
- 3 Win in wealth management
- 4 Growth among customers who are willing to increase their wealth



company. We are constantly developing our empowering employee experience. The employees are our most important resource.

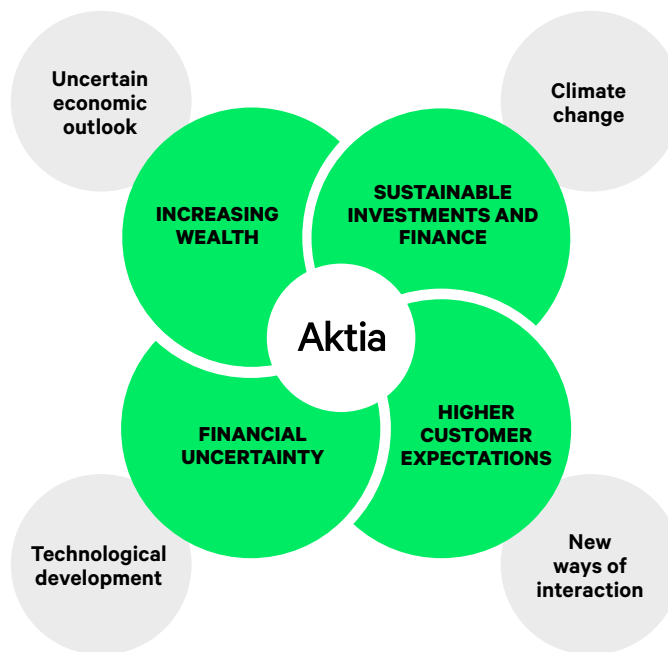
- 3. Win in wealth management**  
Aktia's objective is to be the first choice for private and institutional customers. A comprehensive product offering, top portfolio management expertise and high-quality private banking is at the core of Aktia's wealth management. A key element in the development of wealth management has been the successful integration of Taaleri asset management.

- 4. Growth among customers who are willing to increase their wealth**  
Aktia is seeking growth particularly amongst customers who want to increase their wealth and offers responsible and holistic wealth management advisory including a comprehensive selection of banking, wealth management and life insurance services. Efficient cross-selling of products and services in different business areas is an essential part of the whole. In corporate banking, Aktia seeks growth particularly among medium-sized companies.

**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

- Balance sheet total: EUR 12,037 million
- Equity: EUR 708 million
- Liabilities: EUR 11,329 million

### Social capital

- Personnel: 898 employees in total
- Number of hours of personnel training: 9 hours / employee

### Intangible capital

- Culture & Silent knowledge
- Diverse expertise
- Product development

### Natural capital

- Paper consumption 4.7 tonnes
- Energy consumption 3,753 MWh

## OUR VISION

The leading wealth manager bank.

## OUR MISSION

Building wealth for our customers and society.

## OUR VALUES

Courageously, Skilfully, Together.



## OUTPUT

### AKTIA'S BUSINESS



Banking



Asset Management



Life Insurance

### OUR STRATEGIC TARGETS

Growth & excellent customer experience in our target segments and strategic sweet spot

Drive selected strategic programs to build excellent customer experience & solid operating profit

#### OUR STRATEGIC PRIORITIES

1. Excellent customer experience
2. Win in wealth management
3. Growth among customers who are willing to increase their wealth

Cost discipline

A capital structure to support growth strategy, operational flexibility & inorganic opportunities

### Value for owners and financiers

- Comparable operating profit: EUR 108.4 million
- Earnings per share: EUR 1.16
- Proposed dividend per share: EUR 0.70
- Net interest income: EUR 144.0 million

### Value for community

- Salaries and bonuses paid: EUR 70.5 million
- Social security and pension contributions: EUR 14.0 million
- Tax footprint: EUR 77.6 million
- Donations EUR 253,217 and membership fees: EUR 803,264

### Value for customers

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

### Impact on environment

- CO<sub>2</sub>e emissions:
  - Scope 1: 0 tonnes
  - Scope 2 (location-based): 443 tonnes
  - Scope 2 (market-based): 297 tonnes
  - Scope 3: 216,474 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. Aktia prepared principles of responsible investment 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

- Aktia's goal is to provide a competitive dividend yield.
- The dividends paid depend on the group's financial performance and its growth and investment needs.
- Aktia intends to pay out a dividend of approximately 60 per cent of the profit for the reporting period.

### 3 A SOLID PLAYER IN BANKING

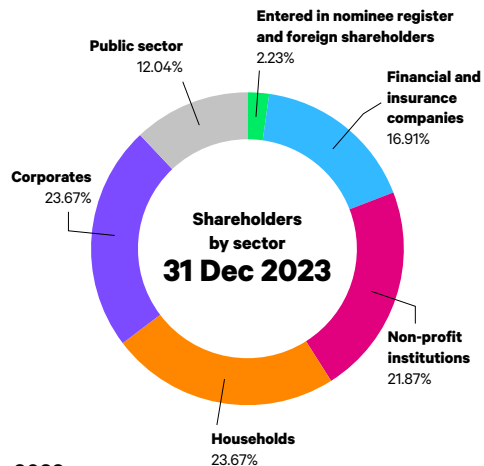
- Aktia is a stable and profitable player in banking with a conservative credit policy that meets the capital requirements set for it.
- Aktia's Common Equity Tier 1 capital ratio (CET1) is clearly above the regulatory requirement set for Aktia and in line with the company's own financial objectives.



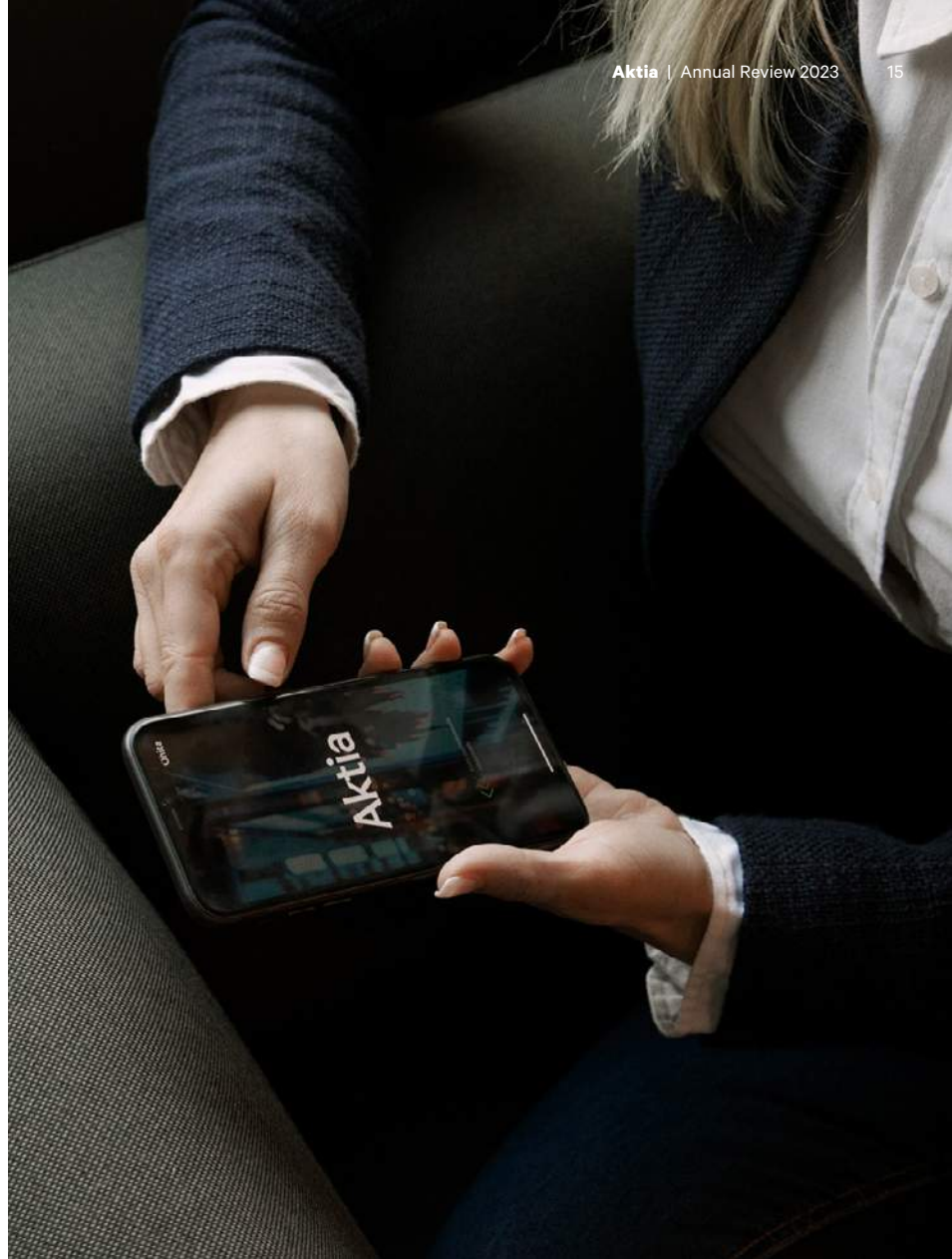
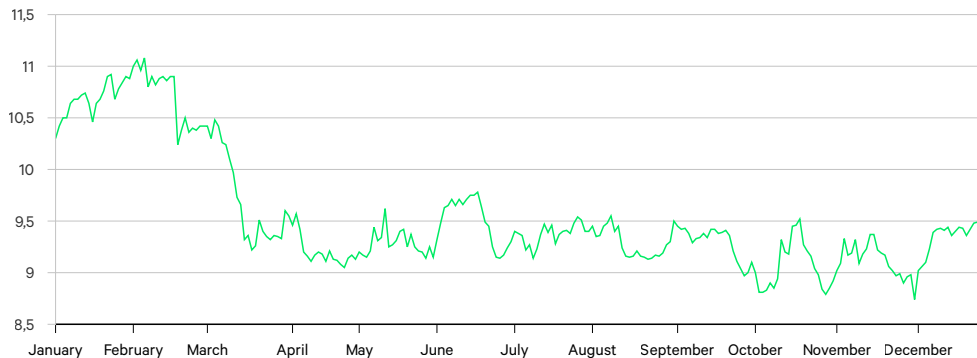
**AKTIA'S SHARE 2022**


**Aktia's share 31 December 2023:**

Market .....	Nasdaq Helsinki Oy
Trading code .....	AKTIA
ISIN code.....	FI4000058870
Shares .....	72,644,887
Market cap .....	EUR 684,314.835,54
High .....	EUR 11.12
Low .....	EUR 8.73
Closing .....	EUR 9.42



**Development of Aktia's share 2 January–29 December 2023**



A man and a woman in business attire are sitting at a desk, looking at a laptop screen. The man is on the left, wearing a dark suit and a patterned tie. The woman is on the right, wearing a dark purple blouse. They are both smiling and appear to be in a collaborative work environment. The background shows a modern office with a textured wall and a black chair.

Business areas

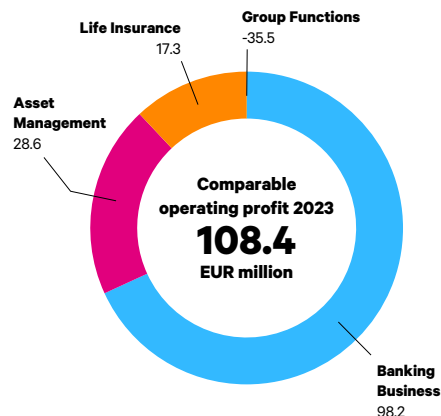
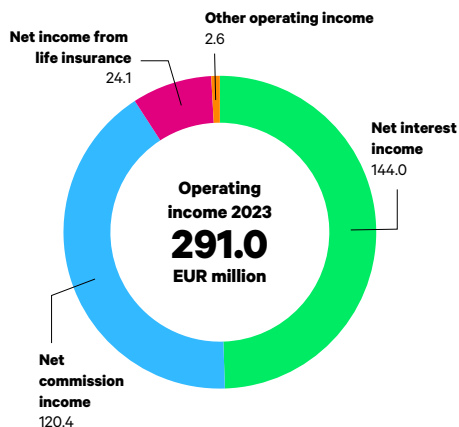
**Creating sustainable  
wealth through excellent  
customer experience**



# 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 four reporting business segments: Banking Business, Asset Management, Life Insurance and Group Functions.



**Banking**

**Asset Management**

**Life Insurance**

**Banking Business**  
Private, corporate, and institutional customers of the banking business

**Asset Management**  
Asset management and Private Banking services

**Life Insurance**  
Personal risk insurance products and solutions for investment and remuneration

**Group Functions**  
Group's centralised functions incl. financing and liquidity management and HR

## Reporting segments

## BANKING

# Helping customers in changing times

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 advisory 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.

## A successful year behind us

2023 was marked by increased uncertainty in the world, which was also reflected in the banking business. Overall inflation, persistently high interest rates and the challenging situation in the housing market were reflected in cautious behaviour among consumers and customers.

Investors and savers were interested in fixed-term deposits, and demand for them remained strong among both private and corporate customers.

The year was also good for consumer financing. The Finnair Visa Credit card launched last year was particularly successful, bringing a record number of new customers to Aktia during 2023.

The quality of the credit portfolio remained good and net interest income on the credit portfolio developed positively. The average margin of the entire loan book also increased. At the same time, however, demand for mortgages continued to fall. The construction of new dwellings slowed down, which meant that demand for financing for new-build housing projects (RS financing) was modest.

The corporate customer business continued to grow, and the balance sheet grew as planned. Demand for hire purchase and leasing financing remained strong, and customers were also interested in working capital solutions.

At the beginning of the year, a new Business Banking team was launched at Aktia, focusing on serving smaller business customers. Aktia's strategy

focuses on excellent customer experience, and the aim of the new team is to improve customer experience especially for small business customers. We succeeded in this, and we received positive feedback from customers about the change.

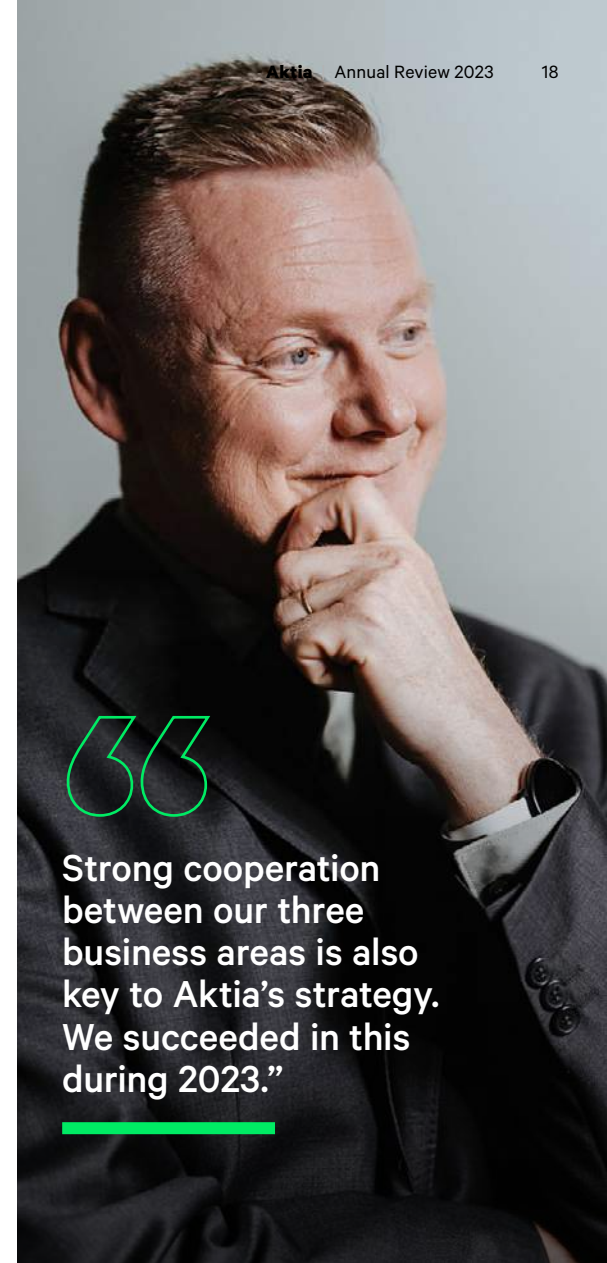
Customer satisfaction among corporate customers in the banking business was also good – the corporate customer NPS was 30.

Strong cooperation between our three business areas is also key to Aktia's strategy. We succeeded in this during 2023. In addition to traditional fund options, there was a great deal of choice for banking customers interested in investing, and interest in fixed-income funds also increased over the year.

In 2023, we continued to invest in excellent customer experience in accordance with our strategy, for example by developing our digital services and increasing the number of staff in Aktia's customer service.



**Strong cooperation between our three business areas is also key to Aktia's strategy. We succeeded in this during 2023."**



**CASE: FINNAIR VISA CREDIT**

# A big success in challenging times

**The Finnair Visa Credit card has brought a record number of new customers to Aktia in line with the bank's strategy during 2023.**

Finnair Visa Credit, launched by Aktia in June 2022, is a credit card that offers Finnair Plus members living in Finland the opportunity to accumulate loyalty currency and tier points for all card purchases.

"The loyalty currency and tier points can be used for Finnair's as well as other airlines' flights and services in the **oneworld** alliance, operating around the world," says **Hanna Hohteri-Sippel**, Director of Products and Services for private customers at Aktia.

**A new kind of credit card**

The Finnair Visa Credit card rewards the cardholder better than previous points cards. The card has attracted a lot of interest among customers. At the turn of the year 2022 – 2023 there were about 10,000 Finnair Visa Credit customers, but by the end of 2023 the number had risen to almost 30,000. Most of these are entirely new customers to Aktia.

"Our credit card partnerships with other banks have ended during 2023. Together with Aktia, we have managed to share the unique advantages of the Finnair Visa Credit card with the users of other credit cards, and many of them have already started using Finnair Visa Credit," says **Pasi Hakala**, Manager for Banking Partnerships at Finnair Plus.

For Aktia's strategy, those interested in the Finnair Visa Credit card are a customer base with great potential. Many are also interested in other products and services provided by the wealth manager bank.

"We have been in active contact with new customers over the past year and have succeeded in expanding cooperation in areas such as investing and financing," says **Alek Kaseva**, Sales Director at Aktia.

**Strength through cooperation**

For Aktia, Finnair Visa Credit has been a glimmer of light in the midst of a challenging market situation.

"Reaching a new, large, and potential customer base has also lifted spirits among employees. Although

Finnair Visa Credit is only one product, it has been a joint success in which everyone has played a part," says Hohteri-Sippel.

Partnerships are at the heart of Finnair's strategy and, according to Pasi Hakala, it was important for Finnair from the outset to work with a reliable domestic partner.

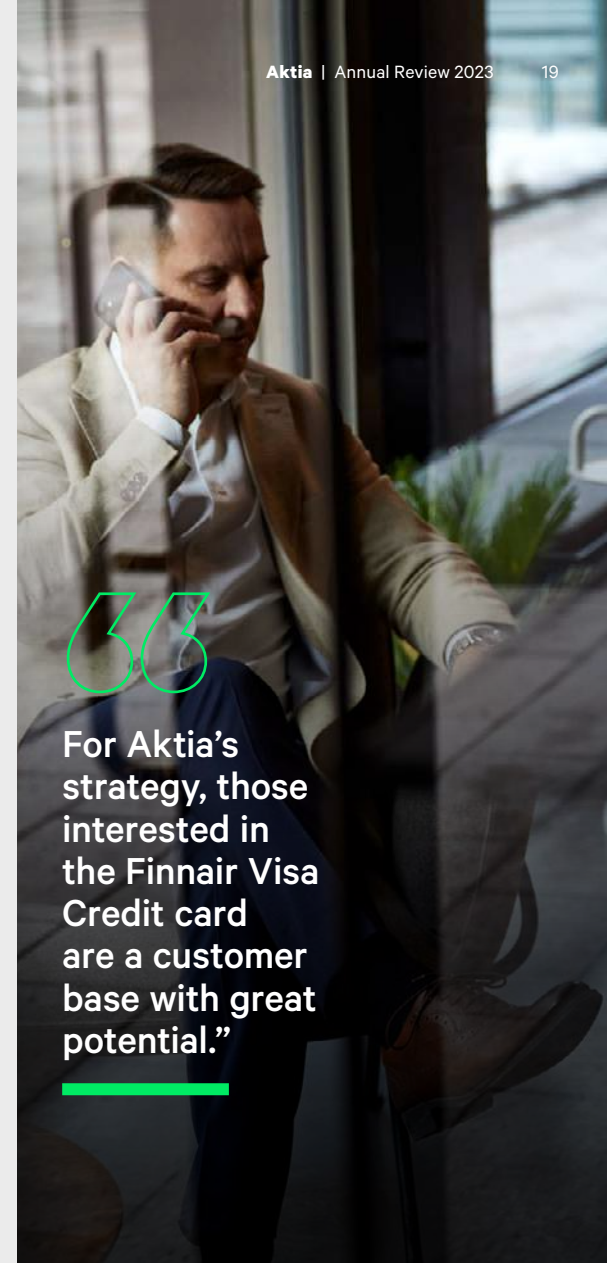
"In selecting Aktia as our banking partner, customer orientation and a certain agility were key. This was reflected in quick decision-making and a focus on solutions related to development needs," says Hakala.

However, the journey is only just beginning. There is potential in many areas, although the business plan drawn up at the beginning of the project was based only on the card business.

"We may not yet be aware of what positive effects and dimensions card cooperation can have in the future. Increasing the partnership in cooperation with Finnair is very interesting and has significant potential," says Kaseva.



**For Aktia's strategy, those interested in the Finnair Visa Credit card are a customer base with great potential."**



## ASSET MANAGEMENT

# Comprehensive wealth management and advisory

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.

## The year offered challenges and successes

The market environment improved during the beginning of the year although the market remained volatile throughout the year. In autumn, the rise in interest rate reversed and strengthened market expectations of lower interest rates in 2024. Despite the challenging market situation, Aktia's net sales in asset management to domestic institutional investors and Private Banking customers developed positively. Customer satisfaction among Private Banking customers also increased.

We launched the Article 9 Aktia Aurinkotuuli III Fund in co-operation with Taaleri Plc at the end of February. The fund has taken off very strongly, and so far it has raised almost EUR 180 million. Aurinkotuuli III strongly supports the green transition in the energy economy. The market environment offered excellent opportunities to introduce interesting structured products with positive sales development to our product range.

Aktia was selected the best fixed income fund house in Finland in the Morningstar Awards comparison, published in March. In May, our fixed income expertise gained further recognition when we were awarded in the Refinitiv Lipper Fund Awards comparison as the best European fixed income fund house in the category for small fund houses. In the same comparison, international first prizes were awarded to several Aktia funds.

## Strengthening personal advisory services

At the end of 2023 Aktia simplified and renewed the wealth management organisation and its functions. The aim is to improve customer experience and to develop and strengthen service models.

We have developed our internal processes and systems within wealth management, and the next step is to simplify the operating model for the Private Banking business in particular.

In the future, we will bring our special expertise even closer to the customer. As a wealth manager bank, we want to ensure that we always take care of the customer comprehensively. Each Private Banking customer will still have their own designated, experienced banker as their main contact.

## Aktia's Investment Philosophy

1

Strategic allocation lays the foundation for returns

2

Investments are always active

3

Investment styles complement each other

4

High-quality fund selection brings added value

5

A systematic approach enables performance

# Interview: Aktia's investment philosophy proved its strength in a challenging market



**Samu Lang, Chief Investment Officer**

Investment Office is responsible for portfolio management of allocation portfolios and for providing investment services to demanding institutional and private customers.

## How are Aktia's investment philosophy and strategy visible to the customer?

We follow the same investment philosophy when managing customers' asset management portfolios and our own allocation funds. A challenging market may change the development of the portfolio, but not the philosophy behind portfolio management.

The investment strategy is linked to the customer's needs. Based on this, we select the right product mix for the portfolio in accordance with our investment philosophy. A well-diversified portfolio consists of equities, bonds and

alternatives in an appropriate ratio. We use index products to implement the view of market direction and utilise active portfolio management to generate added value in the equity, fixed income and alternative investment sectors. The combination of a customer-oriented investment strategy, a well-functioning view of market direction, and a professional Manager Selection service create a portfolio that lasts over time.

## How did we manage in our strategic allocation in 2023?

The turbulent market affected some equity-oriented allocation portfolios the most. Fixed income-oriented strategies were successful in comparison with indices and competitors. Strategies combined with alternative investments have also worked as expected. The selection of the Asset Management+ funds as Finland's best balanced funds in the Sijoittaja.fi survey is one indication of our portfolio management expertise.

## Why are all investments active?

Every decision made by the investor in building a portfolio – such as spreading investments across regions and sectors and over time – is an active choice that must be made regardless of whether you build a portfolio with index funds or actively managed products. Through discussions, we find a suitable investment strategy for the customer and a suitable way to invest. Often the best solution can be found by combining different investment styles.

## How do we create added value for customers?

Our investment process is based on long experience and a clear vision. We have a large and competitive product portfolio for all asset types relevant from a portfolio construction perspective. We are also distinguished from other actors by the award-winning Manager Selection service, which allows us to search the market for the best and genuinely active funds as sources of outperformance for different asset types. We also offer customers help in planning their own investment activities.

When the market performs badly, the customers' thirst for knowledge grows. It is of the utmost importance that we are available and communicate openly and proactively. Customer orientation must be visible in the overall service. We have succeeded when the customer returns to make new investments.

## How is the systematic way of working reflected in portfolio management?

In an uncertain market, investments must have a clear operating framework. They are linked to an investment process that is as reproducible, consistent and transparent as possible. Scalability and centralised management of investment solutions are in the customer's interest, but do not exclude tailor-made solutions and consideration of customer-specific preferences. Customers should feel that their investment activities are understood.



**The market environment does not change our belief in how the portfolio should be managed.”**

## What do you expect from 2024?

The investment climate for asset allocation investors is better than ever in the last 20 years. The rise in interest rates has normalised the investment environment. Investors do not have to seek profit in asset classes with higher risks. The outlook for fixed-income investors remains bright and any fall in interest rates will support yield development. Stock market volatility continues and it is difficult to find a clear, steady trend. Differences in return remain high. Lagging market segments, such as companies with a lower market cap and the domestic and Nordic stock markets, are catching up with the winners of the previous year.

## 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.

**A positive year despite market fluctuations**

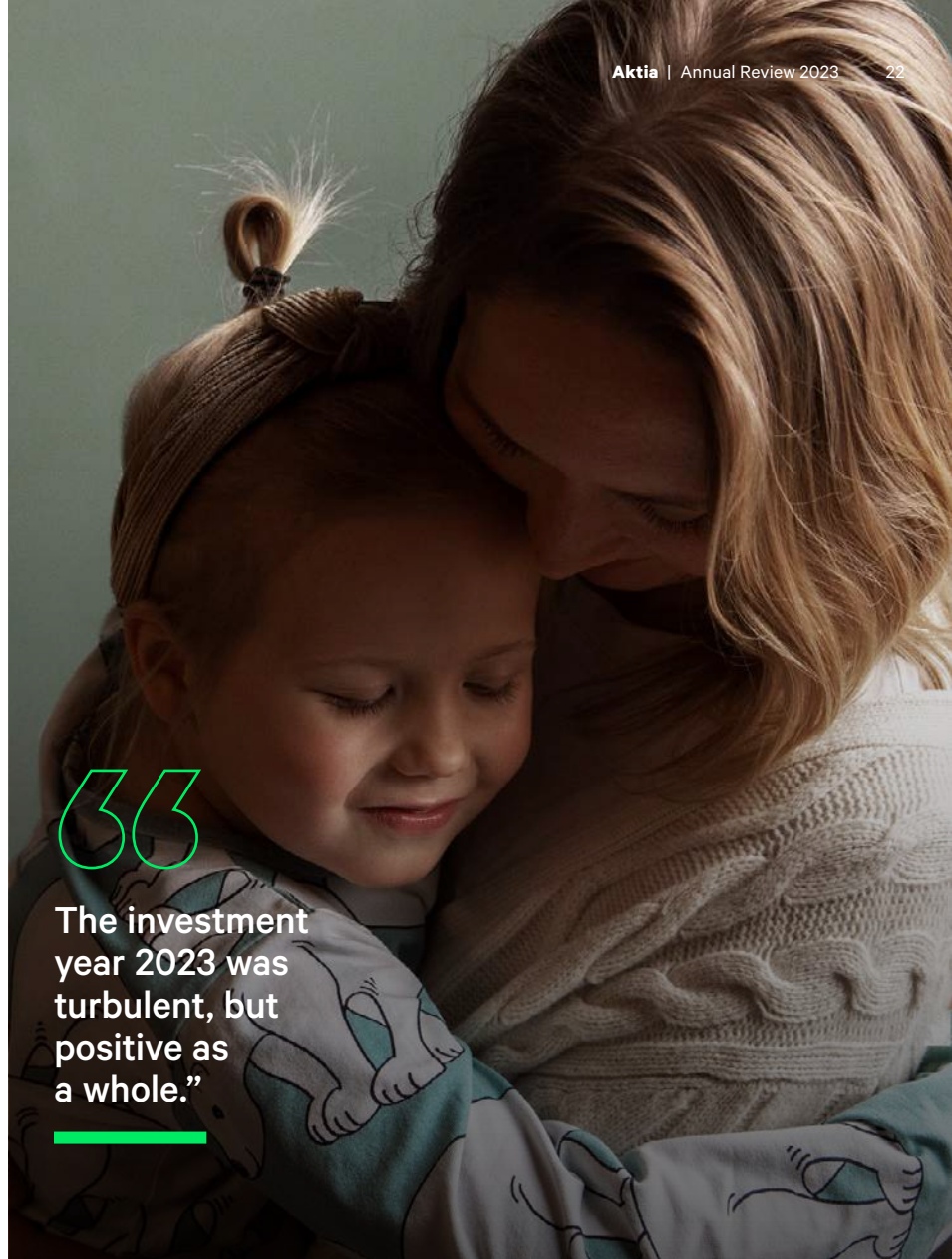
2023 was marked by an increase in general uncertainty and market volatility. Despite this, new sales of risk life insurances continued to grow for the fifth year in a row, in particular thanks to the successful sales work of our distribution partners. Positive net entries for investment-linked insurances continued, and the Avara product family launched at the end of 2022 has been received well in Private

Banking. 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 open architecture insurance solution, we also expect strong growth in investment-linked insurances in the coming years.

The investment year 2023 was turbulent, but positive as a whole, thanks to the well-developed share yield and reduced credit risk premiums towards the end of the year. Interest rates showed exceptionally large movements: while the central banks' rate hikes increased short-term money market interest rates, long-term interest rates decreased in anticipation of future rate cuts, increasing the valuation of technical provisions consisting of insurance agreements as well as interest rate derivatives and long-term fixed-income investments covering them.

“

The investment  
year 2023 was  
turbulent, but  
positive as  
a whole.”

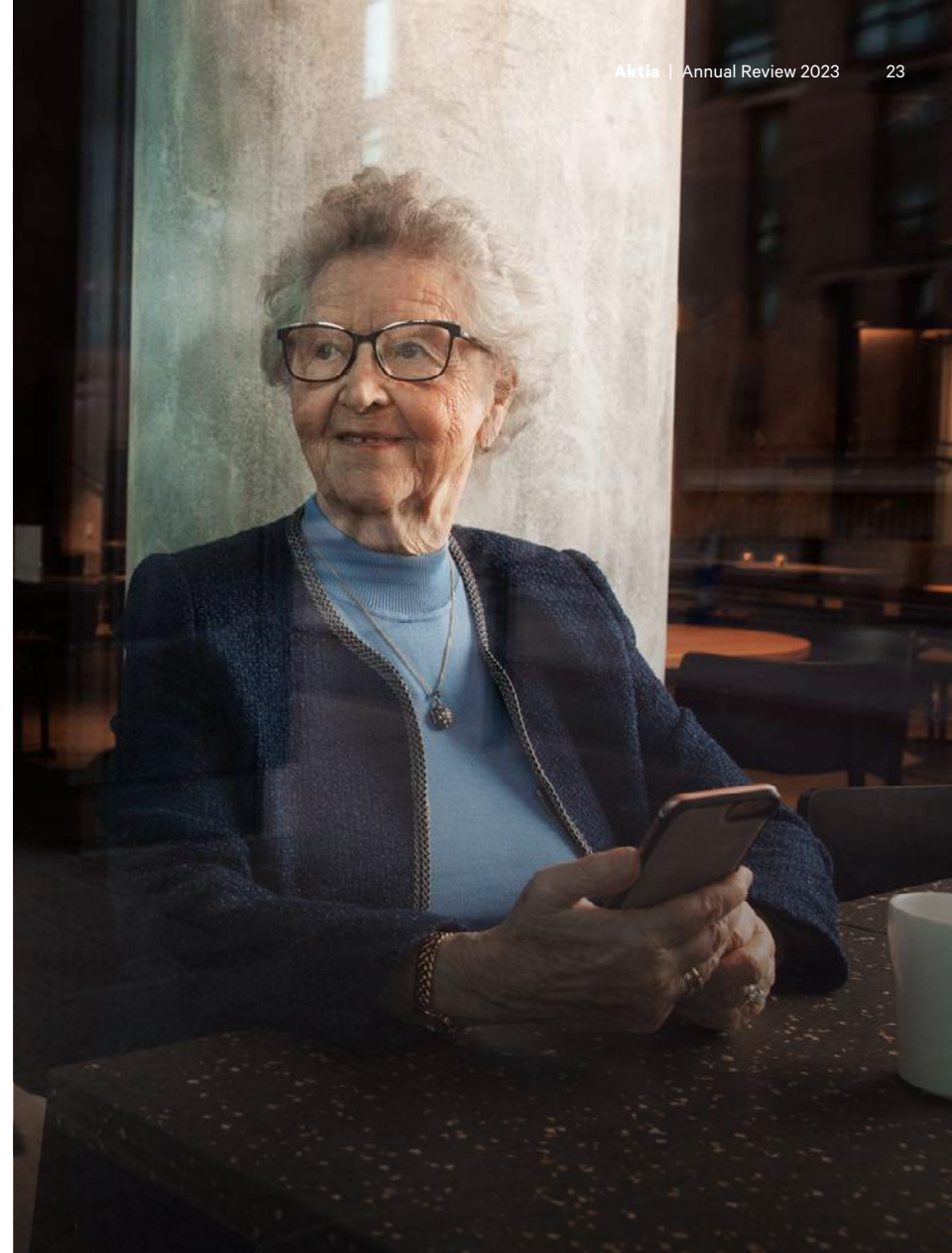


The most challenging asset type was real estate investments; the higher interest rate level was passed on to market return requirements for real estate and lowered their valuations.

In accordance with our strategy, we continued our efforts to improve the customer and distributor experience and employee satisfaction based on the feedback received in NPS surveys. We deepened cooperation with our distributors during the year. We also continued to develop our processes, increase the automation rate and, in particular, prepare the renewal of sales tools. During the first quarter, we will introduce new applications that will enable even more efficient and customer-friendly sales of personal insurances. In the summer, we concluded an agreement on the renewal of the basic system with Sapiens, and we have prepared to launch the implementation phase of the project during the second quarter of 2024.



**During the first quarter, we will introduce new applications that will enable even more efficient and customer-friendly sales of personal insurances.”**



## Interview: A year of preparation is behind us



**Riikka Luukko, CEO of Aktia Life Insurance**

2023 was a year of preparation for Aktia Life Insurance. During the year, we developed our future range of products and services and strengthened the customer, distributor and employee experience. At the beginning of the year, we also completed the selection of suppliers for the insurance management system.

### Digital transformation started

Work on the renewal of the insurance management system has been underway for some years. Preparations for the renewal of the system culminated in June 2023 when we signed an agreement with Sapiens on the delivery of a new basic system. Schedules and plans were defined at the end of the year, and implementation will begin in early 2024. The new system strongly supports the life insurance company's and Aktia group's strategy.

As we prepared for the change of system, we also have clarified and renewed our insurance portfolio. "Our oldest insurances are from the 1950s. The system of the future forces us to look far ahead and analyse our product range in order to remain a strong company that customers find relevant," says Riikka Luukko, CEO of Aktia Life Insurance.

As part of the transition, we moved to the same CRM system as Aktia's banking business. We have also developed tools and automation in both sales and insurance processing. At the beginning of 2023, the life insurance company's development team and information management moved to an agile development approach, which is a prerequisite for cooperation with a large international company such as Sapiens. "All of this will have a positive impact on customer and distributor experience in the near future," says Luukko.

### Concrete measures to improve customer and distributor satisfaction

In addition to technical advances, we have carried out customer and distributor satisfaction surveys. Customers' satisfaction with the telephone service has traditionally been high, but the surveys highlighted the need for information. The first life insurance-focused newsletter was sent out in early autumn.

"We are extremely good at customer service when the customer contacts us. Now we want to become more

proactive and invest even more in our existing customers. To support this, we set up a designated sales team, whose main task is to contact existing Aktia customers," Luukko says.

Despite this sales team, distributors remain the company's most important customer representatives. According to Luukko, sales of Personal Insurance have grown strongly for five consecutive years. Growth is linked to the distributors' activities. "We have a close co-operation, which we are constantly developing. By supporting our distribution network, we enable them to thrive. This is a shared journey."

Sales of the Avara product family, launched last year to investor customers, have also started well, and feedback from both customers and Aktia's bankers has been positive.

### Positive development in eNPS

Employee well-being is at the heart of the transition. It is important that everyone can feel confident in the midst of change. "Listening, open interaction and working together are strongly present in everyday life. We have invested in coaching leadership, organised workshops and value discussions, and paid particular attention to psychological safety. A concrete result of this is the positive development of eNPS," Luukko emphasises.

The life insurance company is one of the three pillars of the wealth manager bank. Aktia has a good team spirit, and, in

Luukko's words, the journey between the life insurance company in Turku and the Aktia Bank headquarters in Helsinki has become shorter in recent years.

"Aktia is a bank of just the right size, where best practices can be shared conveniently within the company. Effective cooperation strengthens the employee experience and enables us to move towards the same goal and look further together," Luukko concludes.



**Employee well-being is at the heart of the transition. It is important that everyone can feel confident in the midst of change."**





Sustainable Aktia

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

# Building sustainable wealth for a better world

**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 a better world. 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.**

Aktia engages in responsible business and offers financial, investment, asset management, and insurance services profitably, reliably, and efficiently – while looking after 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 most of our impacts – economic, environmental or social – are generated by assets under management and investments. Therefore, we have further increased our focus on active stewardship of our investments.

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 are consistently applied in our investment and loan strategies. Corporate responsibility, on the other hand, is a framework for assessing and developing our own operations. It encompasses matters such as information safety and security, work against corruption, our environmental work, personnel well-being and development, as well as stakeholder engagement.

## KEY DEVELOPMENTS IN 2023

### First green loan product

Aktia launched a green mortgage in December 2023, which was the company's first green loan product on the market. Aktia's green mortgage eligibility criteria are based on substantial contribution to climate change mitigation in accordance with EU taxonomy. We will continue developing our green loan portfolio in 2024.

### Two new sustainable funds

In 2023, Aktia launched two new sustainable funds, Aktia Aurinkotuuli III and Aktia Sustainable Government Bond, which meet the sustainability requirements of Article 9 in the EU Sustainable Finance Disclosure Regulation. This means that the funds only make sustainable investments and may not cause significant harm to environmental or social objectives, that they fulfil minimum social safeguards, and follow good governance.

### Investments in personnel

Aktia launched a new HR strategy, which is based on the idea that every Aktia employee has a role in the implementation of Aktia's strategy and can grow together with Aktia. During the process, we have clarified role descriptions and structures as well as renewed employee target setting.

### Preparations for the CSRD

The EU level reporting directive, CSRD, is a common reporting framework for non-financial data and will require large companies and listed SMEs to report on their environmental and social impacts. Aktia belongs to the first wave of companies that must start reporting according to the CSRD requirements for the 2024 fiscal year, with the report to be published in 2025. During 2023, we started preparing for the CSRD by conducting a double materiality assessment, as is required by the directive. We also conducted a gap analysis to identify development actions that we will continue working on during 2024.

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

**The sustainability programme defines Aktia's sustainability goals for 2022–2025. In 2023, we made significant progress in our sustainability work under the key themes of Prosperity, People, Planet and Principles of Governance.**

In 2023, our key focus was on preparing for the upcoming EU level reporting directive, Corporate Sustainability Reporting Directive (CSRD). Aktia will start reporting according to the CSRD requirements for its 2024 fiscal year. The CSRD requires companies to report according to the European Reporting Standards (ESRS), which provide a framework and methodology for how to report on sustainability matters, and to conduct a double materiality assessment.

In autumn 2023, we conducted a double materiality assessment to identify the impact of Aktia's operations on the society and the environment and the impacts of the environment and the society

on Aktia's business, which were assessed from a financial risk and opportunity point of view. The result of the double materiality assessment serves as the basis for what is relevant for Aktia to focus on and report in the upcoming CSRD report. In addition to the double materiality assessment, we also conducted an ESRS gap analysis as a further development action to ensure Aktia's alignment with the CSRD. In 2024, we will continue the CSRD process.

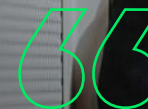
Aktia's current sustainability programme, which was updated and approved in 2022, has served as the basis for Aktia's sustainability work during 2023. It is built around four themes – people, planet, prosperity, and principles of governance – and follows the same cycle as Aktia's strategy.

In line with the programme, 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.

#### High-level ambition:

- Enabling sustainable prosperity
- Supporting employees' competence and well-being
- Ensuring reliable and transparent operations
- Working towards carbon neutrality



**In 2023, we made significant progress in our sustainability work under the key themes of Prosperity, People, Planet and Principles of Governance.”**



## 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>• Signi flame index (at least 80)</li> <li>• eNPS (at least 20)</li> <li>• SHE index (at least 85)</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 &amp; sustainable loan 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 (Signi 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

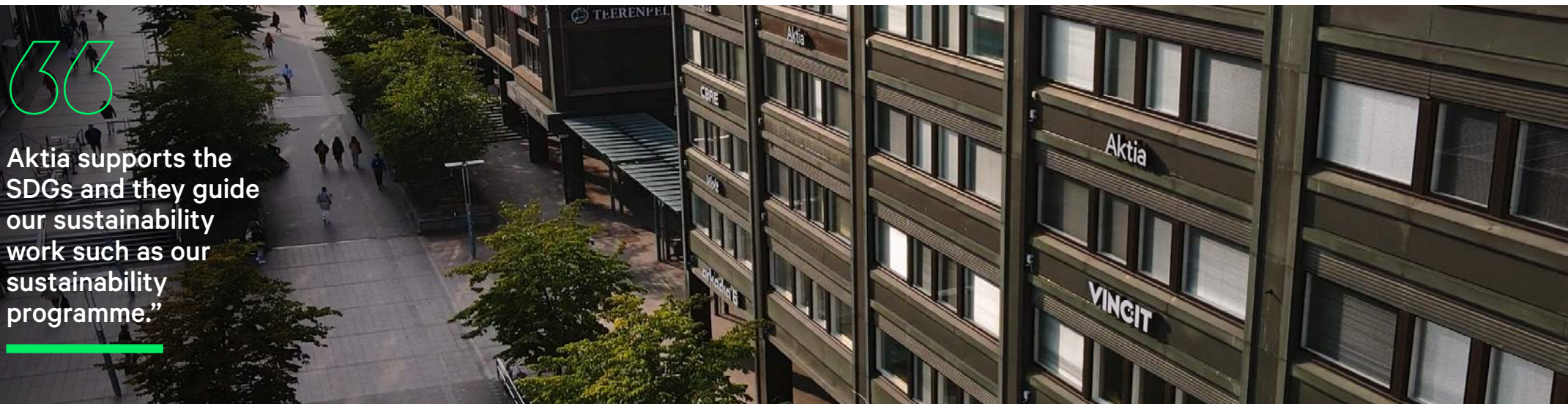
The United Nations 2030 Agenda for Sustainable Development and Sustainable Development Goals (SDGs) steer global sustainability development. Aktia supports the SDGs, and they guide our sustainability work such as our sustainability programme.

Within the SDGs, Aktia has defined as the most important for Aktia the following 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 Finnish start-up company the Upright Project since 2019. The Upright Project models the impacts of companies based on a quantification model. The model developed by the Upright Project utilises scientific articles and machine learning to measure and summarise 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 SDGs. 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 considering the official subgoals defined for each SDG. Aktia has already earlier used

The Upright Project's net impact analysis to assess its operations and investments on the environment, health, society, and knowledge, and now also to assess its 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 an overall view of the company's positive and negative impacts. Alignment and misalignment are shown as percentages, and the maximum is 100%.



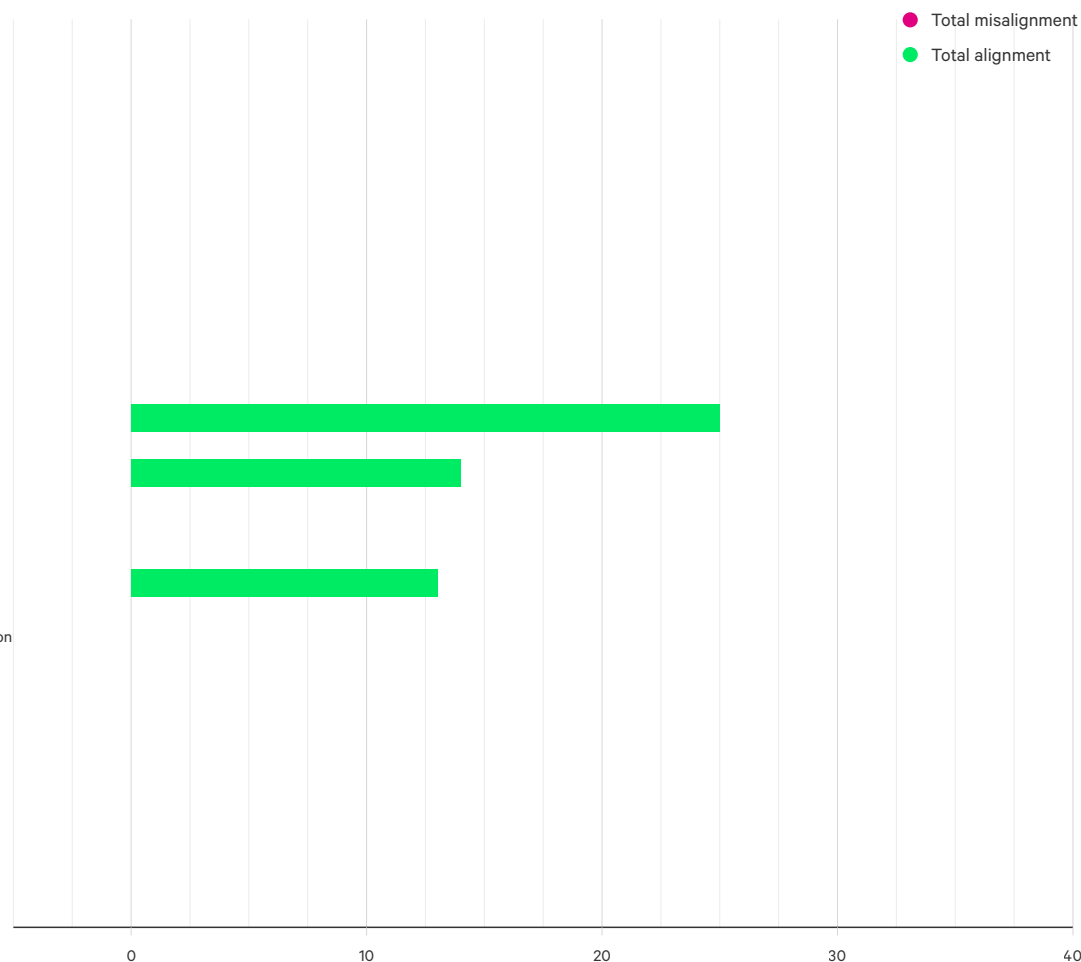
Aktia supports the SDGs and they guide our sustainability work such as our sustainability programme.”

## 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 fundings. 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 SDGs found.

### Aktia's own operations



### 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'.
- The highest misalignment in terms of Aktia's funds are with the goals 13 'Climate action', '6 Clean water and sanitation', and 7 'Affordable and clean energy and 12 'Responsible consumption and production'.
- The goal of asset management is to create wealth to its customers and increase economic growth. By investing in companies Aktia supports industries, innovation and infrastructure.
- Several of Aktia's funds invest in renewable energy companies which support creation of affordable and clean energy. On the other hand, Aktia still has some exposure to non-renewable energy production, which creates misalignment within 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 of transitioning to a low carbon economy.
- Aktia's investment portfolio constitutes in a large part of Aktia's GHG emissions which entails misalignment with the goal 13 'Climate action'.
- 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.

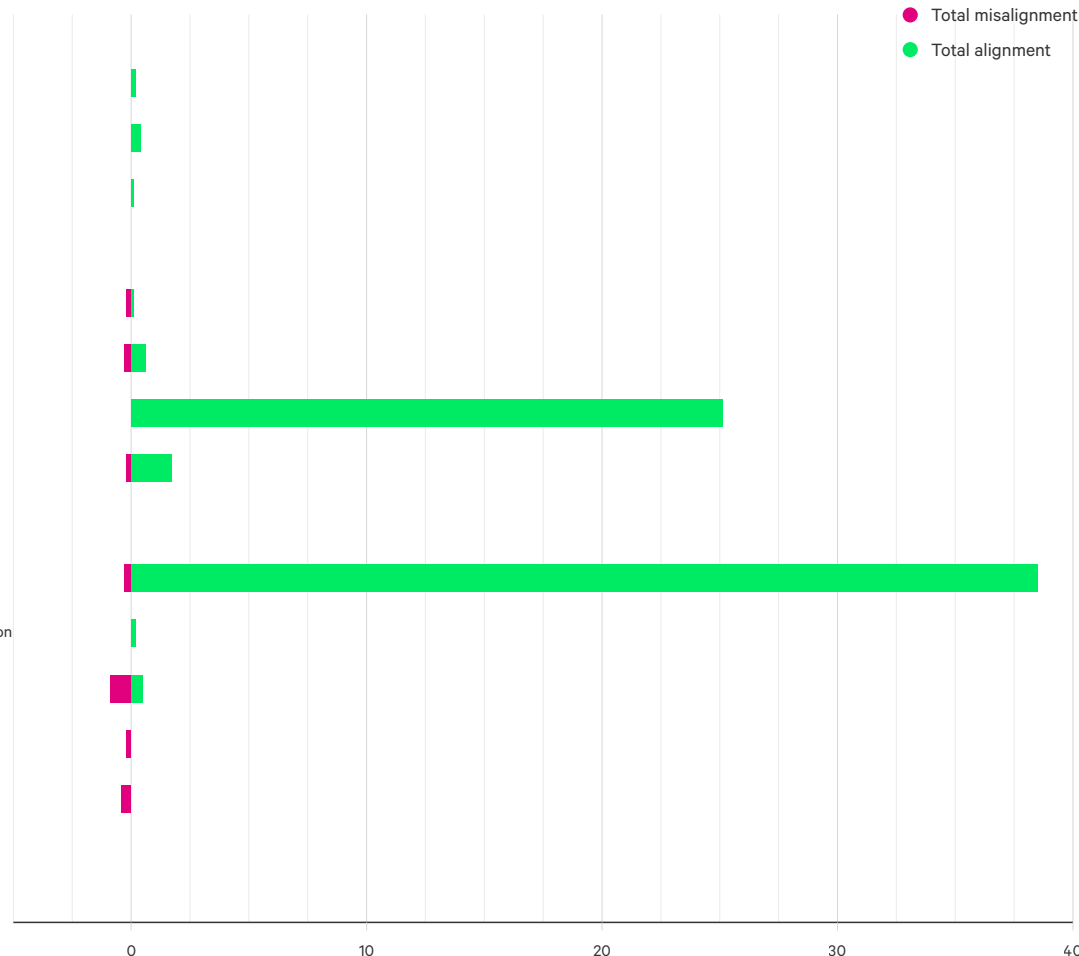
### Aktia's funds



### Aktia's loan portfolio

- The mortgage loans are well aligned with the goals 8 'Decent work and economic growth' (aligned with following targets 8.1 & 8.2) and 11 '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 'Decent work and economic growth' and the target 8.1. The loan portfolio also aligns with the goal 11 'Sustainable Cities and Communities' (including following targets 11.1, 11.2 and 11.6). 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 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.
- The loan portfolio for consumer credits is positively aligned with the goal 8 'Decent work and economic growth' (8.1) and 11 'Sustainable Cities and Communities' (11.1). Due to the characteristics of consumer credits, it is challenging to analyse in more depth the usage of the consumer credits as there is little information available on what the granted loans have been used for.

### Aktia's loan portfolio





### Memberships, commitments, and sustainability initiatives

By joining sustainability initiatives, Aktia can participate in networks and together combat challenges such as climate change. By joining forces, companies can achieve more than just one company could. To advance overall sustainability and to keep up to date in sustainability development, Aktia is a member in the Finnish Business & Society corporate responsibility network (FIBS) as well as Finance Finland (Finanssiala ry). Aktia has also signed the UN supported Principles for Responsible Banking (PRB).

Our biggest impacts are generated through our asset management, so participating in the development of sustainable investment is very important to us. 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.

In 2023, Aktia joined Nature Action 100, which is a global investor engagement initiative that focuses on reversing nature and biodiversity loss by 2030. In 2023, Aktia also became a public supporter of the Transition Pathway Initiative (TPI), which is an asset-owner led initiative to assess the preparedness of companies in high-carbon sectors to transition to a low-carbon economy.

Aktia is also a signatory of the international Climate Action 100+ investor initiative, which is aimed at influencing companies with some of the largest atmospheric emissions. Aktia is the only Finnish member in the advisory committee of the international ASCOR Project (Assessing Sovereign Climate related Opportunities and Risks), which aims to create practical tools to support investors in their assessment of climate related risks and opportunities when investing in sovereign bonds.

Aktia wants to promote transparency and thus reports to CDP. In addition, in 2023 Aktia acted as a lead investor in one engagement in CDP's Non-disclosure campaign encouraging companies

to respond to CDP's disclosure request. The engagement was successful and the company in question initiated their climate reporting to CDP. 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. Aktia is also a public supporter of the TCFD (Task Force on Climate related Financial Disclosures) recommendations. Aktia has achieved the 'Nasdaq ESG Transparency Partner' certificate. Aktia is 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 after signing the Principles for Responsible Banking.



Our biggest impacts are generated through our asset management, so participating in the development of sustainable investment is very important to us.”

**CASE: ASCOR**

# Assessing the climate action and alignment of sovereign bond issuers

A coalition of international investors and investor networks have created the ASCOR project (Assessing Sovereign Climate-related Opportunities and Risks). The ASCOR project is the first publicly available, independent, and open-source investor framework and database to assess the climate action and alignment of sovereign bond issuers. Aktia has been part of the ASCOR advisory committee since 2021 as the only Finnish member and is also one of the funding partners for the project. ASCOR's academic partner is the Transition Pathway Initiative Centre, based at the Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science.

Aktia has a long history in investing in emerging and frontier market bonds and engaging with finance institutions that finance projects in these markets in local currency. Aktia's investment approach is based on Aktia's own ESG integrated country selection model.

In February 2023, ASCOR launched a public consultation on the initial framework. The framework was finalised in November 2023. After two years in development and extensive consultation with governments and investors, the new tool for sovereign bond investors was published with the first independent academic assessment of 25 countries' climate targets and policies in December 2023. The scope of 25 countries will be expanded over the coming years to cover a significant part of sovereign bond issuers globally.

The findings of the pilot assessment highlight a mixed picture of significant progress on framework climate laws, but a lack of ambition in climate targets to align with the 1.5°C goal. There is also an implementation gap with insufficient policies, particularly at the sector level, to meet emission reduction targets. Especially the weak or non-existent commitments to phase out fossil fuels, both subsidies and production, jeopardise a net-zero

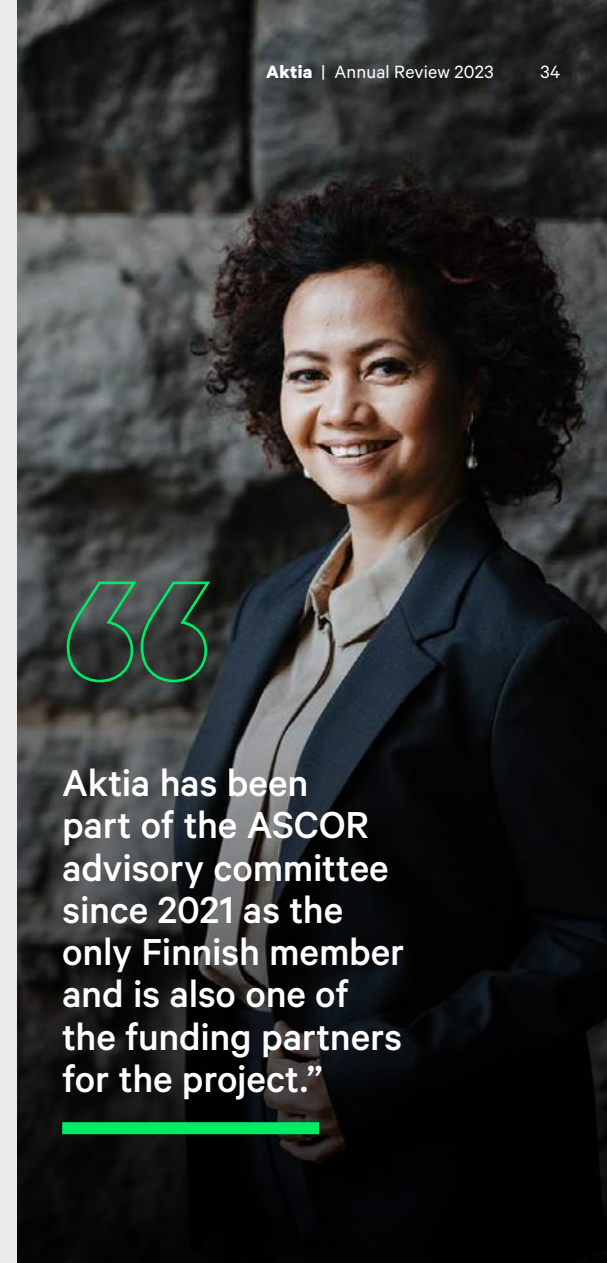
future. Better disclosure of developing countries' climate finance needs could help facilitate financing.

Aktia will continue to participate in the advisory committee for the project and investigate ways to embed the ASCOR data and analysis as part of the investment process once the country coverage goes up.

The ASCOR tool is the result of an unprecedented collaboration between asset owners, asset managers, investor networks and sovereign bond issuers. For more information about ASCOR, visit [ascorproject.org](https://ascorproject.org).



**Aktia has been part of the ASCOR advisory committee since 2021 as the only Finnish member and is also one of the funding partners for the project.”**



# Aktia's co-operation with stakeholders

**Co-operation with different stakeholder groups helps us assess and respond to the expectations placed on Aktia. Our main stakeholders are customers, employees, shareholders, and financiers, as well as social operators such as authorities, partners, NGOs, and the media.**

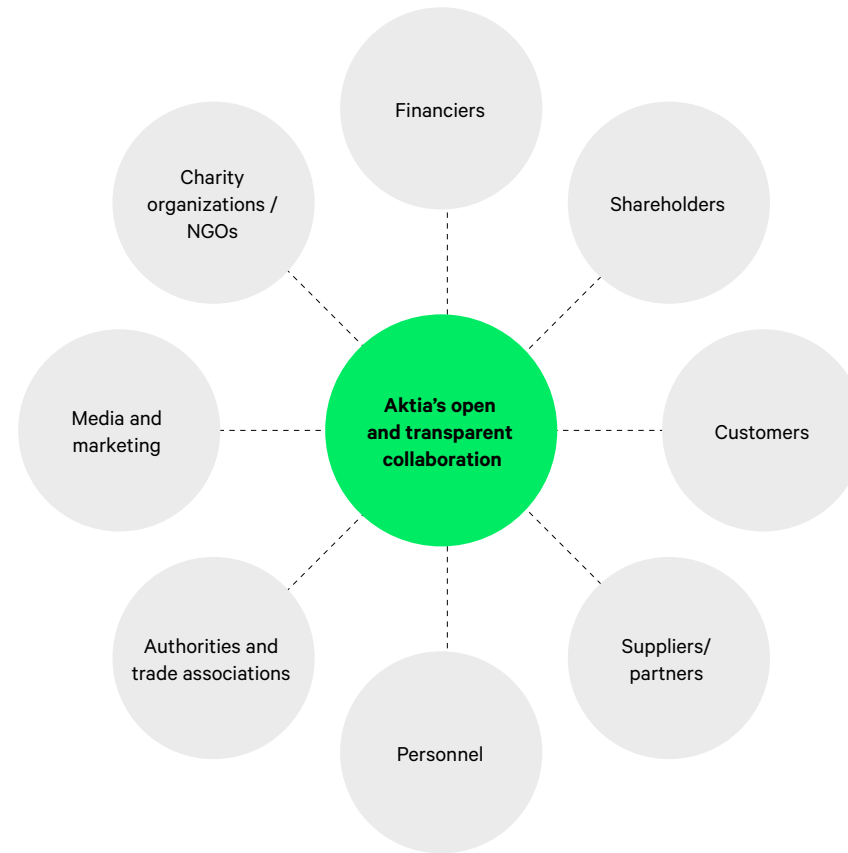
Stakeholder expectations, as well as our sustainability actions, challenges, and areas for development are described in closer detail in the table on the following page. The current sustainability programme and the expectations of stakeholders are based on the corporate responsibility stakeholder survey carried out in 2020. However, we have conducted a double materiality assessment in 2023 to identify the most material sustainability impacts derived from Aktia's business. The results of the assessment will be further discussed and validated with relevant stakeholders during 2024.

## 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 stakeholder 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 through collaboration with schools and universities, for example by awarding scholarships, participating in school events and supporting students with their thesis work. Further, we keep in touch with the regional Aktia foundations that fund several local community activities partly through dividends received from Aktia ownership. Aktia's stakeholder groups are presented in the following figure.



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

Expectations of stakeholders	Actions taken 2023	Expectations of stakeholders	Actions taken 2023
<b>Responsible development and long-term planning.</b>	<ul style="list-style-type: none"> <li>We conducted a Double Materiality Analysis and a Gap analysis during H2/2023 in preparation for the upcoming Corporate Sustainability Reporting Directive (CSRD).</li> </ul>	<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 report the relative carbon footprint of Aktia's funds and now also for our loan portfolio.</li> <li>To support our portfolio management, we utilise both our internal ESG analysis and external analyses.</li> </ul>
<b>Transparent and open communication with stakeholders.</b>	<ul style="list-style-type: none"> <li>We publish the fund-specific ESG-reports quarterly and the Overview of responsible investment reports twice a year.</li> <li>We publish articles and news and produce focused highlights in social media regarding our sustainability actions.</li> </ul>	<b>Customer orientation, identifying the customer and enhancing the customer experience.</b>	<ul style="list-style-type: none"> <li>Our goal is to enable overall financial well-being: prosperity, financial security and smooth banking. We 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.</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> </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>During 2023, we have developed a fully digital customer onboarding process for private customers and continued to broaden the self-service capabilities in digital channels to meet the customer expectations.</li> <li>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 in different channels, and the hybrid mail and a digital archive that reduce the number of letters and printed information sent to customers.</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>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 strengthened our customer service unit with new bilingual colleagues to ensure smooth service in both Finnish and Swedish. Also a new phone system was taken into use. The benefits of implementing a new system include improvement in functionality, streamlining of work processes, and enhancement of the customer experience.</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 BREEAM In-Use Excellent -level certification and is also fully carbon neutral in terms of energy consumption during use.</li> <li>Our head office has the WWF Green Office label.</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>Aktia is the only Finnish asset manager involved in developing a global framework for assessing sovereign debt issuers on climate change in the Assessing Sovereign Climate-Related Opportunities and Risks (ASCOR) Project. We also joined the Nature Action 100 - investor initiative and introduced our green housing loans for customers.</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>We introduced the bicycle benefit to employees in 2023 and increased the amount of sports and culture benefit.</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 integrated in 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 of 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 relevant subsidiaries within the Group.

The Board of Directors holds the highest governing power over sustainability issues. Sustainability issues are presented to the Board of Directors regularly and the most important decisions are made on the Board level. During 2023, sustainability issues presented to the Board included, for example, an overview and a status update of the sustainability work done during

the year, as well as a training related to the CSRD requirements for Aktia. Sustainability issues are regularly on the agenda of the Executive Committee, the Board's Audit Committee, and quarterly on the agenda of Aktia's fund management company's Board of Directors.

In Aktia, ESG matters are managed and developed by Aktia's ESG team that is headed by the Sustainability Director. In addition to overseeing sustainability-related development and management, the team introduces and implements Aktia Group's sustainability initiatives. The Sustainability Director is responsible for sustainability development at Aktia and together with a team of sustainability and ESG professionals manages Aktia's impacts on the economy, environment, and people as well as sustainability related risks or opportunities having an impact on Aktia's business. The Sustainability Director reports to the Executive Vice President, Group Functions. However, the ESG team is responsible for the ESG related matters of all Group activities. The

management, strategies, policies, targets, and results of sustainability 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 the effectiveness of Aktia's processes related to sustainability.

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 for 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 Sustainability Director. 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.

Responsible lending activities are developed 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](https://www.aktia.com/sustainability).

# Governance structure for Aktia's sustainability work

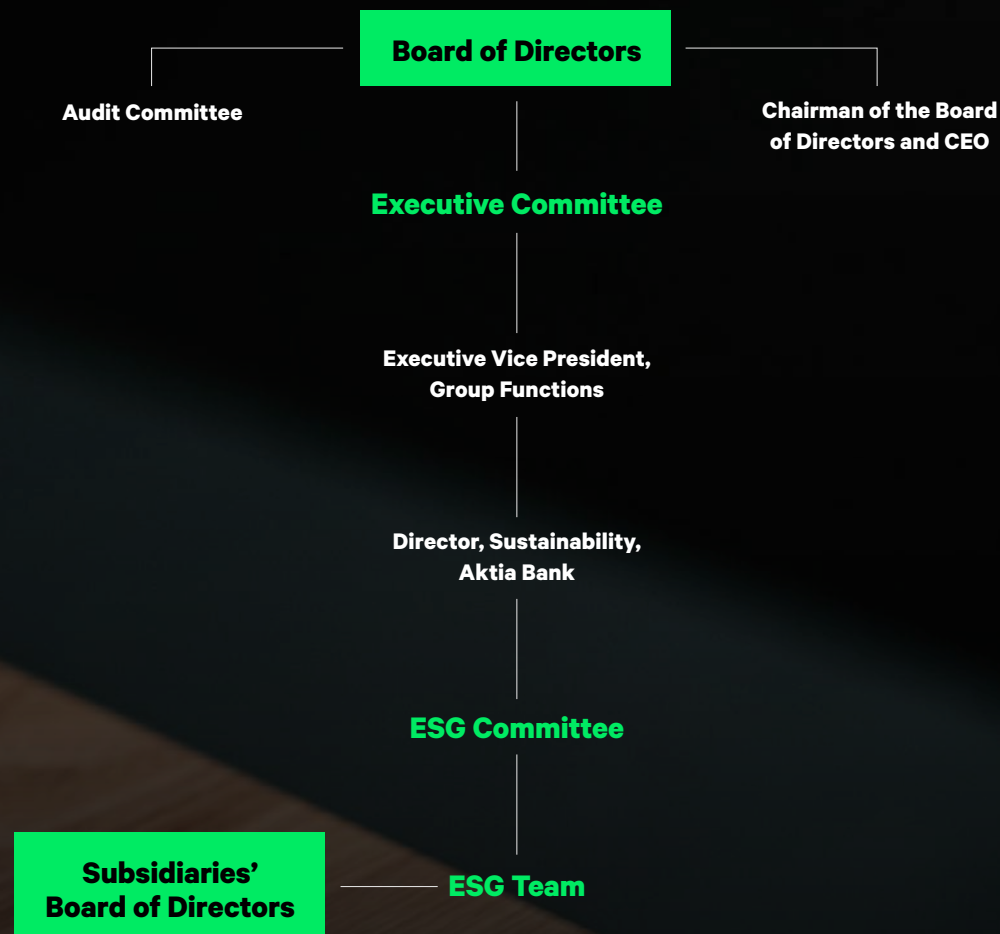
**The ESG team** handles the daily sustainability work at Aktia and, for example, prepares policies, principles, guidelines, strategies, programmes, targets, reporting and training related to sustainability through all group activities.

**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 oversee 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 ESG committee meets once a month.

**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

**Climate change has a comprehensive effect on the world we live in and therefore it is essential that Aktia takes climate change into consideration in all its operations. We published our group-wide climate strategy in 2021. During 2023, we published a sustainable loan framework and launched Aktia's first green loan product, set as interim targets for 2023 in the climate strategy.**

As a responsible wealth manager bank, Aktia recognises the importance of mitigating climate change risks and fostering a sustainable global economy. By supporting the Paris Agreement, Aktia aims to contribute to the transition towards a low-carbon future, safeguarding the long-term financial well-being of our customers and promoting environmental stewardship within the financial sector.

Aktia's climate strategy guides our efforts to include climate considerations in our business activities in a strong and consistent manner and to do our part to reach the goals of the Paris Agreement. Our climate objectives extend to 2050 and will guide activities across the Group. 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. Through all our actions, we seek to create sustainable growth in line with our overall business strategy.

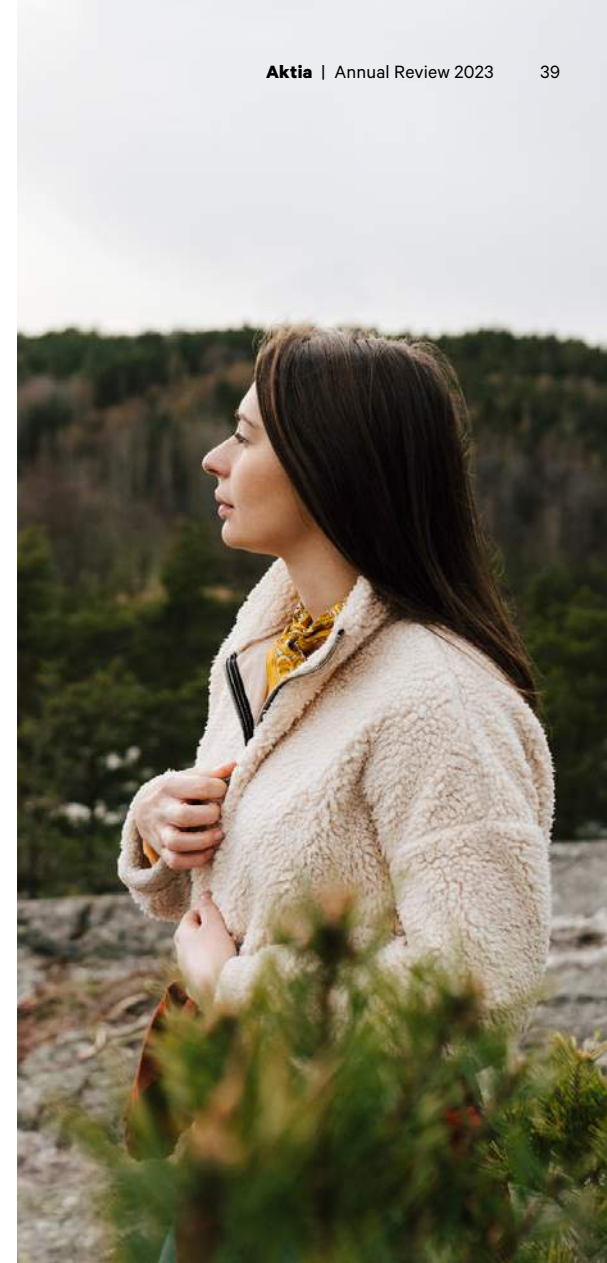
As part of the climate strategy, Aktia has joined the Net Zero Asset Managers Initiative, the goal of which is to achieve carbon neutrality in investment portfolios by 2050. The initiative has become a standard in asset management and offers concrete tools for our sustainability work. The net-zero target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

The interim targets of the climate strategy for 2025 and 2030 were set in 2022. We aim to re-evaluate the targets every five years and will set the interim targets between 2030 and 2050 closer to the year 2030. Our target is to reduce CO2 emissions also in lending. Initially, an interim target for reduction of emissions in the corporate and household loans was set for 2030. The long-term target for 2050 for

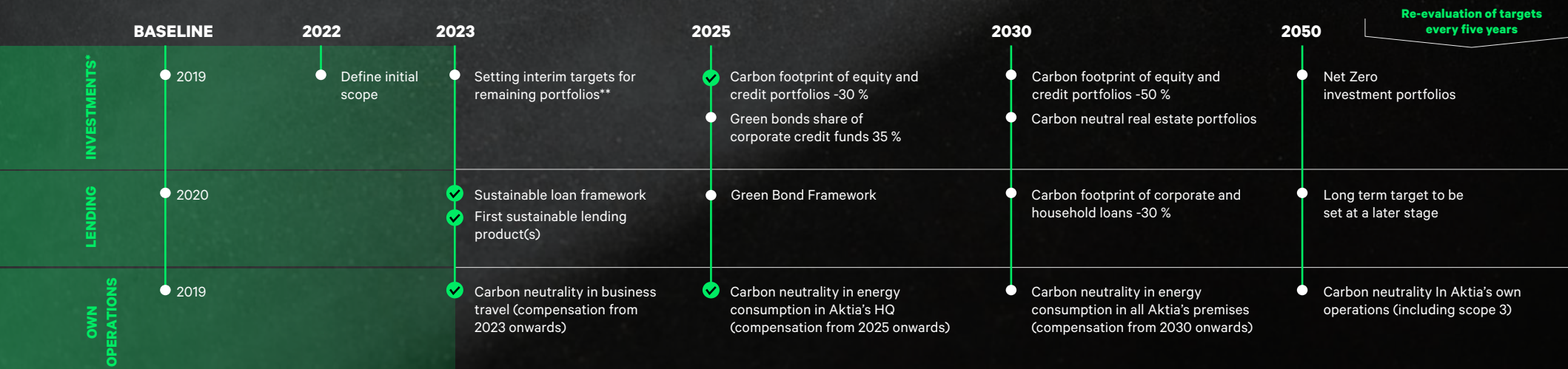
lending will be set later. For Aktia's own operations, the long-term target for 2050 is to be carbon neutral in Aktia's own operations (including scope 3). The interim target set for year 2025, to be carbon neutral in energy consumption in Aktia's HQ, was achieved in 2023. The next milestone is for all Aktia's premises to be carbon neutral in energy consumption by 2025. The interim goal for 2023, to be carbon neutral in business travel, was achieved in 2023 through carbon compensations.



**As a responsible wealth manager bank, Aktia recognises the importance of mitigating climate change risks and fostering a sustainable global economy.”**



CLIMATE STRATEGY: TIMELINE & INTERIM TARGETS



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

\*\*PCAF introduced a method for calculating and reporting sovereign emissions in its updated Global GHG Accounting and Reporting Standard for the Financial Industry that was launched in December 2022. An initial aim for Aktia was to include sovereign bond portfolios into the scope of the climate strategy and the emissions reduction targets during 2023. In the emissions calculations Aktia relies on a third party that was not able to introduce the updated methodology in its service for climate impact assessment. We expect to get access to sovereign bond emissions data during 2024.

**Changing operating environment**

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

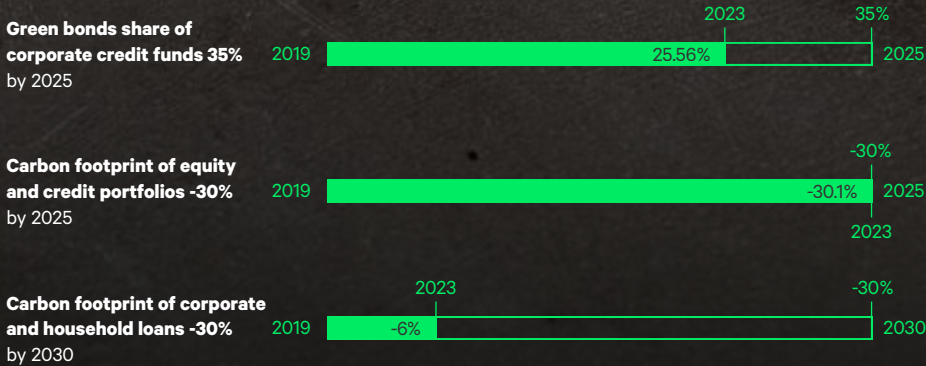
requirements for reporting and steer capital flows to companies that have a positive sustainability impact. During 2023, we supplemented our documentation and reporting in accordance with the SFDR regulation, including e.g. Aktia's Statement on principal adverse impacts of investment decisions on sustainability factors.

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 it. 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 [link].



PROGRESS OF CLIMATE STRATEGY TARGET



“While there is much work to be done, the changing regulation creates opportunities for Aktia to impact the green transition through, for example, investment activity”, states Markus Lindqvist, Sustainability Director at Aktia.

**Climate change creates new opportunities**

There is a lot of discussion about the risks related to climate change and how combating climate change is our shared responsibility. However, in addition to the risks that climate change poses, it also brings opportunities when companies develop new technologies and new ways of working. As an asset manager, Aktia has the opportunity to make a positive impact through our investment decisions. By investing in, for example, companies operating in the circular economy and developing new technologies related to it, we can support measures to reduce negative climate impacts. By focusing our new product offering on sustainable options, we can seize the opportunity to fund the green transition. We launched two new funds in 2023, Aktia Aurinkotuuli III and Aktia Sustainable Government Bond fund, that meet the disclosure requirements of Article 9 in the SFDR, which means that they only make sustainable investments and may not cause significant harm to other environmental or social objectives, that they fulfil minimum social safeguards and follow good governance practices.

We also see opportunities within sustainable lending and are focusing on product development to widen our sustainable offering to lending. The interim targets for lending set for 2023 were achieved during 2023. The sustainable loan framework was established and published in 2023. Additionally, the Green Bond framework was established during 2023 and will be finalised and published during 2024. Aktia’s first green loan product, green mortgage, was launched at the end of 2023.



**As an asset manager, Aktia has the opportunity to make a positive impact through our investment decisions.”**

# Governance

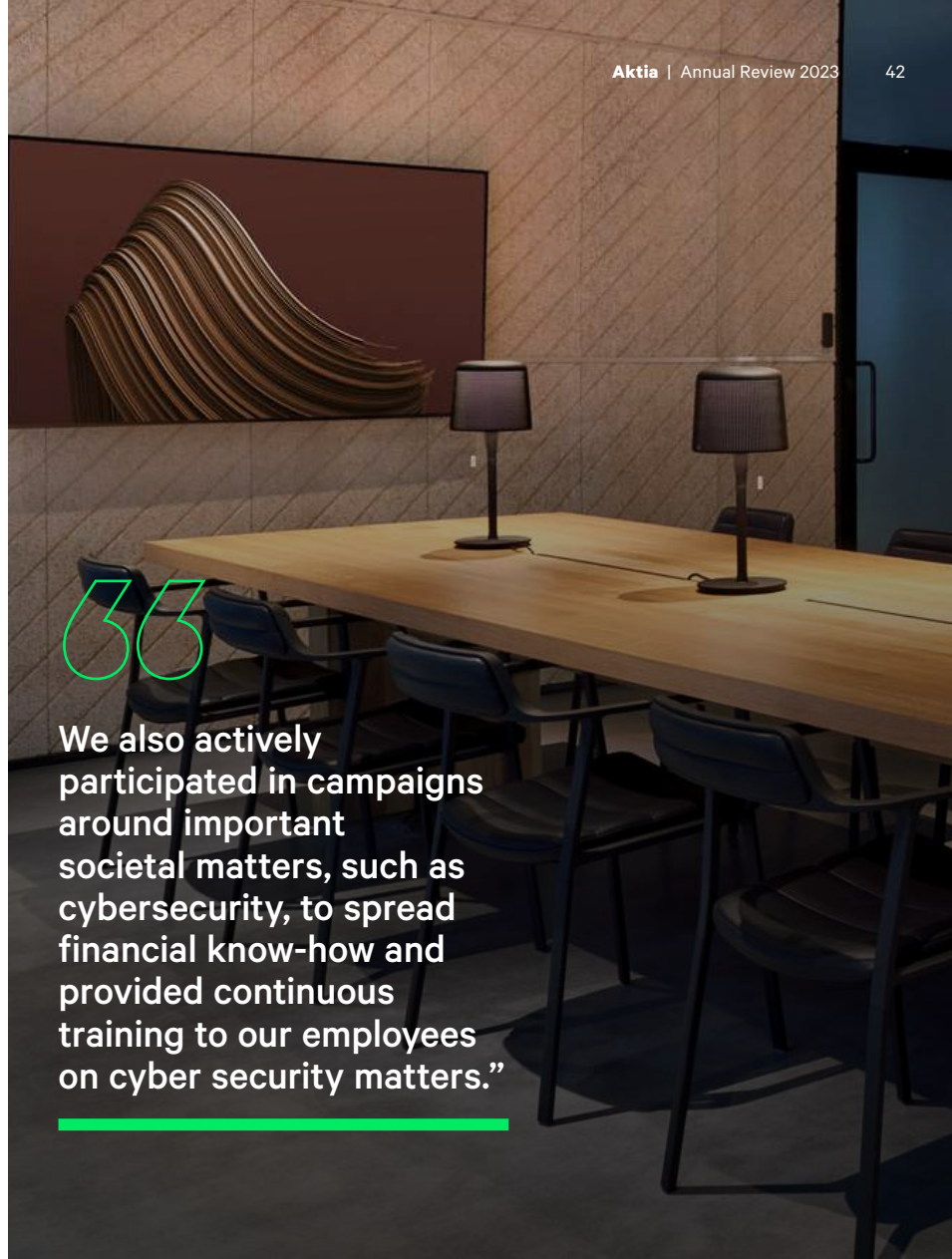
**In 2023, Aktia actively prepared for several major changes in regulation entering into force in 2024 and 2025, and continued to work on data privacy and reliability to ensure that our operations and financial activities are always ethically sound and compliant.**

In 2023, Aktia's operating environment continued to be unstable as geopolitical risks were elevated, the Finnish economy slowed down, and mortgage collaterals decreased. We adopted new regulations in our operations and actively monitored trends and upcoming regulation to maintain best business practices and our reliability as a financial partner. We focused on improving our risk management processes and maintaining high-level information security. We also actively 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 continued to improve and expand our ESG reporting and transparency, carrying out our operations with high ethics.

## Risk management

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 own Aktia's risks and bear the responsibility for risk management measures. The second line of defence independently controls risks and risk management activities, and includes the Risk Control, Compliance and Actuary functions. 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 policy 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 also actively 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.”**

In 2023, credit risk management in the first line of defence was further strengthened in business steering, lending and collections. More resources were also allocated to preventing money laundering, fighting financial crime, and preparing for crises threatening Aktia's operational continuity or financial soundness.

We actively monitor Aktia's solvency status with regards to any potential risks to solvency and capitalisation. This was increasingly important in 2023 as the Finnish economy was in a downturn. In 2023, our comparable operating profit was EUR 108.4 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 2023, our CET1 was 11.3%, which means we exceeded/fell short of our objective, since the minimum requirement was 7.7%.

The economic downturn itself is one of Aktia's biggest risks in the current environment. If it worsens still, it will impact the loan servicing costs of our debtors, the value of collateral, the costs for Aktia for the acquisition of funds, and the fee income from asset management. Aktia continues to carry out meticulous customer selection while monitoring customers' ability to pay and observing potential risks relating to economic fluctuations. We also continue to monitor the situation and assess the risks regarding our credit portfolio.



**More resources were also allocated to preventing money laundering, fighting financial crime, and preparing for crises threatening Aktia's operational continuity or financial soundness.”**

We conduct regular stress tests in accordance with the guidelines set by the European Banking Authority. These stress tests help us evaluate our financial position in different economic scenarios. In 2023, we proceeded according to plans, carrying out, for example, the national stress test sponsored by the FIN-FSA and internal solvency and liquidity stress tests, including reverse stress testing. The results of our stress tests have not given cause for corrective measures.

In 2023, Aktia significantly updated and improved its recovery and resolution plans, considering the latest recommendations from the EBA and the Euro-area resolution authority (the SRB). Together with the Financial Stability Authority of Finland, we further developed our guidance for securing Aktia's financial viability and the plans securing the continuity of our critical customer services in the event of a major crisis. We update our business continuity plans annually and revised them also in 2023 taking into consideration the current economic and geopolitical situation.

Risk management is one of the core themes for Aktia Life Insurance. During 2023, Life Insurance developed the risk management accordingly to our risk management scorecard, used for setting targets related to risk management as well as defining actions and KPIs for monitoring progress. Annual risk assessment and self-evaluations were carried out within the company's Management Team and the Board of Directors. The assessment was executed through newly classified main risk categories, balance sheet risks, strategic insurance risks, operative risks, and business risks. Observations were taken into consideration in our risk management plan and policies for the upcoming year.

Aktia Life Insurance deepened its co-operation with Aktia Group's risk management unit by establishing a joint risk management committee and clarifying

division of responsibilities. With regards to balance sheet risks, the valuation of technical provisions according to IFRS 17 standard was incorporated into market risk management. In addition, new monitoring and management plan for market risk concentrations was introduced, and the SFCR and RSR reports were renewed.

Climate change poses a continuing and increasing risk to Aktia, and we work actively to mitigate the 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 rating.

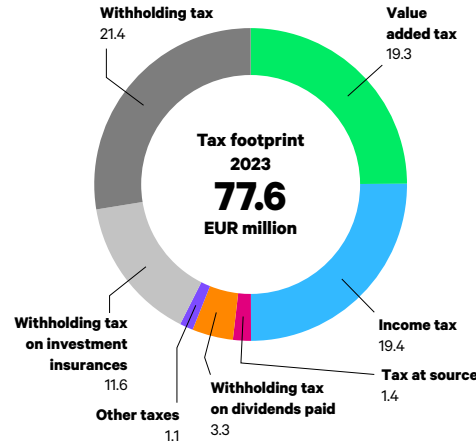


**Climate change poses a continuing and increasing risk to Aktia, and we work actively to mitigate the risk in our daily and long-term operations.”**

Geopolitical and cyber risks have remained elevated since early 2022. 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 related to cyber threats, fraud activities and industry-wide efforts to improve the resilience of the Finnish interbank payments system.

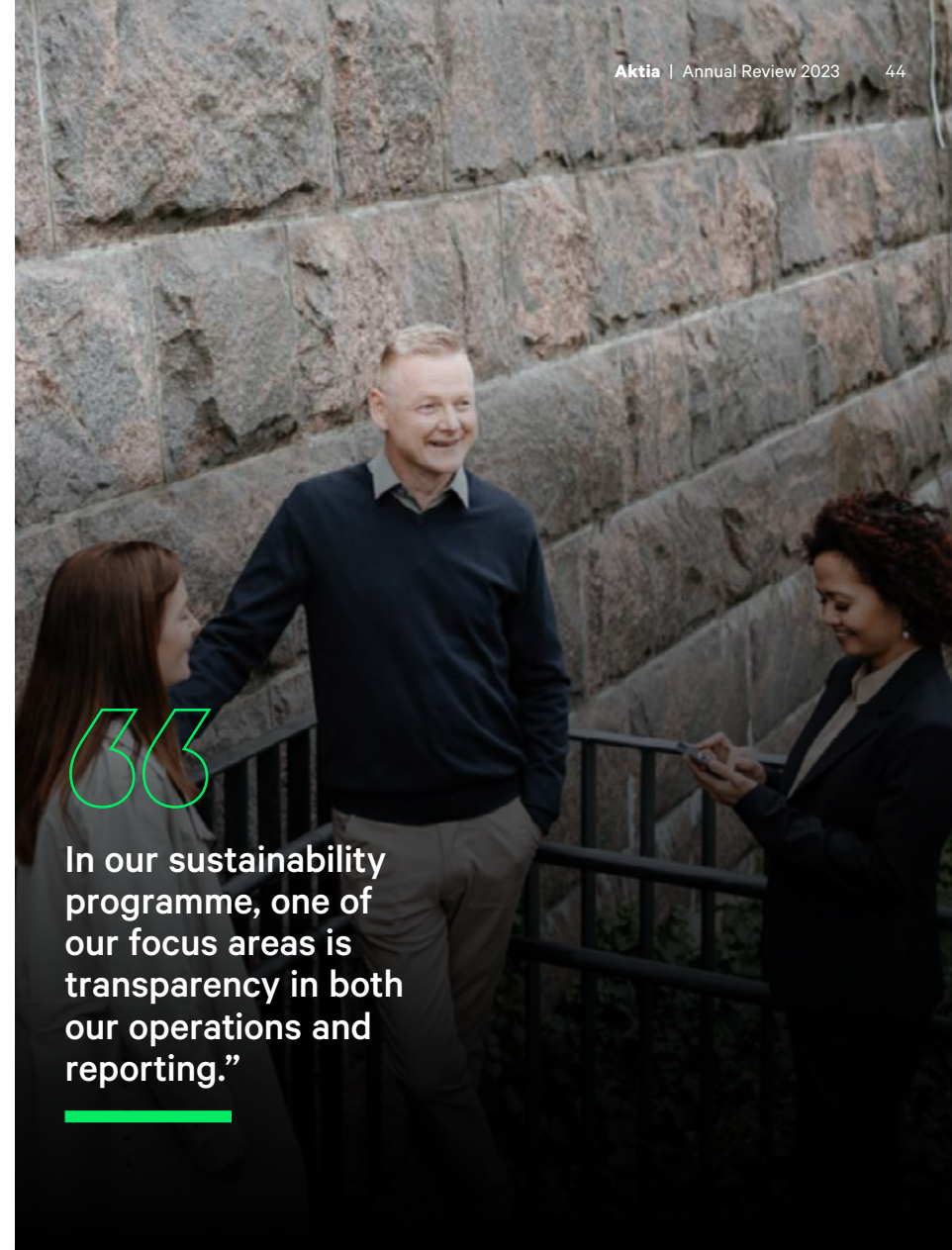
**Transparency**

In our 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 in and follow multiple ESG ratings and strive to continuously enhance our transparency. We have chosen to follow the MSCI, Sustainalytics and ISS ratings of Aktia 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.

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



**In our sustainability programme, one of our focus areas is transparency in both our operations and reporting.”**

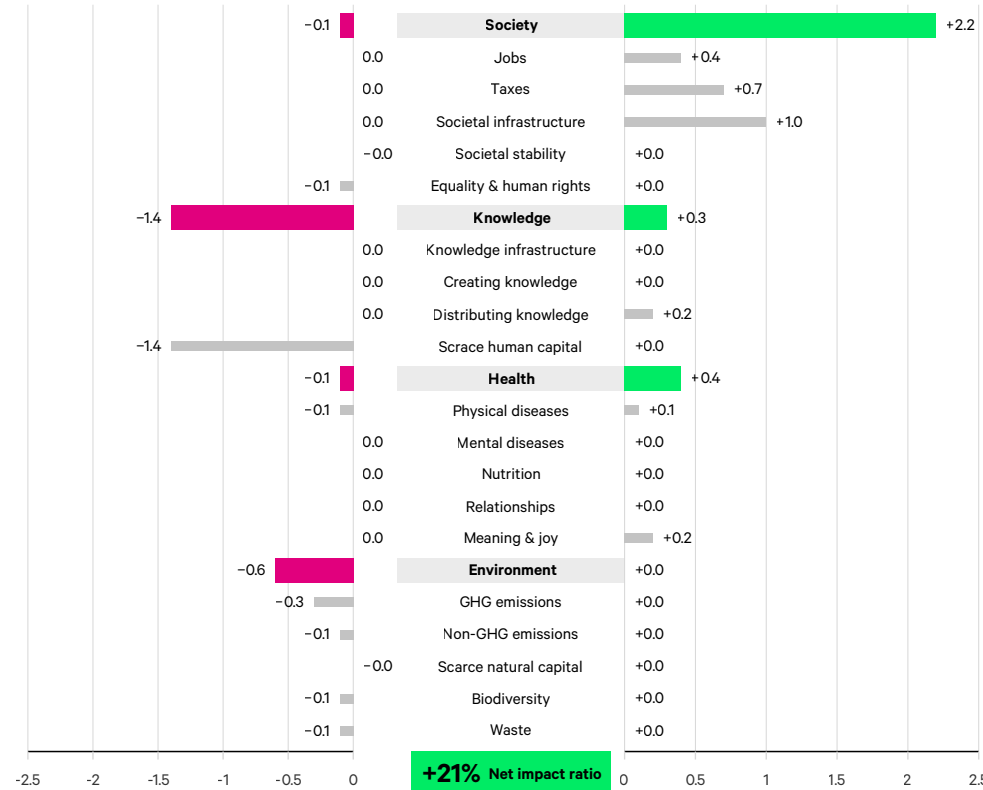
**Net impact of Aktia Bank Plc**

The Upright Project has carried out 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: society, knowledge, health, and environment. The model utilises scientific articles and machine learning to summarise how products, services, and companies impact the surrounding world. The Upright Project has not audited Aktia but used artificial intelligence to create the analysis. The model considers both costs and gains and provides 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 an overall view of the company’s positive and negative impacts.

A positive net impact ratio means that Aktia generates on average more positive external impacts than negative ones. In the model, the minimum is minus infinity and maximum is +100%.

**Code of Conduct guides our everyday work**

Aktia Group has a 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 2023, mandatory online compliance training was



completed by 98.1% of Aktia’s personnel, which is 2.4 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 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”). Acting ethically and taking action to prevent violations is an important part of Aktia’s culture. Aktia renewed its Whistleblowing channel and introduced WhistleB for reporting suspected infringements. The channel is a third-party system, enabling safe, secure and, if necessary, completely anonymous reporting. It also meets high security requirements in terms of both information security and protecting the identity of the whistleblower, ensuring the confidentiality of all reports and information on who has made the report during the entire reporting process. Reports are only handled and accessed by directors of the independent

compliance and internal audit functions. Compliance monitors any reports and actions taken based on them quarterly. The number of reports is also reported quarterly to management at the header level. In 2023, zero reports were submitted in the whistleblowing channel on suspected infringements of Aktia's business practices.

The group-wide policies apply to all functions and all employees, the Code of Conduct for suppliers applies to Aktia's suppliers, and the 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. 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).

Aktia's goal is to have no sanctions imposed on the company by the Finnish Financial Supervisory Authority (FIN-FSA). 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.



**The group-wide policies apply to all functions and all employees, the Code of Conduct for suppliers applies to Aktia's suppliers, and the Responsible investment policy applies to Aktia's asset management.”**



**Information security management,  
protection of customer data**

Systematically assessing and improving Aktia's information security and data protection is vital for maintaining customer trust 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 their 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 focuses on building and maintaining an overall view of information security and privacy, monitoring their development as well as that of

the operating environment, identifying new risks, ensuring that there are sufficient capabilities for each responsibility area at all times, and serving as a forum for addressing and discussing all information security and privacy related issues 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. As part of the DORA (EU's Digital Operational Resilience Act) implementation, the company's Board reporting will be further developed during 2024 to ensure the Board's ability to meet the ultimate responsibility set by DORA for developing and maintaining operational digital resilience.



# Aktia

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

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In order to comply with the regulations of the Finnish Financial Supervisory Authority, the European Banking Authority and different legislative requirements, including the DORA, GDPR and NIS2 directives and their national derivatives, 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.

In 2023, 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. We carried out 12 new supplier evaluations, such as self-assessments and site walks, to actively ensure good security practices and compliance. In addition, we had 23 different outreach activities with various external stakeholders to share good practices and to learn from each other and to also share threat intelligence.

The unstable geopolitical situation continued during 2023, which was reflected in increased activity carried out by threat actors against the financial industry in Finland. The possibility of a serious cyberattack also remained elevated during the year. Although there were denial of service attacks carried out by hackers, the actual effects of the attacks on

the services provided by Aktia was minor. There was one information security incident concerning Aktia ID, which occurred at the beginning of the year due to the failure of the change management process, but no other security incidents, breaches or attacks that could be classified as critical occurred during the year. Some smaller incidents were also detected and reported during the year, and they have been handled in accordance with the agreed processes.

Regarding digital fraud, our level of protection has remained good. In 2023, the number of phishing attacks and other digital frauds targeting the customers of Finnish banks remained high. 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. During 2023, we removed hundreds of phishing websites imitating Aktia's login page.

In 2023, we completed our first Red Team test, carried out in accordance with the TIBER-FI framework. The main target of the test, aimed at improving the level of information security, was Aktia's asset management services. As a result of the test, valuable information and several concrete

improvement proposals were obtained to further develop Aktia's protection, detection and response capabilities. Read more about the Red Team test on the following page.

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. Possible breaches are processed in accordance with the applicable regulation. During 2023, we reviewed our contract portfolio from the point of view of possible international data transfers and further developed our abilities in conducting data protection assessments. There were no substantiated complaints concerning breaches of customer privacy and losses of customer data in 2023.





## CASE: MEASURING THE LEVEL OF OUR INFORMATION SECURITY WITH RED TEAM TESTING

**Aktia carried out its first Red Team information security test in 2023. In the Red Team test, information security experts selected by Aktia attempted to break into and attack selected target systems and services using the same means as motivated and capable cybercriminals.**

TIBER-FI, maintained by the Bank of Finland, is an operating model for financial actors that steers the Red Team testing in the financial sector and strengthens the protection of critical infrastructure in the sector against cyberattacks.

### Attacking the wealth management services

Several financial actors have carried out Red Team tests on their payment systems. Aktia ended up choosing wealth management services as a test target, as they are important to the bank and at the same time, offered a broader view for the benefit of the Bank of Finland and the financial sector as a whole.

“We wanted to get an understanding of how the tactics used by threat actors work, how well we have protected ourselves, and how we can detect and prevent attacks,” says **Henri Heinonen**, Chief Information Security Officer at Aktia.

In the test, the attacker, or Red Team, targeted Aktia with various attacks.

“All means are permitted. It is not only the information networks that are being attacked, but the attackers can also make physical intrusions and use social manipulation like phone calls or phishing emails, to find soft spots in people, processes and systems,” Heinonen says.

### Valuable insights

Testing is about results, and the hackers were pushed to try harder and harder. Finally, a point was reached where valuable observations were made about our information security targets of development. The observations were shared not only internally but also at top level with other financial actors in accordance with the TIBER-FI model. This benefits both service providers and the end users, i.e., the customers.

The test took about a year. To make the defence, observation, and anomaly measures during testing realistic, only a very small group of people knew about the test. In practice, this meant that the project steering group had to lie to their colleagues. According to Heinonen, this is why debriefing efforts were taken seriously.

“Anomaly management requires flexibility on the part of the organisation, so when the threat turned out to be a test, we spent plenty of time resolving the situation. In this way, we managed to maintain and to strengthen trust and put the added value of the tests into practice.”

### Sharing is caring

Developing information security is a responsible business activity. Aktia does not operate in a vacuum but together with other actors. Henri Heinonen lists some essential ways Aktia is improving information security in the sector:

- We have an active dialogue and practise with authorities and other critical infrastructure actors to learn from each other and to avoid repeating the same mistakes.
- We learn together as an organisation and share what we have learned with each other, our customers, and others in a close relationship to us.
- We actively exchange threat information in the information exchange teams coordinated by Traficom.
- We support young ethical hackers so that skilled young people can show their abilities in authorised channels and ideally find their own career path in the field of information security.
- We understand our role as a responsible actor, and we appreciate all the reports that have been made about potential vulnerabilities in our services.

**It is better to let a trusted tester to try to hack us before criminals do it.”**



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

The numerous global conflicts in recent years have increased the inherent risks associated with the use of banking services for money laundering, financing terrorism, or circumventing international financial sanctions. Aktia has continued to invest in its AML/CTF capabilities to strengthen its procedures and has issued limitations such as a complete halt of processing of payments to and from Russia and Belarus.

Aktia recognises that money laundering and financing of terrorism 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. Aktia is also 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, financing of terrorism, circumvention of financial sanctions, or international tax evasion.

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

The risk-based approach includes a regularly updated risk assessment for the Group and its subsidiaries, encompassing the inherent risks associated to customers, industry, products, services, distribution channels, geographic location, and technologies. The risk assessment plays a key 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 mitigates and controls the risk that any services it provides are used for criminal purposes. Enhanced due diligence measures are applied to customer relations with higher levels of risk for money laundering or financing terrorism 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

financing of terrorism. Any suspicious activity is investigated and reported to the National Financial Investigations Unit.

Aktia's internal rules, routines, system support and training support the employees in their work and help to ensure that the Group's companies and services are not used for money laundering as well as set 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 also co-operates with regulators, police authorities, and other actors in the private sector to exchange information to enhance the joint societal effort to prevent financial crime.



**Aktia continuously invests in its capabilities to prevent financial crime to keep up strong defences against financial crime.”**

# Prosperity

**Aktia contributes to building sustainable wealth in society by offering comprehensive solutions of the highest quality for customers within investment, financing, and personal insurance.**

We are 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. To us, responsible investment means that we are striving to achieve the best possible return on the chosen risk level.

With responsible investment activities, we are referring to every action that considers environmental, social and governance (ESG) factors. We consider the financially material impact that factors relating to ESG have on the investment objects in an integrated way, as part of the investment process. The investment analysis is based on both quantitative and qualitative factors supported by several sources of data, including Morningstar's and ISS's ESG data, ISS climate data, climate risks and scenario analyses, and The Upright Project's net impact model.

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 experts in sustainable investing.

"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 recognise new opportunities in a changing world driven by digitalisation and ESG megatrends", states Markus Lindqvist, Sustainability Director at Aktia.

## **Responsible and impact investing**

Aktia has a long track in responsible investments, and our first principles for responsible investment were published in 2006. We updated the principles in 2023, and the updated version will be released in 2024. Our methods for responsible investment are exclusion, ESG integration, norm-based screening, active ownership and engagement, and impact investing.



**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."**



## 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

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. The way of applying responsibility in practice varies somewhat between different asset classes, but the premise is always the same.

In accordance with Aktia's responsible investment policy, the possibilities for impact investment are applied to different asset classes. Impact investing is a new, strongly growing way of making responsible investments. In addition to financial returns, impact investing pursues environmental or social benefits. During recent years, we have strengthened our impact investment expertise and product offering. Impact investment is particularly emphasised in UI-Aktia Sustainable Corporate Bond, Aktia Sustainable Government Bond, Aktia Impact, Aktia Aurinkotuuli III, Aktia Bioindustry I, and Emergin Market fixed income funds.

\*Reference: Institutional Shareholder Services, ISS ESG, 31 December 2023.

## 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, Aktia uses norm-based screening as one of its responsible investment methods. Aktia cooperates with Institutional Shareholder Services (ISS) ESG, a pioneer in norm-based shareholder influence. 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 principles of the UN Global Compact initiative follow the universal principles: The UN Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development, and the UN Convention against Corruption. The ten principles of the Global Compact include fundamental values relating to human rights, labour principles, the environment, and the fight against corruption. The ISS ESG screening includes three categories: no violations, possible problem, and 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 similar problems do not appear going forward.

The portfolio managers in Aktia's equity and corporate bond teams make decisions on how to deal with an investment in the event of violations of norms. An assessment will be made on 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.

During 2023 there were no verified issues discovered in the screenings of our funds. However, the two cases that were discovered during 2022 and are reported in Aktia's Annual Review 2022 are still open. For more information: [https://www.aktia.com/sites/aktia-corp/files/investors/results-and-presentations/english/2022/Aktia\\_Annual\\_review\\_2022.pdf](https://www.aktia.com/sites/aktia-corp/files/investors/results-and-presentations/english/2022/Aktia_Annual_review_2022.pdf)

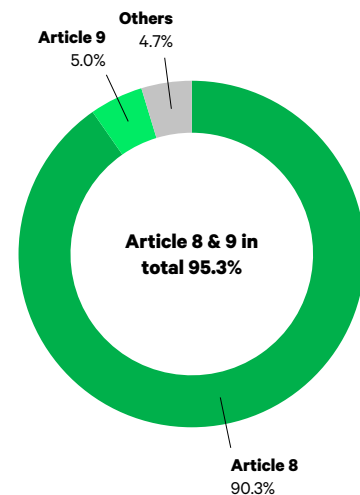
### Sustainable prosperity with sustainable investment products

Both responsible investing and impact investing play an important part in our sustainability programme and in enabling sustainable prosperity. 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 for the surrounding world.

As part of our sustainability programme, we aim to further increase the share of client AUM invested in SFDR Article 8 or Article 9 funds, so called ESG or Sustainable products. In 2023, Aktia increased its Article 9-classified product offering by launching two new SFDR Article 9 funds, Aktia Aurinkotuuli III and Aktia Sustainable Government Bond fund. 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, biodiversity loss and social issues also require solutions. Aktia actively investigates opportunities to finance innovations and actions aiming to solve or support solving these issues is much needed.

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

### Distribution of Aktia's fund AUM 2023



Both responsible investing and impact investing play an important part in our sustainability programme and in enabling sustainable prosperity.”

## CASE: AURINKOTUULI III

# Aktia Aurinkotuuli III supports Aktia's sustainability goals



**Jarkko Sirenius, Head of Illiquid Products**

**Climate change and the current energy crisis steer investments towards renewable energy. Wind and solar energy have the most significant growth potential, producing an estimated 65% of the world's electricity by 2050.**

In February 2023, Aktia launched the Aktia Aurinkotuuli III ("SolarWind") private equity fund. The fund offers also private investors an opportunity to invest effectively in the development of renewable energy production. The fund belongs to the highest, dark green category of the sustainability

classification. Its master fund, Taaleri SolarWind III, is a financial product compliant with Article 9 of the EU Sustainable Finance Disclosure Regulation, only making sustainable investments.

The investment strategy of the master fund is to acquire, develop, construct, operate and exit a portfolio of utility-scale onshore wind farms, solar parks and battery storage assets in its target markets in the Nordic and Baltic countries, Poland, Southeast Europe, Spain, and Texas. The investments aim to mitigate climate change and significantly reduce carbon dioxide emissions.

### Master fund raised EUR 430 million

At the end of the second round of funding in December, the master fund Taaleri SolarWind III had raised investment commitments of EUR 430 million. The fund has a target size of EUR 600 million and a maximum size of EUR 900 million. Finnish pension funds, foundations, family companies and private individuals actively participated in both rounds of funding.

"Aktia Aurinkotuuli III has had a very strong start. With a subscription of nearly EUR 180 million, it is the largest investor in Taaleri SolarWind III," says **Jarkko Sirenius**, Head of Illiquid Products at Aktia.

The maturity of Aktia Aurinkotuuli III is 10 years and the target size is EUR 200 million. The fund will be open for investments at least until the end of 2024.

### Investments in renewable energy

The master fund has currently committed to 61 development projects with a net electricity production capacity of 5.9 gigawatts. The fund is building an energy storage facility in Finland and is expected to start three or four projects in 2024. Demand for renewable energy in the target markets has increased significantly in recent years.

"The projects developed and built by the master fund will eventually generate green electricity for around 1.3 million households and reduce carbon dioxide emissions by around 2.3 million tonnes. The emission reduction corresponds to the carbon footprint of around 225,000 average Finns," says Sirenius.

The fund's investments have positive impacts on the environment and society. Aktia's goal is to increase customers' wealth with financial products under Articles 8 and 9 of the SFDR regulation. According to Sirenius, the Aktia Aurinkotuuli III fund supports this sustainability goal.

"The funds in Aktia Aurinkotuuli III will be invested through the master fund in renewable energy projects. Investments are made directly into production of renewable energy, which means that the reduction in carbon dioxide emissions can be influenced quickly."



**Aktia Aurinkotuuli III has had a very strong start."**

### **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 the sustainability and achieved impact of our funds with various ways and reports. While regulation sets standards for reporting, we always aim to produce more transparent and broader insights on the sustainability perspectives of our funds. We are constantly developing our reporting to meet our customers' needs as well as for the purposes of our portfolio management.

Aktia's overview of responsible investment is published bi-annually containing, among others, key events, case examples, and the results and impact of our funds. Fund-level ESG reports that include ESG data, the net impact ratio of funds as well as climate indicators and climate risk data are published quarterly. The fund-level ESG reports cover Aktia's equity and credit funds. We are currently developing the reporting to apply to additional asset classes and

products. We report on our stewardship activities, including active ownership and engagement, proxy voting, pooled engagement and investor initiatives at least on an annual basis. In addition, we publish annually a separate impact report for the Aktia Impact fund.

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 28% positive, which makes it significantly better than the net impact ratio of some of the well-known market indices (+6% for OMX Helsinki 25, -10% for Nasdaq Helsinki). A positive net impact ratio means that our funds generate on average more positive external impacts than negative ones. The positive net impacts of the funds are related to the society and people's health. In the model developed by the Upright Project, the minimum score for the net impact ratio is minus infinity and the maximum score is +100%.



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**Transparency through reporting and monitoring is key when it comes to responsible and impact investing.”**

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## 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. We also comply with the Financial Supervisory Authority's recommendation on the maximum debt-servicing burden for housing loan applicants' loans and housing company-related charges for financial costs (DSTI). 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 national Positive credit register, which will be launched in spring 2024 and maintained by the Finnish Tax Administration, will make creditworthiness assessment for private customers significantly more reliable, benefitting both borrowers and banks. Aktia will implement the positive credit register after the launch.

Mortgage repayment plans are prepared in a way that allows for rearrangements. We also offer reverse 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 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 2023, we continued our sustainability-related work within our banking business. ESG risk assessment is an incorporated part of Aktia's creditworthiness assessment for corporate customers, and our employees have been provided with ESG training. In 2023, Aktia participated as lender in syndicated loans classified as sustainability linked and provided Aktia's first own sustainability linked loan. Aktia also launched its first green loan product, green mortgages for private customers. Aktia's green mortgage eligibility criteria are based on substantial contribution to climate change mitigation in accordance with EU taxonomy, and green mortgages are granted without an expedition fee. Aktia also

has the possibility to grant customised green loans to corporate customers. In 2024, Aktia is preparing to launch other green loan products, including sustainable car financing and green renovation loans.

In December 2023, Aktia signed a sustainability guarantee agreement with the European Investment Fund concerning the InvestEU fund. As of 2024, Aktia can provide financing on more favourable terms to eligible customers to enable green and sustainable transformation of the Finnish economy. The green and sustainability-linked loans are developed in co-operation between the Banking business area and the Group-wide ESG team.

We have seen increased interest in ESG matters especially among corporate customers and are actively engaged in ESG related discussions. 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. Substantial work has been done preparing for the more detailed taxonomy disclosure requirements in 2024 (taxonomy alignment reporting). The constantly developing and expanding regulation will require substantial efforts, and development of Aktia's related processes and IT systems will continue in 2024.



**Aktia also launched its first green loan product, green mortgages for private customers.”**



**Long-term approach, flexibility and safety at the core of Aktia's customer experience**

Aktia promotes and represents long-term and sustainable thinking in financial matters to create prosperity and better conditions for the current and future generations.

Our goal is to enable overall financial well-being: prosperity, financial security, and smooth banking. These three themes are summarised in our customer promise, "Think further". We help our customers think ahead as we promote their financial well-being. 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.

We take pride in our customer service mindset of providing customers with high-class service and advice based on their needs. We are proud that most of our private customers recommend us. The average Net Promoter Score (NPS) for customer meetings in 2023 was 68 and, for example, Private Banking customer relationships last an average of 20 years. Aktia has also set as a target to ensure that 90% of all new customers with a need of a mortgage will receive a personalised wealth plan. In 2023, the percentage was 82%.

We also measure the development of our brand reputation with T-Media's Trust & Reputation survey. In 2023, Aktia's reputation and trust score was 3.35, decreasing from the previous year (3.45). We are aiming for a score above 3.50 by 2025.

Majority of our customers prefer to use digital services, and all customers appreciate functional and flexible digital services. We are actively working on developing our digital services and strive to improve and expand them further. The first version of Aktia ID identification application was launched in December 2022. In 2023 the new application was downloaded by approximately 75 000 times. Aktia ID is an identification application that works on a smartphone or tablet for our clients to log in to some of Aktia's electronic services and, as a private 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 secure transactions in online services of Aktia and other operators.

We have continued to utilise and actively develop the Aktiabot virtual assistant that can chat in Finnish or Swedish about private and corporate customers' banking and insurance matters in different channels, as well as the hybrid mail and 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, digital appointments and signature process, possibility for electronic housing transactions using the DIAS platform, electronic initiation of customer relationships, electronic mortgage loan



We are proud that most of our private customers recommend us."



application process, automated processing and decision of private customers' unsecured loan and cards applications, and a digital process for parents to order banking services to minors. In 2023, we developed a fully digital customer onboarding process for private customers and continued to enhance the self-service capabilities in digital channels to respond to customer expectations.

Our digital services meet the requirements imposed on credit institutions by the Accessibility Act, and we strive to make our services equally accessible to everyone, also at our branch offices. We continuously support our senior citizen customers with the onboarding and use of our digital services. We focus on providing easily approachable instructions and tips both internally and externally on how to use digital services in a safe manner. In the future, Aktia will continue increasing automation in loan application and handling.

We also focused on developing our customer service during 2023. At the beginning of the year, we welcomed new bilingual colleagues to our customer service unit to ensure smooth service in both Finnish and Swedish. In November 2023,

a new phone system was taken into use to improve functionality, streamline work processes, and enhance customer experience. The system clarifies and modernises the operation of our customer service. The new phone system also enables future business-oriented development needs, and it is possible to add various functionalities that support the work of our customer service professionals. For the customer, the visible change is in the authentication methods used. Until now, customers have been able to authenticate themselves in the phone service with their online banking username along with a key code card. The new authentication methods for customers are either the online banking username together with the Aktia ID authentication app or the online banking username with a one-time code sent via text message.

#### **Product governance and responsibility**

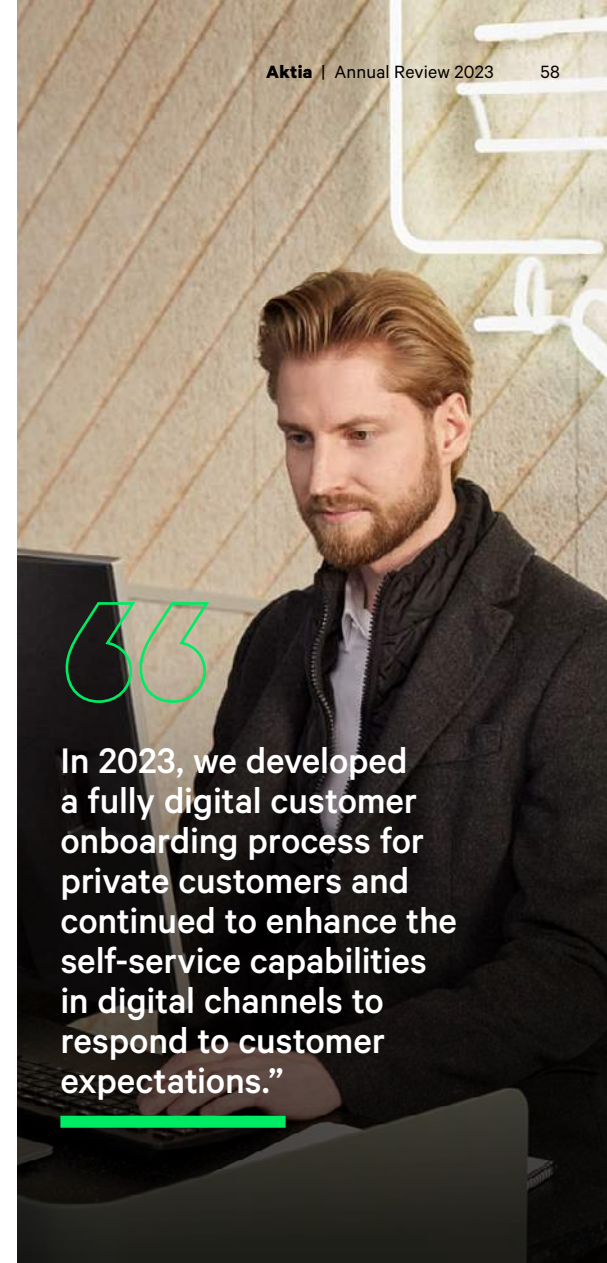
We openly share detailed information on the success, risk details and classification of all Aktia's investment products on our website. Our customers are also informed of the success and risk classification by our salespersons in customer interaction. An overview of responsible investment is published bi-annually and ESG reports covering Aktia's own funds are

published quarterly. Risks and opportunities related to the environment, society and good governance, including societal impacts and risks, are constantly assessed and monitored in our asset management. Aktia's ESG team organises regular training sessions regarding the responsibility of our product offering. During 2023, several training sessions were held covering different aspects of the EU Sustainable Finance regulation with a focus on financial products' disclosure requirements 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 developing both financial instruments and insurance products, the regulations governing the management of these products are also complied with.



**In 2023, we developed a fully digital customer onboarding process for private customers and continued to enhance the self-service capabilities in digital channels to respond to customer expectations.”**



### **Versatile tools and mechanisms for customer feedback**

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 can give feedback using a form on Aktia's website, in the online bank, by phone 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. 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. The instructions are updated annually. 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 internal guidance regarding the handling of customer complaints.

Customer complaints are registered, documented, and archived in accordance with 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 reviews reports compiled of customer complaints and actions taken and monitors compliance with deadlines. Customer complaints are also regularly monitored by the Risk Management and Compliance function. Our aim is to enhance our customer satisfaction, and we report the customer satisfaction indicator every six months internally to Risk and Compliance and externally to the Financial Supervisory Authority (FIN-FSA). Since 2023, all customer feedback is gathered in a reporting system using AI (artificial intelligence) to support in analysing and identifying development areas.



**Our aim is to enhance our customer satisfaction.”**



### Responsible marketing

Marketing and communications are used to support Aktia in achieving its strategic and business goals. 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 communications and complies 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. For example, we do not provide instant loans with predatory interest rates and margins. We always aim for clarity and openness in our advice and sales materials and strive to avoid misleading messages.

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 take into consideration the sustainable finance disclosure regulation concerning product marketing in our future marketing efforts 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 2023, there were no reported breaches of regulations or voluntary rules in Aktia's marketing, advertising, or sponsorships.

### Sponsorship and charity

For years, Aktia has sponsored 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, Skilfully, and Together. In 2023, we sponsored the Stafettkarnevalen sports event, Next Gen Hackers, Svenska Teatern, Dicken Handball Club, NJK Sailing Club, the Midnight Tennis event, the Rynkeby Espoo cycling team, Hanken, Aalto University & Åbo Akademi Student Scholarships, the Finnish Tennis Association and Tapio Lehtinen's team sailing around the world.

In addition, local Aktia foundations provide support especially for local projects through their own channels. Aktia recognises and appreciates all the positive impact on society that these local organisations create through their activities.

The goal of visibility through sponsorships is to support Aktia's Wealth Manager Bank brand image. In events organised together with partners, we aim to raise the participants' awareness of managing their own finances according to Aktia's "Think Further" ideology. A sales lead model tied to a monetary reward has been created with a few partners in addition to other visibility, bringing for instance 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. At our sponsorship events and webinars, they have been able to learn, for example, about the Baltic Sea conservation work done by the Tapio Lehtinen sailing team.

In 2023, we have focused our donations on a few charities close to Aktia's values. Before the Christmas holidays, we made a donation to the Folkhälsan Lucia Day fundraiser to support low-income families with children.



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

## CASE: KÄÄRIJÄ

## Aktia encourage young people to learn how to manage their money

The special theme of 2023 was the Aktia Talouskoulu (“School of managing your finances”) implemented with the artist Käärijä as part of Aktia’s sustainability programme. In the spring of 2023, Käärijä, or Jere Pöyhönen, the runner up in the Eurovision Song Contest 2023, and Aktia started working together to improve the financial literacy of children and young people. Good financial literacy is an important civic skill that increases equality in society. Acquiring skills in using money and understanding the importance of good financial management at a young age builds a strong foundation for life. Practical financial skills are best learned in everyday life by practicing

using money, and the learning process can also be interesting and fun. As a wealth manager bank, Aktia wants to create wealth for Finns and the society as a whole. Good financial skills are a crucial part of that. The foundation for managing and developing one’s own finances is built during childhood, as the understanding acquired helps shape the relationship to saving and using money. Saving money can be practiced from an early age. Aktia Talouskoulu was very popular, and its contents are freely available to everyone in Finnish and Swedish at [www.aktia.fi/talouskoulu](http://www.aktia.fi/talouskoulu).



“Practical financial skills are best learned in everyday life by practicing using money, and the learning process can also be interesting and fun.”

# People

## Fostering employee engagement

**Aktia's goal is to be a responsible employer providing meaningful work to its employees. In 2023, Aktia continued work to improve employee engagement. This included communicating our strategy and customer focus better internally. The internal target setting process was also renewed with the aim of improving the employees' understanding of Aktia's strategy by linking team and individual targets more closely with Aktia's strategic goals and to ensure better target alignment across Aktia's business areas and other functions. In 2023 the Executive Committee's variable pay was tied to sustainability targets.**

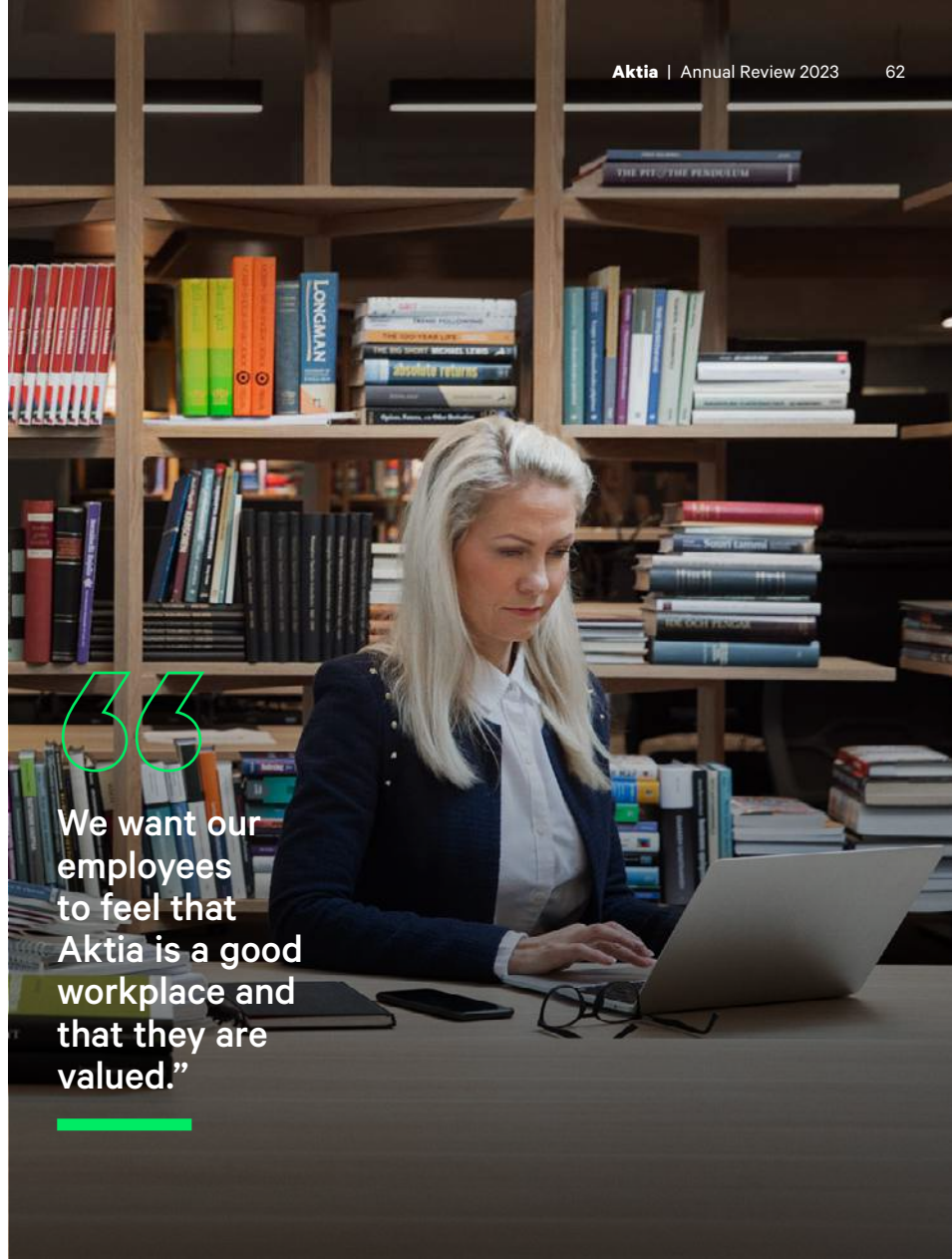
In the spring of 2023, Aktia introduced a new HR strategy. It is built on three key focus areas: Empowering employee experience, Strong value- and strategy-based leadership, and a joint Aktia culture. The new HR strategy is based on Aktia Group's strategy and the idea that each Aktia employee has a role in executing Aktia's strategy. The HR strategy guides Aktia's efforts in strengthening the company's employee experience.

In 2023, we also continued to invest in leadership, employee engagement and well-being services.

## Empowering employees (AktiaPeople)

We want our employees to feel that Aktia is a good workplace and that they are valued. Our values — Courageously, Skilfully, and Together — that we have established together with our employees, govern all our activities. Aktia offers equal opportunities for all employees to succeed and to develop as professionals. Due to a low hierarchy and an entrepreneurial work culture, employees have the opportunity to influence and develop Aktia. Social responsibility indicators for Aktia include the Employee Net Promoter Score (eNPS i.e., the willingness to recommend Aktia as an employer). For eNPS, our target is 20. In 2023 our eNPS was -4, improving from previous year's score (-13).

We continued our collaboration with healthcare service provider Mehiläinen on 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.



**We want our employees to feel that Aktia is a good workplace and that they are valued.”**

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.

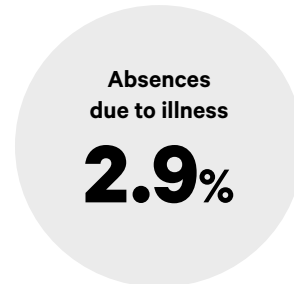
With constant change and uncertainty in the society affecting the ways of working and workload, we have noticed a need of mental coaching for our employees. In 2023, we organised two pilot programmes supporting mental health. Together with Mehiläinen, we arranged a psychotherapy pilot for a small number of employees, which will continue in 2024. The feedback and results so far have been positive.

Employees from Asset Management took part in the other pilot programme, a voluntary coaching pilot, which lasted for about half a year. We measured health and well-being before and after the pilot, and in all areas the results were either higher or at the same level after the pilot. Almost all participants recommended the coaching pilot as a tool to support their work ability and general well-being.

Occupational health and safety matters are monitored internally and in co-operation with our health care partner. In addition, workplace surveys

were carried out at Aktia in 2023, and well-being questionnaires were made for different age groups.

The “Aktia Take a break” concept was continued in 2023 to support coping with remote work. The concept also includes meetings with a physiotherapist and a psychologist if needed and Well-being Manager counselling clinics that make it easy to discuss well-being issues.



In 2023, we continued with a hybrid working model, with some variation between different teams on the level of remote work. To best support the model, we made two improvements to Aktia’s employee benefits. A new bicycle benefit was added and the allowance in culture & sports benefit was doubled. The purpose of both changes was to take concrete actions on employee well-being by improving benefits that were often requested by our employees. Both benefits are well-liked and are a flexible way to support our employees’ well-being goals.

The key focus area in our new HR strategy is to enable our employees to grow within Aktia. One crucial initiative is to ensure that our current employees have opportunities to expand their competences and take steps in their careers within Aktia. In the summer of 2023, our new Aktia recruitment principles were introduced which emphasise diversity and inclusion and prioritise internal candidates. According to the principles, all new positions are first opened to Aktia employees, and all internal candidates are interviewed. This will enable our employees to find new career opportunities and support knowledge sharing across Aktia as internal movement is encouraged. Focus on diversity and inclusion is visible at Aktia, for example, according to the principle, the aim is for different genders to be represented among the final three candidates. This is especially taken into consideration when recruiting supervisors and directors.

The employee turnover rate for the entire Aktia Group was 19% in 2023. Transformation activities, including IT outsourcings and redundancy negotiations increased the rate during the year. The turnover was calculated by comparing the beginning of the year headcount to the year-end figure and is therefore not comparable to 2022 turnover rate, which was 7% and was based on quarterly calculation. If the same calculation methodology would have been used in 2022, as was used in 2023, the turnover rate would have been 23% for 2022.



**The key focus area in our new HR strategy is to enable our employees to grow within Aktia.”**

**Strong value- and strategy-based leadership**

Good leadership is a key factor to attain our goal of having committed employees. The foundations for the development of Aktia’s leadership are the company’s strategy and values, as well as the ability to lead in times of change.

In 2023 we strongly focused on setting clear and common understanding on how we lead in Aktia and ensuring leader capabilities. Development of leadership in 2023 included clarifying Aktia’s leadership principles and how we lead through our values. In addition, various trainings were organised for managers, such as coaching in leadership, legal training, and early support. We also invested in successor planning, starting with leadership roles. The aim is to carry out successor planning across the company in the future, both to support each employee’s own development and to ensure continuity in critical roles and capabilities.

In 2023, we also continued with senior management steering activities to promote good leadership, increase collaboration and share practices among managers. The senior management group meets approximately on a monthly basis to discuss these topics and to share information across the organisation.

As part of developing leadership, we focused on target setting and communicating our strategy through targets. In the renewed target setting

process, the focus has been on linking team and individual targets to Aktia’s high-level strategic targets and ensuring alignment across the Group. Group-level priorities were agreed on before different business areas and functions started their own target setting. All managers were involved in the target setting at an early stage to improve two-way communication. Manager days have been arranged both on group level and in each organisation to provide managers with peer support and to ensure alignment within each organisation.

We have organised several task structure model workshops, to make it more visible what kind of roles we have within the Group and what the competence requirements are for each role. This will help create more visible career paths, both linear and horizontal.

In 2023, Big Five personality tests were utilised in a targeted fashion, for example in managerial or specialist recruitments. The tests allow developing self-awareness and leadership, internal interactions, and the understanding of different personality types in the workplace.

Performance and development dialogues for the entire personnel are held twice a year. During the performance review, the set goals as well as the performance and the development plan are assessed for each employee.

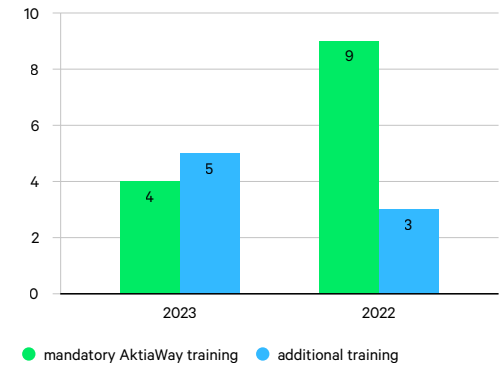
To support our personnel’s competence development, we started a six month pilot using Kauppakamari’s online training platform which offers extensive opportunities for development, including various coaching, e-learning packages and webinars, as well as certifications, available for a six-month period. All employees are encouraged to utilise the Kauppakamari training platform. Overall, we invested EUR 560 000 into developing our personnel in 2023. On average, each Aktia employee participated in various trainings for approximately 9 hours, of which 4 hours consisted of the AktiaWay training which is mandatory for all employees. Competence was developed particularly through diverse eLearning sessions. In addition, some of our employees, such as our employees working with investing, are provided with role-based learning.

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.

**Joint culture**

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. These were the guiding principles when building our

**Training (hours per person)**



new HR Strategy with a joint Aktia culture as one of its three focus areas. First step right after publishing the HR strategy was to have team dialogues about Aktia’s values and what do they mean to us and in our work at Aktia.

Building and honing our joint culture is a long-term process that every Aktia employee participates in. Small but visible actions are taken to continuously build our common culture by creating opportunities for our employees to meet each other in informal situations. In early 2023, Aktia began serving free breakfast porridge to employees in our locations.



The idea of the initiative is for employees to meet new and old colleagues before their workday begins. This small gesture has been well received and will continue also in 2024.

Another concept that was piloted during 2023 was Aktia Walk & Talk, a 30-minute walk in the middle of the day encouraging employees to take a break and go outside. No work-related issues are discussed during the walk, as the idea is to meet each other and take a breather during the workday. The concept was piloted in Aktia's HQ but has since been adopted in other Aktia locations as well.

### Siqni survey – understanding what is meaningful for employees

Finding improvement areas, increasing employee motivation and understanding what is meaningful for our personnel is central for developing our employee engagement and well-being.

All employees take part in the Siqni survey at least once a year. The main survey is carried out in the spring, and in the autumn, Siqni Trend maps the new responses from the same respondents, focusing on the issues that each employee has last selected as important to them. 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. Through Siqni, Aktia receives valuable data on where the company should focus on and where it needs to be more transparent.

The most meaningful work factors determined by Aktia's employees form an average index, revealing employees' average level of work enthusiasm. In autumn 2023, the index was 72, which is the same as in 2022. Aktia aims to improve the result further and reach the set target, which is at least 80.

Employee discussions are crucial in finding shared solutions and implementing change in lasting ways. Supervisors are required to discuss the Siqni survey findings in their teams and in one-on-one meetings with employees.

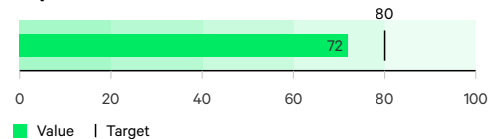
The results of the survey, together with processes that help to incorporate them into everyday work, provide a clear path for the HR work. Some specific areas, such as remuneration, will be developed over a longer period. During 2023 Aktia analysed its remuneration levels with the Confederation of Finnish Industries (EK) database showed that our compensation is on par or above industry average in Finland.

In the Siqni survey, opportunities for career progression and development in line with personal interests were both among the top 10 motivators at Group level. We invested in developing these areas during 2023. For example, in spring, we launched new recruitment principles, one of which is that all new positions are first opened internally to Aktia employees. Another new feature is the possibility for all employees to participate not only in job rotation but also in a new lighter concept, called job shadowing, and observe the work of another team or colleague for one to five working days. Job shadowing can broaden employees' understanding of Aktia as a company and employer and provides

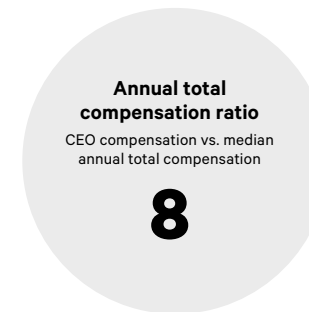
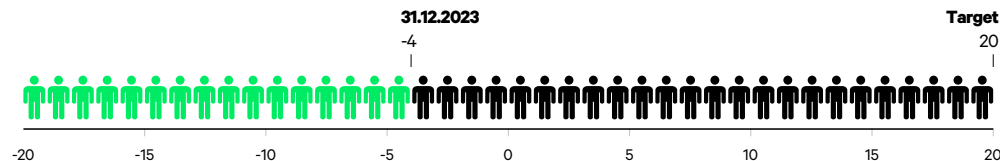
transparency on various career opportunities within Aktia. Job shadowing can also support employee career planning.

The theme of well-being also emerged as a theme in the Siqni survey. In 2023, we invested in this area by supporting the hybrid model and the possibility of working remotely abroad under certain conditions, continuing the daily morning porridge, introducing the Aktia Walk and Talk and bicycle benefit, and doubling the value of the sports and culture benefit. In addition, we had two pilot projects that supported well-being, occupational guidance and brief therapy.

#### Siqni flame Index



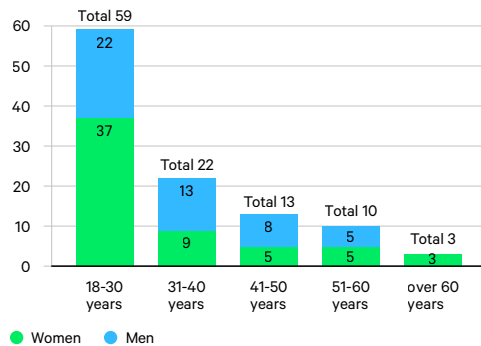
#### Employee net promoter score



### Promoting equality and diversity at Aktia

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, Code 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.

### Age & Gender distribution (new employees)

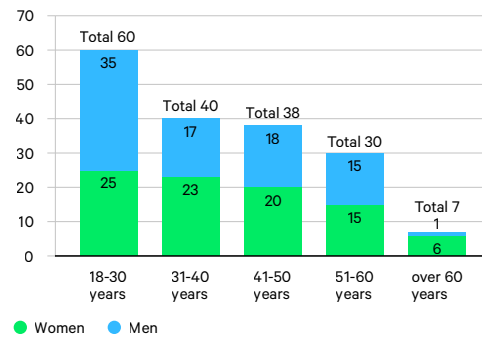


New employees for 2023 in total 107

Equal and non-discriminatory treatment is always promoted, starting from recruitment. Career advancement opportunities 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. In our new recruitment principles, equality and diversity issues have given special focus.

We monitor the development of diversity by examining the gender distribution figures of our personnel. Aktia has decided to participate in the SHE Index in 2023. The index, powered by EY,

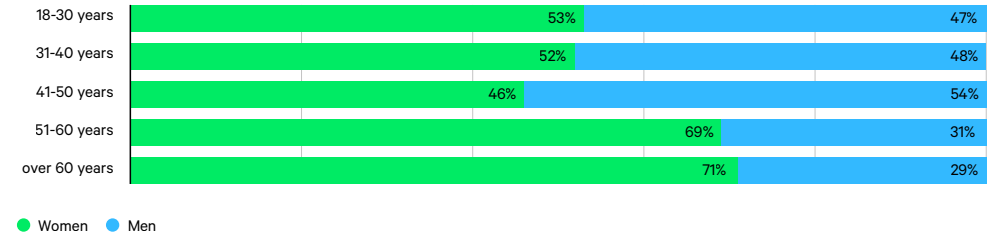
### Age & Gender distribution (employee turnover)



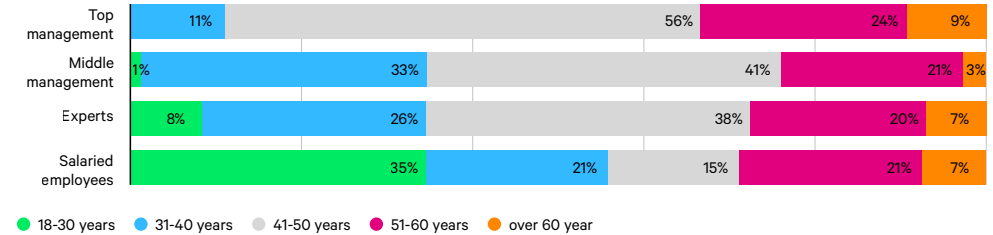
Employee turnover 19%\*

\* The turnover was calculated by comparing the beginning of the year headcount to the year-end figure and is therefore not comparable to 2022 turnover rate, which was 7%. If the same calculation methodology would have been used in 2022, as was used in 2023, the turnover rate would have been 23% for 2022.

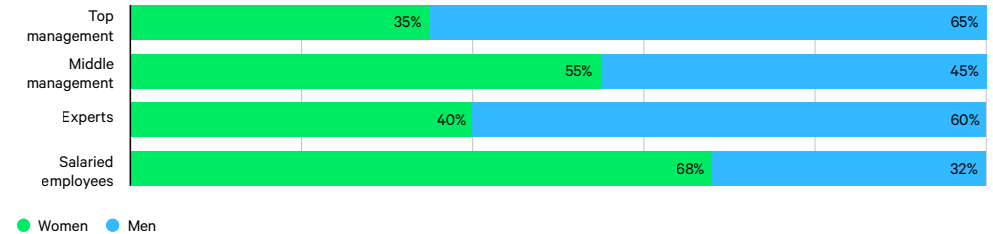
### Age & Gender distribution (all employees)



### Age distribution per employee category



### Gender distribution per employee category



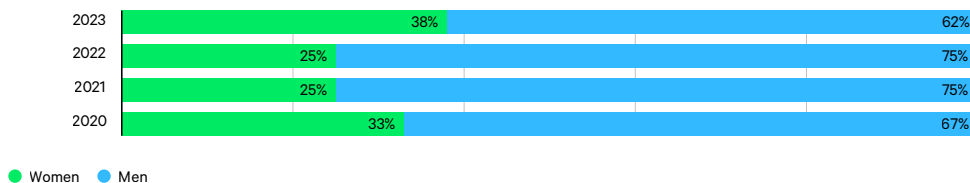
measures and compares gender balance in organisations. Aktia's SHE index score for 2023 was 74, which was the same as the average sector score for Finland. During 2023, we set our SHE target of reaching the average sector score 85 by the end of 2025.

Aktia complies with the collective agreements of the banking and insurance sectors in force. In addition to the collective agreements, we also comply with the regulations of Finnish labour law regarding the implementation of organisational changes and

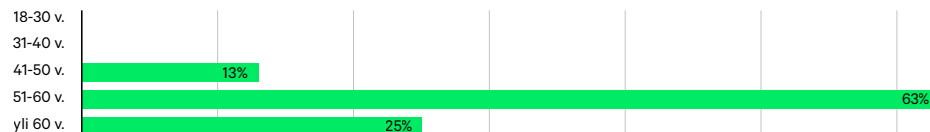
the period of advance notice given for them, as well as with national legislation that guarantees employees' freedom of association and the right to organise. In 2023, 94% of Aktia's employees were covered by a collective agreement. Only employees with managerial contracts were not covered by the collective 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 (consultants) but are in the process of drafting one.

### Gender distribution of the Board of Directors



### Age distribution of the Board of Directors\*



\* Age distribution for the Board of Directors has not been reported previously

Employees	2023	2022	2021	2020
Women	499	529	536	534
Men	399	435	421	392
Total	898	964	957	926

Employment contracts (headcount)	2023			2022			2021			2020
	women	men	total	women	men	total	women	men	total	total
Full-time employees**	434	355	789	465	382	847	467	378	845	812
Part-time employees**	65	44	109	64	53	117	69	43	112	114
Non-guaranteed hours employees	0	0	0	21	25	46				
Permanent employees	453	357	810	484	383	867				
Temporary employees	46	42	88	45	52	97				
Workers who are not employees*			535*			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. The consultants are not included in the Headcount figure.

\*\*Gender distribution data not available for 2020.

Occupational health and safety	2023	2022	2021	2020
Accidents, registered injuries	3	5	3	8
Absences due to illness (days)	8	7		
Absences due to illness (%)	2.9%	2.8%	1.8%	2.1%
Employee turnover (%)*	19.0%	7.0%	6.0%	17.2%

\*The turnover was calculated by comparing the beginning of the year headcount to the year-end figure and is therefore not comparable to 2022 turnover rate, which was 7%. If the same calculation methodology would have been used in 2022, as was used in 2023, the turnover rate would have been 23% for 2022.

Pay equality (Median salary of all employees)	2023		2022	
	monthly	annual	monthly	annual
Median Male Salary	5,713.00 €	68,556.00 €	6,000.00 €	72,000.00 €
Median Female Salary	4,119.00 €	49,428.00 €	4,035.00 €	48,420.00 €

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

# Planet

**We strive to 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), Principles for Responsible Banking (PRB) 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.

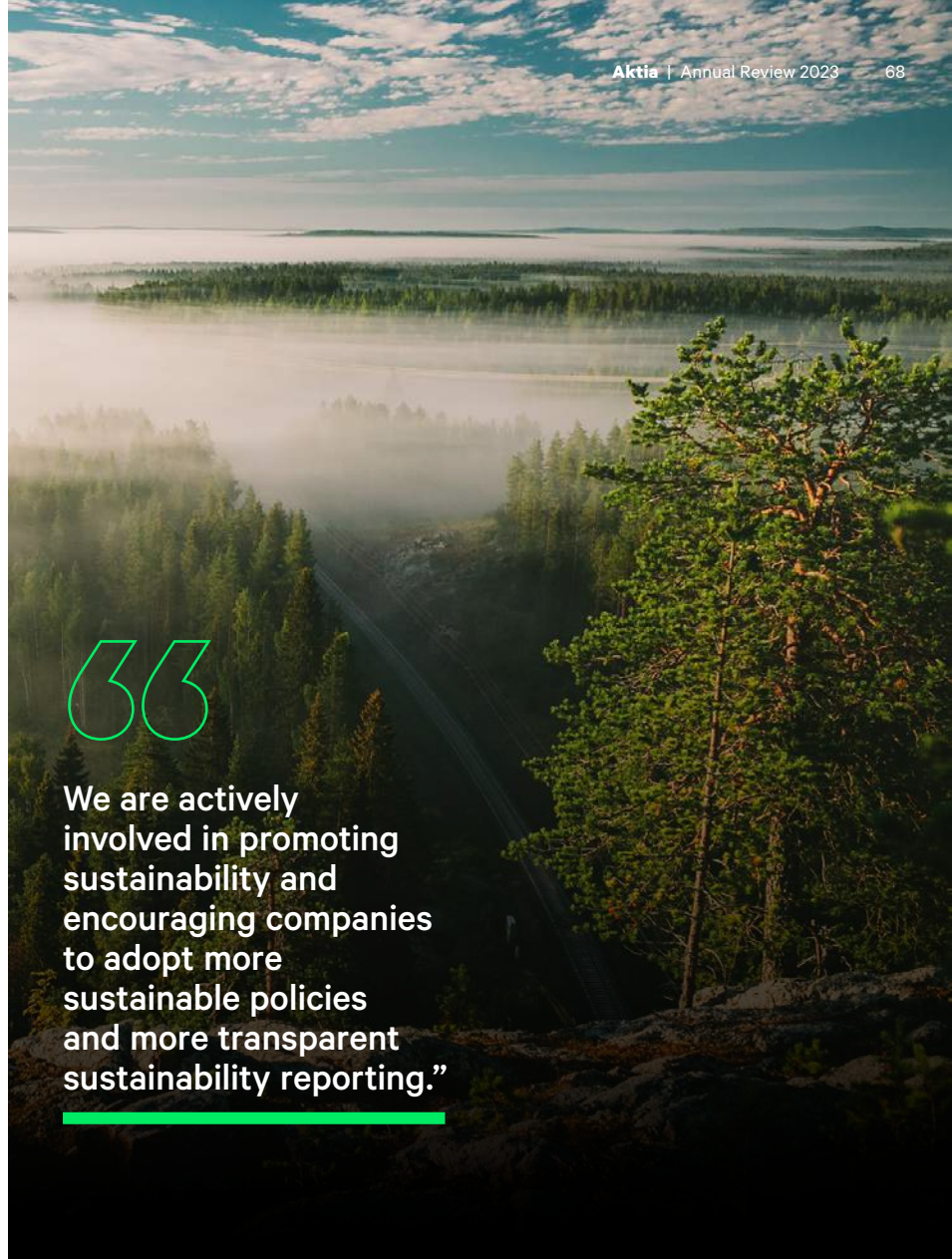
Our environmental sustainability work encompasses stewardship-related aspects as well as systematic actions in the sphere of Aktia's direct impacts.

Aktia is an official Signatory of the UN Principles for Responsible Banking and published its first PRB report during 2023. The Principles for Responsible Banking is the leading framework for ensuring that banks' strategies and practices are aligned with the UN Sustainable Development Goals and the Paris 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.

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.



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



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.

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.

Aktia's scope 2 (location-based) emissions increased with 18.51 CO<sub>2</sub>e tonnes compared to 2022 (425 CO<sub>2</sub>e tonnes), which is an increase of four percent.

The reason for the increase in scope 2 emissions is due to less estimations in calculation for district heating. Also, cooling consumption for Aktia's head office has been included in the energy consumption for 2023. This has an impact on the scope 2 emissions. The emissions derived from our own operations (scope 1&2) decreased with 59% compared to 2019 (1,070 CO<sub>2</sub>e tonnes), which amounts to 627 CO<sub>2</sub>e-tonnes. The year 2019 is the baseline year of our climate strategy and we aim to be carbon neutral in our own operations (including scope 3) by 2050. Scope 3 emissions have been excluded from the reduction figure as we have developed the reporting of scope 3 emissions during the past years to cover more emissions. Subsequently, the scope 3 emissions have increased significantly during the past years.

## Aktia's greenhouse gas emissions (GHG emissions)

Greenhouse gas emissions (GHG emissions), tonnes CO <sub>2</sub> e	2023	2022	2021	2020
Scope 1 (direct emissions)	0	0	0	0
Scope 2 (indirect emissions, location-based)	443	425	468	681
Scope 2 (indirect emissions, market-based)	297	220	440	not calculated
Scope 3 (other indirect emissions)	216,474	161,632	177,436	52,889

## Scope 3 GHG emissions, tonnes CO<sub>2</sub>

GHG protocol category and category name	2023	2022	2021	2020
Category 1: Purchased goods and services	80	380	313	315
Category 2: Capital goods	n/a	n/a	n/a	n/a
Category 3: Fuel and energy-related activities	4	4	6	19
Category 4: Upstream transport and distribution	n/a	n/a	n/a	n/a
Category 5: Waste generated in operations*	3	not calculated	not calculated	not calculated
Category 6: Business travel**	206	230	21	15
Category 7: Employee commuting***	289	305	78	300
Category 8: Upstream leased assets	n/a	n/a	n/a	n/a
Category 9: Downstream transportation and distribution	50	38	32	52
Category 10: Processing of sold products	n/a	n/a	n/a	n/a
Category 11: Use of sold products	n/a	n/a	n/a	n/a
Category 12: End-of-life treatment of sold products	n/a	n/a	n/a	n/a
Category 13: Downstream leased assets	n/a	n/a	n/a	n/a
Category 14: Franchises	n/a	n/a	n/a	n/a
Category 15: Investments****	215,842*****	160,674	176,986	52,188
Scope 3 total:	<b>216,474</b>	<b>161,632</b>	<b>177,436</b>	<b>52,889</b>

\*Waste figure includes paper waste data for Aktia's head office

\*\*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.

\*\*\*The employee commuting for 2022 has been restated due to change in calculation 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. For 2022 & 2023 the figure includes the above mentioned funds and in addition the fund UI Aktia Sustainable Corporate Bond.

\*\*\*\*\*The emissions from the loan portfolios have been included in the investment category. Therefore, the figure for 2023 is not comparable to the previous year's figures when only the emissions from investment portfolios were reported. The emissions, including scope 1 and 2, for the mortgage loans and a portion of the corporate loans have been incorporated into the 2023 figure. The emissions for the loan portfolio reported in category 15 cover approximately 60% of Aktia's total loan portfolio (in million euros)

### Climate impact of Aktia's funds

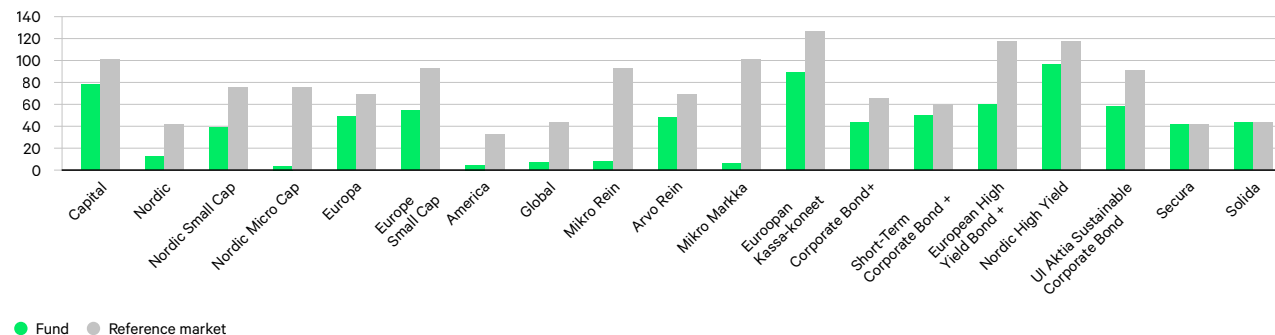
The carbon footprint of Aktia's own funds has declined over the years. At the end of December 2023, the relative carbon footprint of funds managed by Aktia was 52% lower than the benchmark index and 9.3% lower compared to 2022. Our investment strategy in equity funds favours less capital-intensive companies that typically also have a favourable emission profile. In corporate bond portfolio management, we favour energy producers that seek to reduce their CO2 emissions.

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

### Climate impact of Aktia's loan portfolio

Aktia's loan portfolio consists of mortgage loans, consumer credit and corporate loans. The vast majority of emissions in Aktia's loan portfolio arise from the corporate loan portfolio (79%). In terms of corporate loans, the largest shares of emissions arise from Electricity, gas and heating maintenance, cooling business (41%), Real estate operations (28%) and Finance and insurance operations (16%) sectors, while largest shares of loan amounts are within Real estate operations (55%) and Finance and insurance

Relative carbon footprint of Aktia's funds 2023, tonnes of CO2 e/ million euros invested



operations (18%). The emissions from mortgage loans arise from heating and electricity consumption. Apartment buildings and residential properties have the biggest impact on the carbon footprint of Aktia's mortgage portfolio, being also the largest in terms of quantity. Emissions from consumer credit form a larger share of emissions than mortgage loans, even though the monetary loan amount of mortgage loans is many times higher.

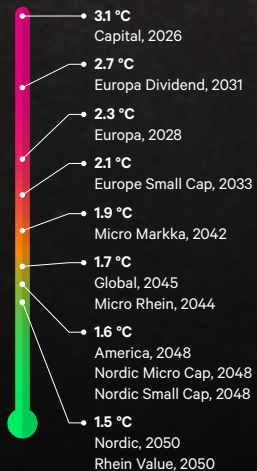
The loan portfolio's carbon footprint decreased 14% since 2022. Part of Aktia's climate strategy is to reduce the carbon footprint of Aktia's loan portfolio, including corporate loans and mortgage loans.

Carbon footprint of the loan portfolio 2023	2023					2022	Change to previous year, 2022
	pcs	M€	tCO2e	% share of emissions	tCO2e/M€	tCO2e/M€	
Corporate loans	8,908	2,726.30	758,290.52	79%	278.14	350.16	-21%
Mortgage loans	42,168	4,225.03	43,140.90	5%	10.21	15.00	-32%
Consumer credit	13,928	569.65	153,282.47	16%	269.08	292.09	-8%
<b>Total</b>	<b>65,004</b>	<b>7,520.98</b>	<b>954,713.89</b>		<b>126.94</b>	<b>148.29</b>	<b>-14%</b>

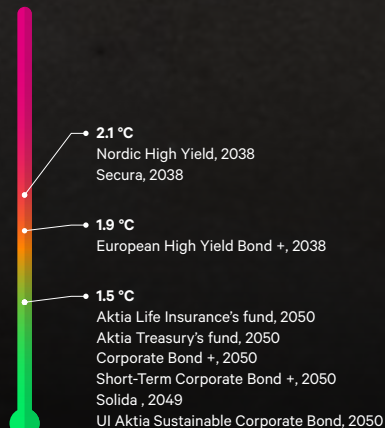
## FUNDS' ACCORDANCE WITH THE PARIS CLIMATE AGREEMENT 1.5 DEGREE SCENARIO

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



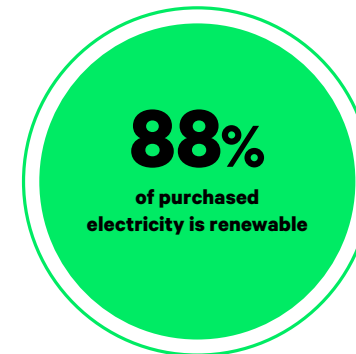
### Balanced funds and credit funds and portfolios



## Office premises and travel

Our head office is located in energy-efficient premises that have received the BREEAM (BRE Environmental Assessment Method) Excellent environmental rating, which is the second highest score. 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 majority of our offices and utilises modern technology and automation to reduce energy usage by, for example, applying motion sensors to operate lightning. In addition to our head office, we have lighting operated by motion sensors also in our other renovated or new locations (Tapiola, Tampere, Karjaa, Kuopio and Vaasa). The nationwide energy saving campaign "Astetta alemmas" continued in 2023 in Aktia's head office together with the landlord, Sponda. In 2023 we had green electricity in all locations where Aktia has its own electricity contract. 88% of our purchased electricity is green.



Aktia has continued working in the hybrid mode since COVID-19 and we want to continue applying the positive learnings from the pandemic such as utilising teleconferencing and collaboration tools instead of always travelling to curb our emissions.

For waste data for our head office, we are not able to receive reliable waste data as there are several tenants in the same building. Development of waste data quality will be part of our WWF green office actions during 2024.

Energy consumption and energy intensity of all business premises leased by Aktia (regarding electricity and heating)	2023	2022	2021	2020
MWh	3,753	2,958	3,585	4,616
MWh/ FTE	4.51	3.32	4.15	5.68
MWh/operating income	12.90	11.63	13.59	22.95
MWh/AUM	0.27	0.22	0.23	0.44
MWh/sqm	0.29	0.21	0.22	0.26

Emission intensity (scope 2, location based)	2023	2022	2021	2020
tonnes CO2e/FTE	0.53	0.48	0.59	0.84
tonnes CO2e/operating income	1.52	1.67	1.92	3.39
tonnes CO2e/AUM	0.03	0.03	0.03	0.07
tonnes CO2e/sqm	0.03	0.03	0.03	0.04

We actively monitor the climate risks and opportunities in relation to Aktia's business. We report on these matters in 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 2023.

### Air travel

Aktia has since 2022 used the Thrust Carbon methodology for calculating the flight emissions derived from air travel. The Thrust Carbon methodology considers the RFI (Radiative Forcing Index) factor making the calculation method more accurate (Thrust Carbon RFI factor is 1.9) compared to the DEFRA methodology that was used for calculating the flight emissions before year 2022. Due to the change of calculation methodology, the flight emissions for year 2023 and 2022 are not comparable to figures reported for 2021 and 2022. The flight kilometres for 2023 slightly decreased compared to 2022, which also led to a decrease in 2023 in emissions derived from flights. The interim goal for 2023, to be carbon neutral in business travel, was achieved through carbon compensations.

Flight emissions & flight kilometres	2023	2022	2021	2020
Flight kilometres	970,130	1 079,391	150,740	104,790
Flight emissions, kg CO2e*	206,040	230,240	20,769	14,616

\*2020-2021 emissions calculated with DEFRA methodology and 2022-2023 with Thrust Carbon methodology.

### 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 and good business practices, social and environmental considerations, employee and human rights and 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 widening its scope as contracts are renewed.

We consider potential sustainability risks in our supply chain on an ongoing basis. In the past years, we have 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.

In 2023, we centralised our IT procurement and standardised vendor management practices in the whole Group. One significant project was to review our entire supplier catalogue, agreements and spend to identify critical points for supplier evaluations including sustainability criteria in the coming years. We also updated our general Procurement policy which refers to our Green Procurement Policy and Supplier Code of Conduct.

### Making a difference with active ownership and engagement

Aktia has diverse methods of active ownership and engagement. These include engagement dialogues with companies (pooled engagement), participation in engagement campaigns and investor initiatives together with other investors, business meetings, participation in annual general meetings and the exercise of voting rights at general meetings (proxy voting), as well as participation in companies' nomination boards. Aktia uses engagement with companies 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.



Active ownership and corporate engagement are important methods through which Aktia in its investment activities strives to influence the investment objects' responsibility. Aktia has written a separate policy for stewardship and corporate governance as guidelines for rights and ownership connected to equity and corporate bond investments. The principles comply with applicable regulation and the recommendations on corporate governance in the business.

Through direct engagement with the companies that 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 assets. 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 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.

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 dialogues on a global scale. In 2023, we participated in an engagement dialogue with 130 different companies across 193 topics through ISS ESG. Of these topics, 77 focused on the environment, 13 on corruption, 57 on human rights, 46 on labour rights.

Our portfolio management also performs direct engagement campaigns. During 2023, we carried out a total of 12 separate engagement discussions or measures. The topics were related to, for example, corporate governance and possible shortcomings and potential for improvement, corporate actions in relation to the companies business operations in Russia and companies' overall ESG strategy and product portfolios.

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. In 2023, we attended a total of 286 general meetings, of which 277 were attended via the voting service and 9 outside the voting service. In these general meetings, the funds voted on a total of 4798 voting items, of which 513 against the management's recommendation (11% of the voting items).

By having representation in companies' Nomination Boards, 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.



**We can also influence the way companies address climate issues by using our voting rights in annual general meetings.”**

# Reporting principles

## Materiality

Aktia's current sustainability programme was updated and adopted in 2022 to align better with Aktia's strategy. 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.

In 2023, Aktia conducted a double materiality assessment (DMA) together with The Upright Project to assess Aktia's impact on the environment and the society (impact materiality) as well as the potential or actual financial risks and opportunities (financial materiality) the environment and society have on Aktia's operations. The relevant sustainability topics for Aktia were identified, and based on the DMA, a gap-analysis was conducted to identify development areas to ensure alignment with the CSRD in the 2024 report. The development work will continue during 2024.

## Determining focus areas

Aktia conducted a stakeholder analysis in 2020 and that was used as a basis for determining the focus areas for the current sustainability programme.

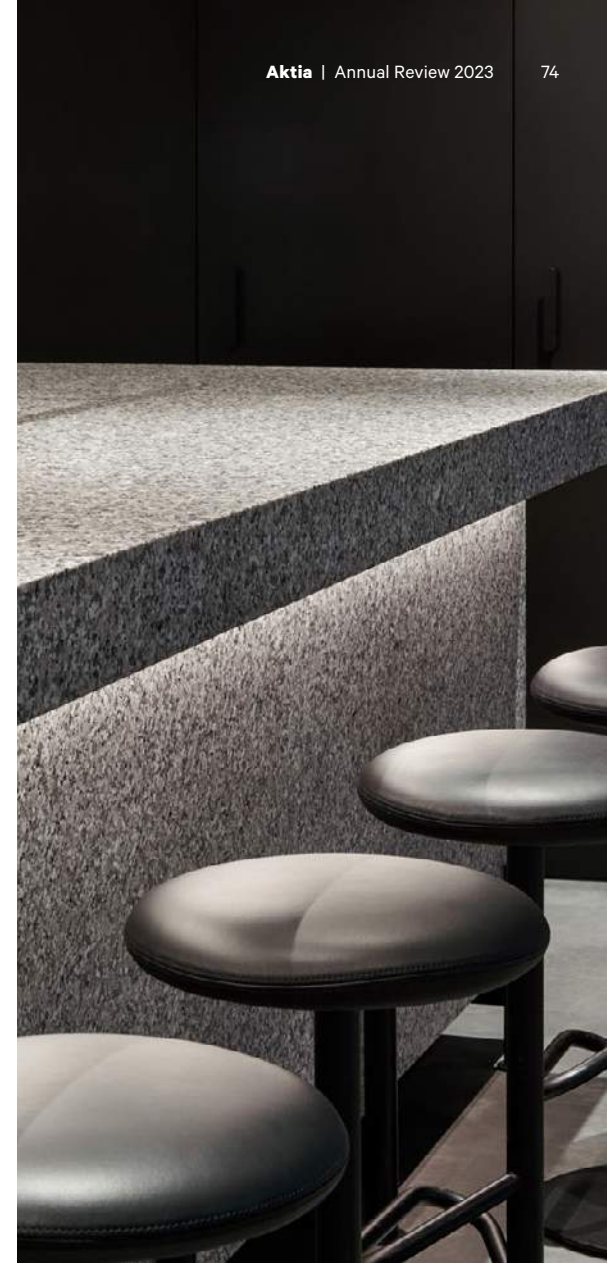
The 2020 materiality analysis was complemented by a trend and peer analysis to determine topics that have the biggest impacts within the financial industry's working environment as well as a questionnaire for Aktia's employees to find out their views. Finally, from the questionnaire results, Aktia's ESG team determined the focus areas for the program based on workshops with 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 utilised to determine the topics that have the most actual and potential impacts on the economy, environment, and people.

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).

## 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 list of material topics will be updated in 2024 based on the conducted double materiality assessment and further reported in the CSRD reporting disclosed in 2025. We will also validate the identified sustainability topics and their alignment with the current sustainability programme.



### Thirteenth sustainability report by Aktia

Aktia's corporate responsibility 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, and the assurance statement is included in this report on page 84.

The financial period of the company is the calendar year, and the sustainability report is published annually. Unless otherwise stated, the information in the report concerns the financial period of 1 January to 31 December 2023. And all the figures presented in the report are per 31 December 2023, unless otherwise stated. The previous sustainability report was published on 15 March 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 in 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 2025 in accordance with the CSRD.

### 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 on economic and social responsibility covers all Aktia's units and every employee in Finland. The report on environmental responsibility covers all Aktia's 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 indicators, we only have data from the past three years.

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 heating consumption for the head office and the associated emissions is based on consumption data. Currently, for Aktia's other premises (all leased) 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 Scope 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 Motiva's average CO2 emission factor for electricity production in Finland, calculated as the average of the last three statistical years (2019–2021), 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 that Aktia has received guarantees of origin), emissions from consumed electricity produced with non-renewable energy, have been calculated using Fortum's residual mixes for 2022 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 (2019–2021), 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 2023. 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 5 'Waste', we have been able to report paper waste for Aktia's head office. The waste data was received from our recycling partner Encore. We used WWF's emission factors 2023 for paper waste. For

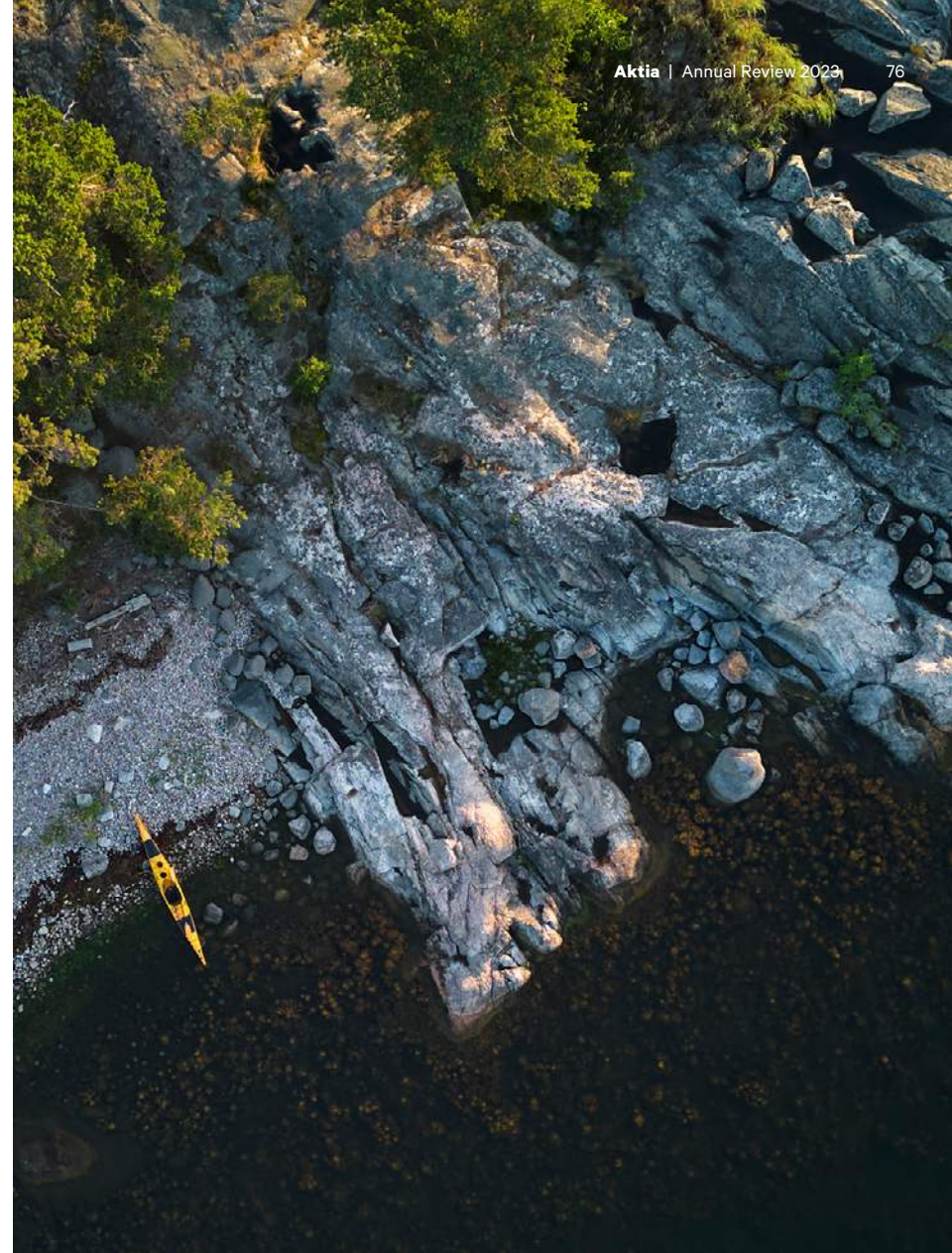
category 7 'Employee commuting', we utilised estimates and made assumptions. We used our headcount and the number of working days in 2023 and the average commute to work from Traficom. Calculations were made based on the assumption that 50% of the work was remote, and when working at the offices, 50% 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 2023 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 service Posti. For category 15 'Investments', the emission data for our funds are derived from ISS ESG's climate tool. The reported emissions for the investment portfolio covers 24% of Aktia's total assets under management. For 2023, we have added the emissions derived from Aktia's loan portfolio (including Scope 1 and 2) to category 15. The reported emissions for the loan portfolio covers 57% of Aktia's total loan stock. In accordance with the PCAF methodology, the financed emissions coverage is 10% for the asset class of "Business loans and unlisted equity", while it is 100% for the asset class of "Mortgages". The loan portfolio's emissions are calculated by our partner Green Carbon.

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. The guidelines for

the "Mortgages" category of the PCAF standard were followed in the calculation of mortgage emissions. The calculation took into account at least the energy consumption of the loaned properties, i.e. electricity and heat. Emissions from business 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. For consumer loans the calculation was calculated according to motor vehicle loans and mortgage asset class category. The rest of the consumer loans were calculated according to the "Project loans" category of the PCAF standard and EXIOBASE emission database. Study and investment loans were excluded from the calculation. The quality of the data is reported in accordance with PCAF's five-step quality data scale from one to five, with one representing the highest quality data and five the lowest quality. Aktia's loan portfolio scores in total 4.4 (corporate loans 4.9, mortgage loans 4.0 and consumer credits 5.0). For the investment portfolio (asset class "Listed equity"), the data quality scores are currently not available.

### 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 2023 and applies with the reporting principles of GRI 1: Foundation 2021.

GRI standard	Reporting requirements	Reporting reference	Reporting/omission 2023
2-1	Organizational details	<a href="#">6</a>	Aktia's head office is located in Helsinki, Finland.
2-2	Entities included in the organization's sustainability reporting	<a href="#">6, 72</a>	
2-3	Reporting period, frequency and contact point		The reporting period is 1st of January to 31st of December 2023. The Annual Review is published once a year. The reporting period is the same as for the financial reporting. The Annual Review is published on the 13th of March 2024. Contact point: <a href="mailto:esg@aktia.fi">esg@aktia.fi</a>
2-4	Restatements of information		The scope 3 category 7 Employee commuting figure for 2022 has been restated in the Annual review 2023. The updated figure for 2022 is 305 tCO2. The restatement of this figure is due to change in use of data source.
2-5	External assurance	<a href="#">85-86</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="#">66-67</a>	
2-8	Workers who are not employees	<a href="#">67</a>	
2-9	Governance structure and composition	Corporate Governance Report 2023 <a href="http://www.aktia.com">www.aktia.com</a> > <a href="#">Investors &gt; Corporate Governance &gt; Board and Committees</a>	All board members represent all shareholders, independence of board members is reported in Corporate Governance report

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 2023
2-10	Nomination and selection of the highest governance body	Corporate Governance Report 2023  <a href="http://www.aktia.com">www.aktia.com</a> > <a href="#">Investors &gt; Corporate Governance &gt; Shareholders Nomination Board</a>  <a href="#">Principles concerning diversity of the Board of Directors</a>	
2-11	Chair of the highest governance body	Corporate Governance Report 2023	
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">37-38</a>	
2-13	Delegation of responsibility for managing impacts	<a href="#">37-38</a>	
2-14	Role of the highest governance body in sustainability reporting		This report has not been approved by Aktia's Board of Directors. However, the previous conducted materiality assessment and the result of it, the sustainability programme, has been approved by the Board of Directors. The Board of Directors holds the highest governing power over sustainability issues.
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>  Financial Review 2023, related party transactions	The procedures related to handling of conflicts of interest is described in Aktia's Code of Conduct.  Information related to major shareholders can be found: <a href="https://www.aktia.com/en/investors/shareholder-information/major-shareholders">https://www.aktia.com/en/investors/shareholder-information/major-shareholders</a>

GRI standard	Reporting requirements	Reporting reference	Reporting/omission 2023
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 2023 there were no whistleblowing cases.
2-17	Collective knowledge of the highest governance body	<a href="#">37-38</a>	
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 2023	
2-20	Process to determine remuneration	Remuneration Report 2023	
2-21	Annual total compensation ratio	<a href="#">65</a>	
2-22	Statement on sustainable development strategy	<a href="#">27-28, 37</a>	The Board of Directors holds the highest governing power over sustainability issues and the on Board level, the Audit Committee oversees ESG development and the progress of the sustainability programme. Sustainability matters are on the agenda of Aktia's Executive Committee as well as the Board of Directors regularly.
2-23	Policy commitments	<a href="#">45-46</a> , the Non-financial information report in the Financial Review 2023	
2-24	Embedding policy commitments	<a href="#">45-46, 51-53, 56, 66-67</a>	
2-25	Processes to remediate negative impacts	<a href="#">35-36, 45-46, 81</a>	Omission, information incomplete: Currently Aktia has not an established human rights due diligence process in place in accordance with the The United Nations (UN) Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. We aim to develop and establish a rigorous human rights due diligence process in the near future.

GRI standard	Reporting requirements	Reporting reference	Reporting/omission 2023
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">45-46, 81</a>	
2-27	Compliance with laws and regulations		There have been no non-compliance cases in 2023.
2-28	Membership associations	<a href="#">33</a>	
2-29	Approach to stakeholder engagement	<a href="#">35-36</a>	
2-30	Collective bargaining agreements		Aktia complies with the collective agreements of the banking and insurance sectors valid at the time. In 2023, 94% 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="#">74</a>	
3-2	List of material topics	<a href="#">74</a>	
3-3	Management of material topics	<a href="#">82-84</a>	
<b>Economic impacts</b>			
<b>Economic Performance</b>			
201-1	Direct economic value generated and distributed	<a href="#">7, 13, 51-53</a>	
201-2	Financial implications and other risks and opportunities due to climate change	The Non-financial information report in the Financial Review 2023	
<b>Procurement Practices</b>			
204-1	Proportion of spending on local suppliers		Proportion of spending on Finnish suppliers is 82%. Aktia defines local suppliers as Finnish suppliers as this is where Aktia operates.

GRI standard	Reporting requirements	Reporting reference	Reporting/omission 2023
<b>Anti-corruption</b>			
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">45-46</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 during 2023.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No legal actions pending or completed during 2023.
<b>Environmental Impacts</b>			
<b>Energy</b>			
302-1	Energy consumption within the organisation	<a href="#">71-72</a>	<p>Omission, information incomplete: Instead of joules, Aktia gathers and reports energy consumption data in MWh.</p> <p>88% (1,165 MWh) of our electricity consumed was from renewable sources and 12% (153 MWh) from non-renewable sources. 53% (1,155 MWh) of our district heating consumed was from renewable sources and 47% (1,009 MWh) from non-renewable sources. Our leased premises through Sponda have district cooling from renewable sources (271 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.</p>
302-3	Energy intensity	<a href="#">72</a>	

GRI standard	Reporting requirements	Reporting reference	Reporting/omission 2023
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. The total energy consumption compared to previous year was 795.4 MWh higher compared to previous year (2022). The calculation for energy consumption has been developed and more precise compared to previous year, which results in a higher energy consumption for 2023. Also cooling consumption has been added for Aktia's head office.
<b>Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	<a href="#">69</a>	
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">69</a>	
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">69</a>	
305-4	GHG emissions intensity	<a href="#">72</a>	
305-5	Reduction of GHG emissions	<a href="#">69</a>	<p>Change in GHG emissions compared to previous year (2022): Scope 1: No change Scope 2 (location-based): 19 tCO2 Scope 2 (market-based): 78 tCO2 Scope 3: 54 842 tCO2</p> <p>The increase in Scope 2 emissions is due to less estimations in calculation for district heating. Cooling for Aktia's head office has been included in the energy consumption for 2023 which has a direct impact on both Scope 2 location and market based figures.</p> <p>The increase in Scope 3 figure is because the emissions (Scope 1 &amp; 2) for Aktia's loan portfolio (mortgage loan &amp; corporate loan (financial leasing &amp; installment payment) have been included in the Scope 3 category 15 (Investments) which significantly increases the emissions compared to previous year.</p>

GRI standard	Reporting requirements	Reporting reference	Reporting/omission 2023
<b>Social Impacts</b>			
<b>Employment</b>			
401-1	New employee hires and employee turnover	66	Omission, information incomplete: Aktia does not report the total number of new hires by region or the total number of employees that left the company by region, as this is considered not to be relevant information as all of Aktia's employees are located in Finland.
<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 2023
403-3	Occupational health services	62-63	
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 monitors it by conducting workplace audits.
403-6	Promotion of worker health	62-63	
403-9	Work-related injuries		<p>The main type of injury is related to dislocations, sprains and strains.</p> <p>Omission, information incomplete: Aktia's reporting focuses on the number of work-related injuries (Accidents, registered injuries). 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.</p> <p>No fatalities in 2023.</p>
<b>Training and Education</b>			
404-1	Average hours of training per year per employee	64	Omission, information incomplete: Currently the trainings system in use does not support reporting of training hours per gender or per employee category. This is something we are looking in to develop in the future and in connection with the CSRD reporting.
404-2	Programmes for upgrading employee skills and transition assistance programmes	64	Omission, information incomplete: Currently Aktia does not have established transition assistance programs in place to facilitate continued employability or supporting career endings resulting from retirement or termination of employment.
404-3	Percentage of employees receiving regular performance and career development reviews		Omission, information incomplete: The performance reviews for the entire personnel, assessing the goals, performance, and development plans of individual employees, have continued twice a year. Currently we are not able to calculate the percentage due to information not available in system. The HR system was updated during 2023 and we are looking into the possibility to develop the follow up on regular performance.



GRI standard	Reporting requirements	Reporting reference	Reporting/omission 2023
<b>Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	<a href="#">66-67</a> , Corporate Governance Report 2023	
<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 2023.
<b>Customer Privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">47-48</a>	No substantiated complaints in 2023.

# Management approach

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

### 2-23 Policy commitments

Aktia's Code of Conduct

Group's governance principles

Sustainability programme

The Group's climate policy

Climate strategy

UN supported Sustainable Development Goals

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

Charity and sponsorship policy

### 2-24 Embedding policy commitments

Investment decisions and portfolio management based analysis and view of positive and negative factors, including ESG and impact

Partnerships with ESG data and service providers, including Morningstar/Sustainalytics, ISS ESG, and The Upright Project

Instructions for the Group's employees to report any infringements of the Code of Conduct and non-ethical business methods or suspicions thereof ("whistleblowing")

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	AktiaWellbeing programme (personnel wellbeing programme)	Performance reviews for the entire personnel
Employee experience	GRI 401: Employment GRI 402: Labour/Management relations	Equality and diversity in Aktia	Employee policy, including the principles of equal opportunities	Diverse eLearning opportunities
DEI (Diversity, Equity & Inclusion)	GRI 403: Occupational Health and Safety GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity	Diversity and equality in society	Protecting employees with whistleblowing guidelines Aktia Group's diversity and non-discrimination policy Equality plan Remuneration policy Compensation policy Health & Safety policy	Training program for our supervisors AktiaWellbeing program and the AktiaWellbeing concept Monitoring of employee wishes through Siqni survey tool Monitoring eNPS results Monitoring occupational health and safety matters Monitoring the SHE index to improve gender balance in the organisation.
<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 GRI 205: Anti-corruption	Aktia's performance in ESG ratings		Stress tests and scenario analyses to evaluate position and identify risks
Information security	GRI 206: Anti-competitive Behavior GRI 415: Public Policy GRI 419: Socioeconomic Compliance	Net impact ratio of Aktia Bank Plc according to the Upright Project Secured and protected data	Aktia information security directive	Processes for preventing money laundering and corruption Mandatory compliance trainings for employees 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 Whistleblowing channel for internal and external stakeholders

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	Emissions calculations for Scopes 1, 2, and 3 based on the GHG Protocol guidelines
Minimizing Aktia's own environmental impact	GRI 302: Energy GRI 305: Emissions	Curbing emissions	Aktia's principles for Responsible investment Aktia's principles for Responsible lending	Loan portfolio emission calculation according to PCAF
		Minimising Aktia's own emissions	Investor initiatives which are described in closer detail under the heading Memberships, commitments, and sustainability initiatives	Monitoring of climate risks and possibilities and CDP reporting
		Maximising Aktia's energy efficiency		Green Office team implements and shares ecologically sound practices
		Supporting local (Finnish) suppliers	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, Green procurement guidelines	

In addition to the information presented in this management approach table, the sustainability section in the Annual Review covers:

- 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.

The section "Aktia's Co-operation with stakeholders" in the Annual Review provides an overview of stakeholder engagement and its impact on Aktia's sustainability programme and sustainability actions.

# 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 2023 and Non-financial report presented in Financial review 2023 for the year ended on 31 Dec 2023 (the “Sustainability Information”).

The Sustainability Information consists of the numerical indicators presented in the GRI content index as part of the Annual Review 2023 and non-financial key performance indicators in the Non-financial report 2023 as part of Aktia’s Financial Review 2023.

## Management’s responsibilities

The management of Aktia (the “Management”) is responsible for the preparation and presentation of the 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 data provided by external providers, we have compared information provided by these and the information reported by Aktia as part of its Sustainability Information. We have assessed

data accuracy and completeness against either the GRI Sustainability Reporting Standards or Aktia's reporting principles as assurance criteria for other information.

- We have assessed alignment with the GHG Protocol PCAF-methodology, regarding financed emissions (scope 3, category 15) calculations for the loan portfolio and investments, including calculations for mortgages, corporate loans (business and project), corporate loans for vehicles and mutual funds.

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, 13 March 2024  
KPMG Oy Ab

### **Tomas Otterström**

Partner, Advisory

### **Marcus Tötterman**

Authorised Public Accountant

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**BIC/S.W.I.F.T: HELSFIHH**

# Aktia