

Sustainability reporting disclosure within banking industry in Finland and Sweden

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Abstract

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The abstract presents the key issues of a thesis in such a way that the reader gets a good understanding of the main points that the report covers. The abstract presents the background of the thesis, the goals, scope, implementation, methods, timing, as well as results and conclusions of the study. The abstract follows the same order as the report.

Corporate social responsibility (CSR) is a subject that has been around for quite some time and it is being researched by scholars around the world. Corporate social responsibility is about how organization runs its business without hurting the society for the sake of the next generation. CSR is about how companies manages the business processes to produce overall positive impact on society. One of the means for organization to show their economic, environment and social impacts is through sustainable reporting. Organizations utilize sustainability reporting to communicate and to measure their economic, social and governance performance. Commonly organizations adopt GRI Standards framework to guide through the reporting process.

Financial institutions have a major role in sustainability development through their business activities such as investment, funding and lending. Banks that operate within the European union have presented great strength and robustness to adopt changes and to improve their financial system.

Purpose of this research is to analyse extensiveness of sustainability reporting within three banks from Finland and three banks from Sweden. The selected banks from Finland are Nordea bank, OP bank and Aktia bank. Banks from Sweden are Handelsbanken bank, SEB bank and Swedbank. This is a comparative research. The research provides users knowledge of sustainability reporting and how the reporting is being carried out within the analysed banks. The research is trying to find out differences and similarities between the approach to the topic in two countries.

Research method of this study is qualitative secondary research. All sustainability reporting from six analysed banks was collected during the research. Global Reporting Initiative standard disclosures, guidelines and requirements are used as a benchmark. All information needed for this research comes from online sources such as banks' sustainability reports, annual financial reports and information from banks' websites.

The result of this research concludes that there are no outstanding dissimilarities between Finnish banks sustainability report disclosures to Swede banks. All the studied banks have reported more social-related disclosures than economic nor environmental.

Keywords

Corporate social responsibility, CSR, sustainability, sustainability reporting, sustainable development, banking industry, GRI

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1 Introduction

This chapter gives background information on the reasons and circumstances that led author into choosing this research topic. The background information will be followed by research topic limitations to describe framework of the research. Later in this chapter research questions of the thesis will be described in detail. The chapter will also explain benefits of the research. At the end of this part, companies chosen for case studies will be introduced briefly and selection process will be explained.

1.1 Background

Public awareness of environmental threats, climate change and non-renewable resources has grown in the last years. The most successful companies are more transparent regarding their footprints on the environment. Companies have realized benefits of being environmentally conscious and they have understood that it is something that will interest the investors and customers as well. Because of that and legislation passed during past years, companies have created so called social responsibility programs. In these responsibility programs companies are showing their stakeholders their business impact and their responsibility. Big companies need to produce their environmental performance annually along with its financial report.

Corporate social responsibility (CSR) report is a non-financial report that demonstrate impact, goal, achievement, determination and effort regarding economic, environment and societal aspects. "A strategic approach to Corporate social responsibility is increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management and innovation capacity". (European Commission 2011, 3.) This is an undeniable statement. A good corporate social responsibility will give a better grasp to face the future and take part in this competitive market. It provides companies competitive advantages to stand out from their competitors. A good CSR programme also attracts future employees (Vertigans 2017, 166). It can also make existing ones to stay or make them even more loyal. To be part of something that gives back to the society without giving up the privilege of having job, brings extra value to employees personally and professionally.

Nowadays companies communicate their CSR approach towards social, environmental and governance performance by non-financial reporting. European Union have amended sustainability reporting from being voluntary to mandatory for public entities which have an average of 500 employers (Directive 2014/95/EU of The European Parliament and of The

Council). According to the directive it must be accountable not only for the shareholders but also to the stakeholders.

Financial sector has a huge contribution in facilitating the economic and social development. Financial institutions, such as banks, play major part in providing finance to companies and consumers and the drivers of corporate social responsibility (OECD 2001, 112). Therefore, the author finds Corporate social responsibility and reporting it, particularly in banking industry, remarkably interesting topic for her thesis' research topic.

This research analyses sustainability reports of six banks from Finland and Sweden practising Global Reporting Initiative standard. Selected banks from Finland are Nordea Bank Abp, OP Financial Group and Aktia Bank Abp. Handelsbanken, SEB and Swedbank were selected from Sweden. Aim of the research is to find out nature of sustainability reporting extensiveness, materiality assessment and sustainability target of the selected banks.

To streamline the comparison process between the selected banks, Global Reporting Initiative (GRI) was chosen as a benchmarking tool in this research. Global Reporting Initiative framework is widely used in sustainability reporting and it also provides guidelines and accepted global framework (OECD 2001, 14). Using Global Reporting Initiative gives an opportunity to have a measurement-tool for comparison.

Awareness of being sustainable, to live righteously not to hurt the mother earth more, to contribute to sustainable development in all its dimensions rises attention towards organizations' CSR and sustainability reporting. Since the author live in Finland and is a custom-er of one Finnish bank being analysed in this research, she is intrigued to find out the CSR reporting level of Finnish banks and compare it to neighbouring country Sweden.

1.2 Research questions

Research questions that will be answered in this thesis are:

RQ: How do sustainability reports within banking industry look like in Finland and Sweden and what are the differences between their approaches to sustainable business?

IQ1. How is the general disclosures overview?

- IQ1.1: How detailed is public information on organizational profile?
- IQ1.2: What is the organization's strategy in respect to sustainability?
- IQ1.3: What information is public regarding organization's ethics and integrity?
- IQ1.4: What kind of information on corporate governance is included in the report?
- IQ1.5: How detailed is public information regarding stakeholders' engagement?
- IQ1.6: Reporting practice?

IQ2. How is the management approach on topic-specific (Economy, Environment and Social) disclosure?

- IQ2.1 Material topic and its boundary?
- IQ2.2 Management approach and its component?
- IQ2.3 Evaluation of the management approach?
- IQ2.4 GRI standard indicator?

IQ3. What are the similarities and differences between the selected banks?

Table 1. Overlay matrix

Investigative question	Theoretical Framework	Research Methods	Results
IQ 1.1	GRI Standard Glossary GRI 101 GRI 102/1 - 13	Qualitative secondary research	Page 29
IQ 1.2	GRI Standard Glossary GRI 101 GRI 102/14	Qualitative secondary research	Page 30
IQ 1.3	GRI Standard Glossary GRI 101 GRI 102/16	Qualitative secondary research	Page 30
IQ 1.4	GRI Standard Glossary GRI 101 GRI 102/18	Qualitative secondary research	Page 30
IQ 1.5	GRI Standard Glossary GRI 101 GRI 102/40 - 44	Qualitative secondary research	Page 32
IQ 1.6	GRI Standard Glossary GRI 101 GRI 102/45 - 56	Qualitative secondary research	Page 33
IQ 2.1	GRI Standard Glossary GRI 103-1	Qualitative secondary research	Page 34
IQ 2.2	GRI Standard Glossary GRI 103-2	Qualitative secondary research	Page 36
IQ 2.3	GRI Standard Glossary GRI 103-3	Qualitative secondary research	Page 37
IQ 2.4	GRI Standard Glossary GRI 200 series GRI 300 series GRI 400 series	Qualitative secondary research	Page 38
IQ 3		Qualitative comparative analysis	Page 38

1.3 Limitation

The research analyses sustainability reports of six banks from Finland and Sweden. The two countries were chosen based on long history between the two and their overall good reputation regarding sustainability.

Three banks from Finland and another three from Sweden are private banks and they dominate the majority of both countries' market share. Siregar and Bachtar (2010) in their research concluded that organization size appeared to have positive correlation to the quality of its sustainability reporting. Reason behind this finding is that bigger organizations have enough resources to be dedicated to CSR activities and reporting. Banco and Rodrigues (2008) found that larger banks with greater clarity put more emphasis on their sustainability reporting compared to smaller banks with less visibility.

Therefore, the author of this research finds it is necessary only to select the biggest banks in each respective country.

The author also feels it will be sensible to compare sustainability reporting that apply to the same framework. KPMG survey of corporate responsibility reporting on 2017 founded that 75% of the largest 250 companies in the world, have applied GRI standards on its sustain-ability reporting. 63% of the largest companies from 49 countries have utilized GRI standard as its framework on its sustainability reporting. Lastly, the survey also stated that more than 130 policies in more than 60 countries and regions refers to GRI. All the banks that are being analysed in this research are using Global Reporting Initiative guidelines and standards.

Focus of the thesis is in analysing extensiveness of the sustainability reporting in two countries: Sweden and Finland. Therefore, this thesis is not focusing on the history of the sustainability reporting, but instead concentrating on the latest and current sustainability reports from 2020, released for public in 2021.

1.4 International aspect

GRI Sustainability disclosure database shows that 5 718 sustainability reports that apply GRI guidelines were registered on the database worldwide in 2015. In 2017 there were 6 579 sustainability reports registered. (GRI 2020.) That is the latest available data, and it implies that more businesses choose to act more transparent of their sustainable development. General demand of responsible and sustainable business is higher than ever. Consumers demand businesses to be more transparent and reveal their practices.

Companies regard corporate social responsibility as a mean to show the world how they contribute to the society in the making of a better world. Through well planned CSR programs businesses can benefit society and same time heighten their brands' value in this competitive and demanding market.

CSR also is something academic community has shown more interest in lately. Growing number of theses and studies address the topic and more data is available on the subject.

Increased number of GRI applying sustainability reports on the GRI Sustainability disclosure database worldwide as well as the grown academic interest suggest that the topic is current and globally significant.

1.5 Key concepts

Corporate Social Responsibility (CSR) is “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” (Commission of the European Communities 2001). “It is about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs” (Commission of the European Communities 2006).

“**Stakeholders** may differ depending on the company’s industry and business model, the main stakeholder typically includes employees, customers, communities, suppliers and financiers (owners, investors)” (Horisch, Freeman & Schaltegger 2014, 3)

“**A sustainability report** is a report published by a company or organisation that describe the economic, environmental and social impacts caused by its daily activities. The report also discloses the organisation values and governance model, connects its strategy and its commitment to a sustainable global economy”. (White 2015, 33.) The disclosed information is beneficial to measure the company’s affairs, to assess and to evaluate the company’s progress toward sustainable development.

Global Reporting Initiative (GRI) is one of many guidelines available to help companies to communicate their economic, social and environment responsibility. The reporting guide-lines consist of two big parts which are reporting principles and standard disclosures (White 2015, 33).

Impact signifies to the business consequences an organization has on the sustainable development dimensions, economy, environment and social (GRI 103 2016, 12). It designates organization’s contributions in positive way or negative way toward sustainable development.

“**Material topic** is a topic that reflects a reporting organization’s significant economic, environmental and social impacts: or that substantively influences the assessment and decisions of stakeholders”. (GRI Standard Glossary 2020, 14.) Some factors to view when assessing if a topic is material are organization’s strategy, stakeholders' concerns, social expectations, organization’s influence toward its suppliers and customers and international standards and agreements organization needs to respect.

“In sustainability reporting, **materiality** is a principle that determines which relevant topics are sufficiently important that is essential to report on them. Not all material topics are

equal importance, and the emphasis within a report is expected to reflect their relative priority". (GRI 103 2016, 12.)

Boundary is "a description of where the impacts occur for each material topic, and the organization's involvement with impacts" (GRI 103 2016, 6). Boundary explains organization's relationship with the impacts. Regardless of whether the organization has caused or contributed to the impacts or through the organization business relationship with suppliers.

1.6 Companies selected or case studies

Earlier in this chapter, chosen industry for this thesis was defined. Furthermore, some history and financial facts of the six companies chosen for case studies were brought up. As mentioned in the background section (Chapter 1.1), this thesis studies the extent of sustainability reporting disclosure of banking industry in Finland and Sweden. The three banks from Finland are Nordea bank, OP bank and Aktia bank. Another three banks from Sweden are Handelsbanken bank, SEB bank and Swedbank. The six banks were chosen based on same criteria. They are among the largest banks in each country by income and total assets and are applying GRI guidelines in their sustainability reports.

2 Banking industry

Financial sector's biggest contribution towards sustainable development is through its funding decisions and its role in steering investments. Weber (2014) study described the relation between financial institutions and sustainability in couple of aspects. First, organizations in financial sector has authority over access to fund to make loans or investments. These activities have potential direct and indirect impacts toward society. Second, financial institution's stakeholders can influence reputational risk of financial institution.

Trillions of euros are needed yearly to meet the demand of sustainable development goals and Paris agreement 2019. For Europe alone, it is estimated that to finance necessary policies and investments, around 180 billion euros is needed. "It is clear that without the private sector the funding gap cannot not be closed. Given that around two thirds of the European economy is financed by banks, banks play and will continue to play a crucial role in the transition to a more sustainable future". (European Banking Federation 2020.)

Generally understood that sustainable banking refers to way of bank undertaking its business objective and day-to-day operation activities with conscious and consideration to sustainable development and the business impacts toward society. Sustainable banking integrates Economic Social and Governance (ESG) criteria into its core of business. Now, a sustainable banking capital market decision are cantered on risk, return and impact dimensions. Study by Global alliance for banking on values (2012) has explicated that banks with sustainable business operation have more tendency to higher profit and more solid growth than other banks. Another study by International Finance Corporation (2020) have disclosed that the same banks with sustainable business strategy have improved reputation and investor confidence.

Finland and Sweden share a long history together. Finland was part of Sweden for approximately seven hundred years. After that kind of co-existence, it is only natural that they have quite a lot in common. Finland and Sweden share similar legal systems, based on Scandinavian and German legal tradition. Both countries have similar economic structures and economic policies. In 1990's, both Finland and Sweden experienced banking crisis which led to a financial crisis. During that time rate of unemployment raised, stock prices declined and the countries dove into recession. Later in 1998, both countries recovered from the crisis and joined the European Union.

The World Economic forum regularly appraises environmental performance of countries around the world. Environmental Performance Index (EPI) analyses, compares and

scores environmental health and ecosystem vitality. European countries rule the top ten of EPI year 2020 with Finland in position seven and Sweden following in position eight (Environmental Performance Index 2020). All the above reasons are the factors why this re-search analyses these two countries.

2.1 Banks from Finland

The financial sector remains as a significant taxpayer. The sector's corporate tax contribution was €865 million, or 15% of the total annual corporate tax revenue in Finland". (Euro-pean Banking Federation 2020.) According to data from European Banking Federation (2020) there are four major banks that control Finnish banking market. OP Financial Group dominates 35 percent of the market share followed by Nordea with 25.8 percent. Municipality Finance has a share of 9.7 percent and Danske Bank holds a 9.5 percent share. Together these four banks hold 81 percent of the market share. In this research neither Municipality Finance nor Danske Bank were chosen for case studies because one is government owned and the other is not Finnish. Since the focus of this thesis is to compare the sustainability reporting between the two countries, chosen banks must be from one of the countries being compared. In this thesis, the origin of the bank was determined by the location of its headquarters. Ownership base of the company might be a factor when it comes to sustainability reporting and that is the reason selected banks are privately owned and the government owned were excluded from the study.

2.1.1 Nordea Bank Abp (Nordea)

Nordea Bank is a universal bank based in Helsinki, Finland. Nordea was created as a result of a merger of four Nordic banks in 2001. The merged banks were Nordbanken from Sweden, Kreditkassen from Norway, Unibank from Denmark and Merita bank from Finland. Nordea derives from combining the word Nordic and ideas. According to Nordea (2020) "the name signifies how they share and develop good Nordic ideas to create high-quality solutions based on common Nordic values such as openness, equality and caring for the environment". Nordea business segment areas are private banking, managing asset and life & pensions management. In 2019 total operating income of Nordea was EUR 8.5 billion with total assets around EUR 555 billion. Nordea services are present in around twenty countries and their shares are traded in Copenhagen, Stockholm and Helsinki stock exchange.

Sustainability means taking responsibility for the impact we have on our surroundings (Nordea 2021). The bank defined sustainable financing as to provide financing solution that mitigate negative impact on environment (Nordea 2021). Nordea (2021) stated that

UN's sustainable development goals were embedded into their business by being more digitalised and climate-friendly. The CSR strategy is integrating ESG (Environment, Social and Governance) criteria throughout the bank products and processes.

2.1.2 OP Financial Group (OP)

OP's corporate history started from well over hundred years ago when Osuuskassojen Keskuslainarahasto (Central Lending Fund of the Cooperative Credit Societies Limited Company) was founded (OP 2020). OP is a short for osuuspankki in Finnish which means cooperative bank. Their three main business segments are retail banking, corporate banking and insurance. In 2019 the Group total income was around EUR 3.2 billion with reported total asset around EUR 147 billion (OP 2020).

OP (2020) claimed that CSR has been integrated to core business of the group. Their approaches are sustainable financing, responsible investing and responsible non-life insurance. OP support children and young people in Finland through their program, OPxMoney talk. A program that provides children and young people an access to learn about some finance related skills and entrepreneurship.

2.1.3 Aktia Bank Abp (Aktia)

Aktia Bank is a Finnish asset manager, bank and life insurance company that has been creating wealth and well-being from one generation to the next for 200 years. Main business areas of Aktia Bank are banking business for private and corporate customers, asset management and life insurance and group functions including financing, liquidity management and human resources. Aktia Bank's operating income in 2019 was around EUR 221 million and total asset of the bank of the respective year was around EUR 10 billion (Aktia 2020)

Aktia (2020) stated that "Aktia aims to be a solvent, reliable and environmentally responsible partner for economic well-being and the most attractive workplace in the business". It uses CSR as the standard of its operations. Their CSR programs are solvent and reliable, partner for economic well-being, the most attractive workplace in the business and environmentally responsible actor.

2.2 Banks from Sweden

According to European Banking Federation (2020), Sweden had 124 banks that are divided into four big categories which are Swedish commercial banks, foreign banks, savings banks and cooperative banks. The industry is important for Swedish economy. It

employs at least 40 thousand people, contributes as much as 4.1 percent of the country's total GDP and pays 11 percent Corporate tax.

2.2.1 Handelsbanken

The bank that was founded in 1871 is the oldest listed company in Swedish stock exchange. It employs about 12 thousand employees of whom 40 percent are outside of Sweden. The services provided by the bank are personal banking, corporate banking and financial institution. Handelsbanken home markets are Sweden, Finland, Denmark, Norway, Netherlands and UK. The bank's total income in 2019 was around SEK 44.6 billion and total asset as big as SEK 3 100 billion (Handelsbanken 2020).

"The sustainable thinking has been integrated for so long that it has become natural" (Handelsbanken 2020). Handelsbanken states on their website that they are aware of their business impact and the responsibility toward the society, environment and financial markets. Handelsbanken uses six out of 17 UN's sustainable development goals as the foundation of their core business. The six goals mentioned are gender equality, decent work and economic growth, industry, innovation and infrastructure, sustainable cities and communities, climate action and peace, justice and strong institution.

2.2.2 SEB

The bank was founded in 1856 as Stockholms Enskilda Bank the first Stockholm's private bank. The name then changed into Skandinaviska Enskilda Banken after a merger with Skandinaviska Banken. Later, in 1998, the name changed into SEB. Today SEB operates in five home markets in Sweden, Finland, Norway, Denmark and Germany. The bank has around 15 thousand employees. More than half of the employees work outside of Sweden. SEB business areas are private and corporate banking, financial institution, life and investment management. The bank total operating income in 2019 was SEK 50 billion with total assets for the same year as much as SEK 2 857 billion (SEB 2020).

SEB declared that they are committed to contribute in sustainable development for a better world. The bank's approach toward sustainability is integrated business strategy to UN's development goals and Paris climate agreement which leads to high standard corporate governance. (SEB 2020.)

2.2.3 Swedbank

The first savings bank of Gothenburg opened in 1820. It was the birth of what we call now Swedbank. In 1992 eleven savings banks merged to become Sparbanken Sverige. Later

Sparbanken Sverige continued to become merged with Föreningsbanken and they turned their name into Förening Sparbanken. In 2006 the bank changed its name into Swedbank. In 2019, according to the annual financial report, Swedbank's total income was SEK 46 billion and their worth of assets is SEK 2 408 billion (Swedbank 2020).

In 2017 Swedbank created a green asset framework. It is a guide for green bonds issuance. According to Swedbank (2020) the money is used to fund green investments such as renewable energy to mitigate carbon emission. The bank also claimed that UN's development goals have been guiding their core business. Swedbank's aim is "to be ranked as one of world's most sustainable companies in our industry" (Swedbank 2020).

3 Corporate social responsibility (CSR)

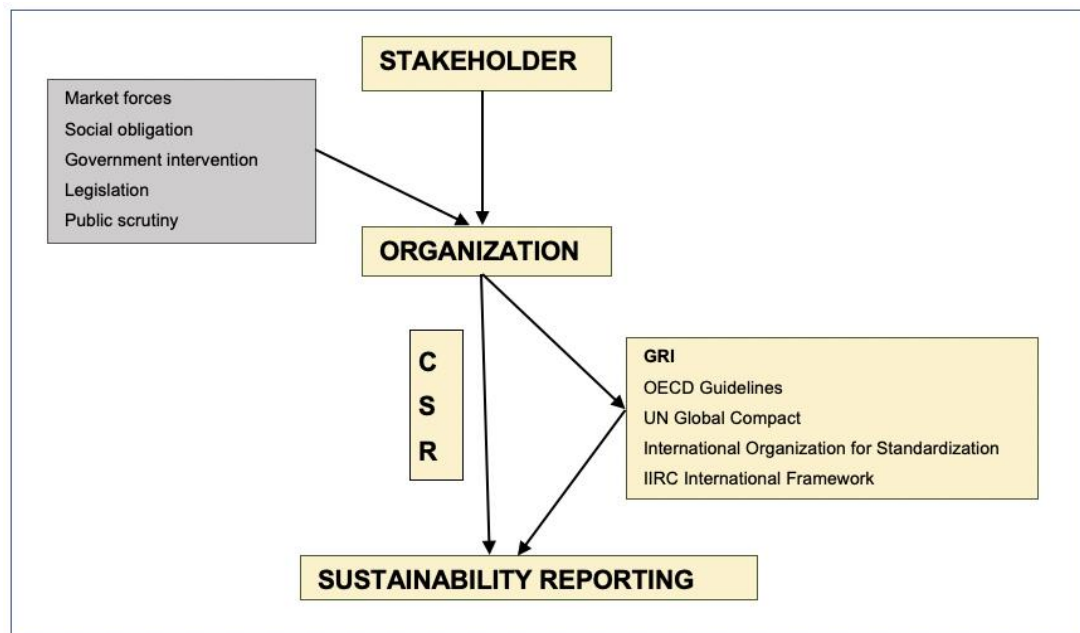


Figure 1. Corporate social responsibility reporting scheme

The figure above visually explains that many factors can influence organization's CSR practices and disclosures. Some of the factors are stakeholders' influence and concerns, competitive market, social obligation, regulator and public scrutiny. These agents demand organizations to be more transparent in exposing their impacts to the society and responsible in mitigating or preventing negative impacts. The reporting party can adopt a Standard to help them to communicate their CSR programs into their sustainability reporting. Some of the available standards as the table has listed are GRI, OECD Guidelines, UN Global Compact, International Organization for Standardization and IIRC International Framework.

According to Dahlsrud (2006, 1) there are many definitions of CSR that can lead to confusion on defining CSR. Sun, Pollard & Stewart (2010, 23-24) described CSR as a relation-ship of business and its community. Previously The European Commission (2011, 3) has defined CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". This definition has been modernized and simplified for better understanding to become "the responsibility of enterprises for their impacts on society" (European Com-mission 2011, 6). The basic idea of CSR is for the companies to understand that their business does not only leave positive foot prints on the society but also negative impacts. Therefore, companies need to be able to set a clear and thorough plan and programmes on how to deal with the matters. Weber and Feltmate (2016) described that today organizations are receiving more pressure from more responsible

stakeholders to provide sustainable products and to create balance between economic gains and contributing positive social and environment returns.

Early in the twenty-first century, more than 50 percent of the largest companies were private ones. They were considered responsible for negative impacts of their business on the society. (Bonmann-Larsen, Bonmann-Larsen & Wiggen 2004, 3.) Lots of pressure to take actions was put on them by various entities, government and non-governmental organizations, media, consumers and also the United Nations with its Global Compact Initiative for these corporates to be more responsible of their negative foot prints. The corporates responded by producing CSR planning to prevent and mitigate the negative impacts of their business. They also developed different programmes to create more sustainable business. CSR engagement is moving away from nice-to-do to doing-well-by-doing-good mantra (Camilleri 2017 ,4).

4 Stakeholders



Figure 2. Organization's stakeholders

Stakeholders are a group of entities that have interest in an organization's business decisions, policies and objectives. The figure above shows that a stakeholder can be either internal or external. An internal stakeholder is one that has a direct connection to the organization such as employees, executives, board members and owners. Community, regulators, trade unions and customers are examples of external stakeholders. These entities can be impacted by or impact the organization but they have no direct relation to the organization.

4.1 Shareholders vs stakeholders

Shareholders used to be considered as the sole legitimate concern of business. At that period of time companies' main purpose to exist was to maximise its owners' and shareholder's output. However, expert raised a well-deserved-question of where companies should put their focus on. Should companies give their attention on fulfilling shareholder's interest or broaden their perspective to a wider community (Camilleri 2017, 4). Businesses needed to change their old ways of thinking. Corporates have a morally binding obligation to its stakeholders because of its potential impacts toward society.

The main idea of Stakeholder theory is that businesses do not only need to build a good relationship but also to create value to their stakeholders (Hörisch & al. 2014, 10). The broad understanding of whether the stakeholders are individuals or groups of people who have interest in the company and who can affect or be affected by the company. Commonly, stakeholders of a company are their employees, owners and investors, suppliers, customers and the communities. Hörisch & al. (2014,10). It is important to point out that these stakeholders are equally important and that they are not in some kind of

hierarchy. Therefore, prioritising one stakeholder over others should be avoided.

Stakeholder theory is linked to the CSR reporting where corporates need to produce a transparent report disclosing relevant information that stakeholders demand.

4.2 Stakeholder theory

Freeman (1984) specified that a stakeholder of an organization is an entity that can be an individual or a group who are affected or can affect the organization's objectives.

According to Carol (1991), the main stakeholder group are employees, suppliers and vendors, distributors, customers, shareholders and the overall society. The main objective of stakeholder theory, as Freeman (1984) described, is for the organization to fulfil its responsibilities toward stakeholders instead of only shareholders. Freeman (1984) also said that organisations that treat their employees in a bad way will fail because a healthy organization would never neglect anyone involved in its success.

Stakeholders of an organization are the highest priority to the organization. Internal stakeholders such as board, make decisions on how to run the business. The employees will perform what executives have planned and directed. Good performance of these will bring success to the company. External stakeholders, such as customers, have buying power and by certain reasons their buying habits can be changed. Suppliers and vendors have important role in the organization supply chain in providing material or services for production. Regulator affects businesses with its legislation and regulation.

It is not easy for big corporates with various stakeholders to align their stakeholders' interest. The interest of shareholders has to be enhanced and by that way, maximize their profit. It is conflicted with the interest of employees to earn bigger remuneration which of course will raise cost budget and decrease profit. The government and the local community want organizations to reduce its emission. Therefore, procurement of newer machine and usage of cleaner energy are necessary and these are cost factors. More conflicted interests between stakeholders might take place and an organization needs to address them. Stakeholder theory suggests that managers cannot limit their focus of attention only to attain one particular stakeholder such as a shareholder. Managers should be capable of addressing all the interests and concerns of stakeholders in response to economic, social and environment ethical expectation. Good management of stakeholder relations is crucial to the organization's long-term success. To create goals and targets that are accepted by all is of the utmost importance.

5 Sustainability reporting

Epstein-Reeves (2011) noted that there was quite a short list of how people are referring to social responsibility and its reporting. Examples are: corporate responsibility (CR), corporate social reporting, corporate social disclosures, corporate social responsibility (CSR), corporate social responsibility reporting, corporate accountability, sustainability, creating shared value (CSV) and more. To avoid confusion, corporate social responsibility (CSR) and sustainability reporting are being used in this thesis.

According to White (2015, 1), sustainability in the business world describes a business process that doesn't give harm or endanger the earth and sustainable development is "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Stakeholders demand of transparent business is higher than ever. Corporate's CSR activities reporting will facilitate accountability (Jones 2012, 5).

Sustainability reporting provides users information on how businesses impact economy, society and environment (White 2015, 13). Traditional economic theory suggests that companies are reluctant to provide more than they have to, because they like to use all their resources to focus on providing value to its shareholders. This theory has been argued a lot by other theorists. Jones (2012, 21) explained that more disclosure on sustainability reporting may provide more competitive advantages. Companies have realized that a good sustainability reporting which genuinely state their business impacts and their strategy in order to become more sustainable which will attract positive attention. Investors reward more companies that embrace sustainable development in their business culture (White 2015, 18).

5.1 Legitimacy theory

It is very common for researches to use Legitimacy theory to explain sustainability reporting. Suchman (1995) elucidated that "generalised perception or assumption that the actions of entity are desirable, proper and appropriate within socially constructed system or norms, values, beliefs and definitions". In another way to say, organizations will make sure interminably that they operate in accordance with society norms. It means that an organization can benefit by showing its CSR engagement by sustainability reporting. Sustainability report is being used to demonstrate how the organization can pursue its financial goals and in the same time contribute to the sustainable development and meet stakeholders' demand. Smith and Alcon (1991) stated that many times sustainability reporting has been used as a marketing tool by organizations. Dawkins and Fraas (2011)

argued that sustainability reporting also has been used as means to gain legitimacy of organizations with poor environmental performance.

According to Chen and Robert (2010), state of legitimacy can only be achieved when the moral beliefs and principles of an organization are in line with the value system of its respective society. Studies have proved that organizations that engage in various CSR programs may reinforce their legitimacy and intensify their eminence. Through CSR programs and activities business profits the society while enhancing their brands. Smith (2008) stated that an organization will look more attractive to its employees, investors and customers when it manages to show transparent and delivers CSR initiatives.

5.2 Law and regulation

In earlier times organizations produced some kind a sustainability report voluntarily. In that era typical report producers are small and middle size companies, companies from chemical industry and tobacco companies. These environmental reports were used to attract investors to the business. Then the regulators started actively encouraging businesses to mitigate their negative operation impacts on society through mandates and binding regulations.

On the 12th of June 2013, EU issued Transparency directive 2013/50/EU. The aim of this directive is to organize a minimum requirement of annual financial reporting within Europe-an Union. The directive provides details of information on the disclosure of non-financial information in the reporting. The directive addresses certain organizational obligations in order to deliver an ESG disclosures alongside its financial report.

Directive 2014/95/EU requires certain large companies to disclose information in regard to companies' policies, risk management and outcomes in environmental dimension, social and employee, human rights, anti-bribery and board diversity issues. A large company is defined as a company of 500 or more employees by the directive.

5.3 Reporting framework

Reporting on CSR performance has been acknowledged as one tool to boost organization reputation as well as the financial performance of the reporting entity. But sustainability reports are hard to compare. Some of the reasons are non-financial report bio-geo-physical units cannot be reified in monetary terms using conventional financial tools that are available today. For example, it is hard to put a price tag to ecological damage that cannot be reserved. Another reason is disclosure limitation. Environment and societal impacts can be indirect. This is the case with the financial sector that has indirect impact

through its funding activities to industries that have negative impact against sustainable development.

There are various international sustainability reporting frameworks and standards that organization can adopt. Some examples of those are: Global Reporting Initiative (GRI Sustainability Reporting Standards), The Organisation for Economic Co-operation and Development (OECD Guidelines for Multinational Enterprises), UN Global Compact (Communication on Progress), International Organization for Standardization (ISO 26000 Guidance on social responsibility) and The International Integrated Reporting Council (IIRC International Framework).

The report shall provide information that is understandable and usable by the stakeholders. Excessive and unneeded detail and unfamiliar technical terms and acronyms should be avoided. Through the report, it is expected that the stakeholders will be able to evaluate the development of the company's performance over time. The veracity of the information provided by the report needs to be able to be checked. The report shall provide the original source of the information. Consistency in the length of reporting periods and its frequency is demanded. The information needs to be recent respectively to its reporting period.

Weber and Fetmate (2016) claimed that sustainability reports from financial industry often denounced by the criticus for not disclosing its truly business impacts such as the impact of financial products and services. Instead organizations within this industry likely to focus more to disclose impact of operation activities such as material and energy use of it premises.

6 Global reporting initiative (GRI)

GRI is an international independent standard organization that provides guidelines and standards for businesses, organizations and governments in their sustainability reporting. OECD (2001, 16) stated that GRI provides a set of tools for organizations how and what to report to reflect their CSR programmes, to evaluate, and continuously improve.

GRI was founded in Boston, USA in 1997. GRI published its first sustainability reporting guidelines (G1) in 2000. The guidelines were improved leading to G4 in 2013. Then in 2016 this non-profit organization changed its core from providing guidelines into sustainability reporting global standards.

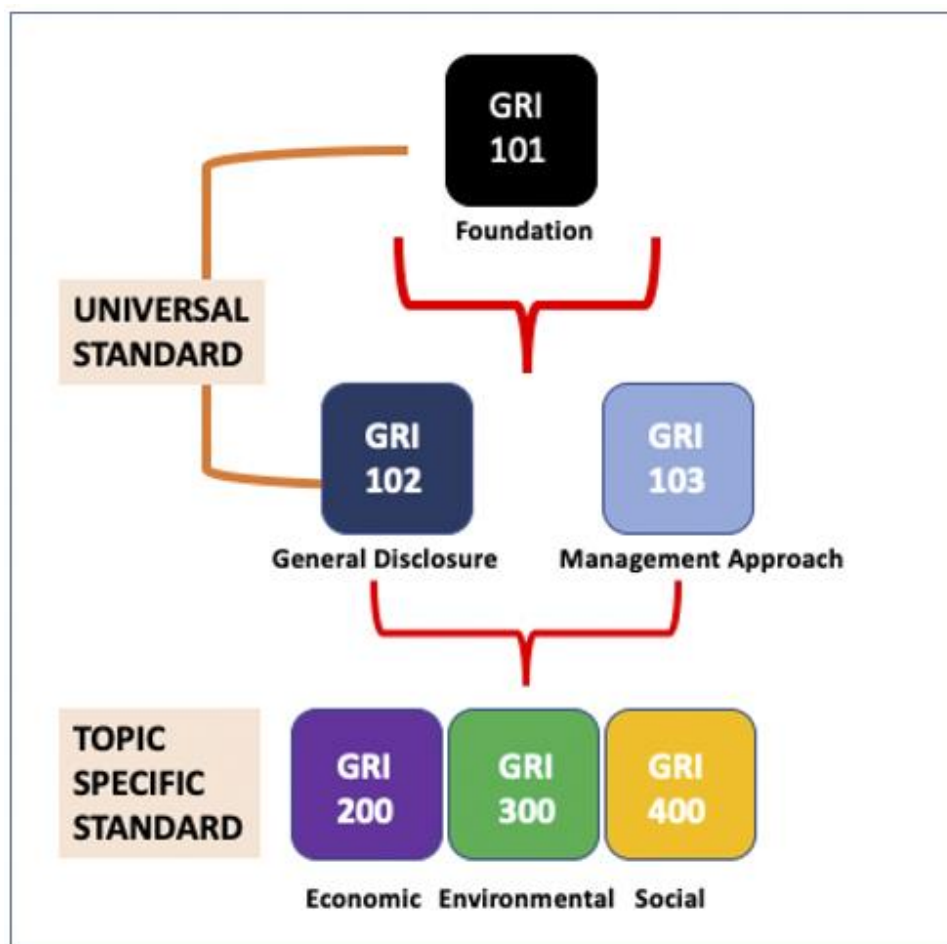


Figure 3. Overview of the set of GRI Standards (adapted from GRI 101: Foundation 2016)

As we can see from the figure above, the standards were divided into two series. The Universal series consists of GRI 101, 102 and 103. The Topic specific standard series are GRI 200, 300 and 400.

GRI 101: Foundation is providing basic guidelines as a starting point to use the GRI standards. GRI 102: General Disclosure is providing a thorough guideline of reporting

requirements, reporting recommendations and the guidance for disclosures. GRI 103: Management Approach is providing information regarding material topics. The GRI 200, 300 and 400 series are providing numerous topic-specific materials regarding organization's impact on economic, environment and social issues. GSBB also has issued GRI Standards Glossary to help reporters and information users understand all the terms and definitions commonly used. The Glossary alphabetically list all the terms and its definition of all GRI Standards.

GRI Standards can be put into use for any type of organization, regardless of the size of the organization, type of the business or where the organization manufactures and sells their products. Utilizing the standard would create a common language that would be understood by everyone which leads to more accountable and transparent reporting.

6.1 GRI 101: Foundation 2016

GRI 101: Foundation opens the door to the reporting standards framework. Here is written the overview of the standard. What are GRI standards ten reporting principles, how to apply the reporting principles, what type of approaches available, and the key terms used in this particular section.

The reporting principles help organizations to choose what are the most significant impacts to be reported and what type of information regarding the impacts should be disclosed. Four reporting principles to be used to define the reporting content are stakeholder inclusiveness, sustainability context, materiality and completeness. The rest of six reporting principles are to be used to define the report quality. Those principles are accuracy, balance, clarity, comparability, reliability and timeliness. Organizations that are using GRI standards are required to use these reporting principles to ensure transparent and comparable sustainability reporting.

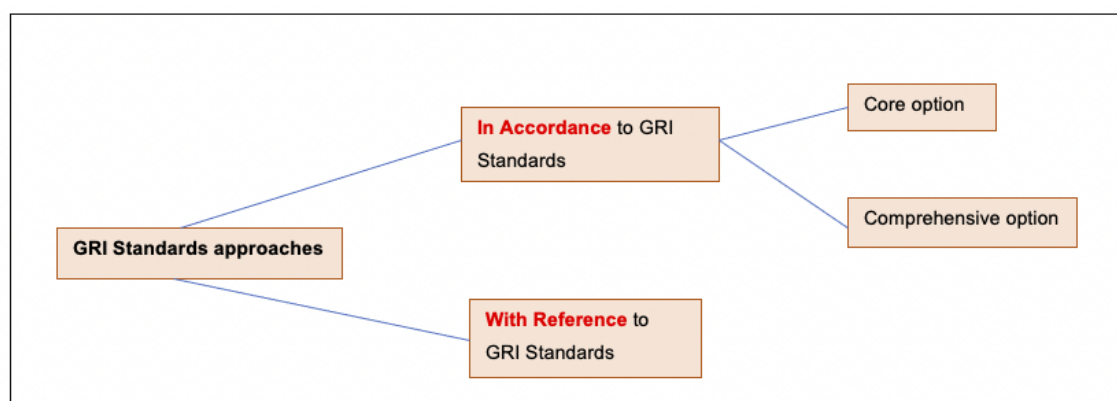


Figure 4. GRI standards approaches

The figure above explains that there are two types of approaches for using GRI standards. Organizations can choose between reporting in accordance or reporting with reference to the GRI standards. An organization that chooses reporting in accordance with the GRI Standard then has to decide whether it is going to be core option or comprehensive option. Under comprehensive option, reporter is required to provide information to all disclosures in GRI 102 with limited possibility to omit to comply with all topic-specific disclosures for each material topic. The core option only requires an organization to answer to disclosures with the core icon in GRI 102 and each topic material only required to comply to at least one of the topic-specific disclosure. Core and comprehensive option do not associate with the quality or the reporting but to the degree of reporting extensiveness (GRI: Foundation 2016, page 21).

Reporting with reference to GRI Standards can use only the selected Standard or some part of the Standard's content. GRI requires an organization to point out where the Standard has been applied and it requires them to follow all the GRI regulations regarding reported disclosures (GRI 101: Foundation, page 25).

6.2 GRI 102: General disclosure 2016

This particular standard constructs of six sets of disclosures regarding organization's contextual information. The six sets are disclosures concerning organizational profile, business strategy, ethics and integrity, governance structure and function, stakeholder engagement and the reporting practice. This disclosed information will help users to better understand the organization's effects toward economy, environment and the community.

Table 2. GRI 102 disclosures and omissions criteria for comprehensive and core option

Required criteria	Comprehensive option	Core option
GRI 102: General disclosures 2016	Required to report to all disclosures in this standard.	Only selected disclosures. Disclosures that have "core" icon.
Omission	Can omit and must give reasons to these disclosures: 102-17 102-19 to 39	Can omit without providing reasons to these disclosures: 102-15, 102-17 102-19 to 39

The table above explains that reporting under core option may omit not to disclose certain disclosures without reason. On the other hand, one under comprehensive option have to

state the reason why. Reasons for omissions that are accepted by GRI Standards are, if the disclosure is reviewed, to be of these criteria. The information is not applicable, confidentiality constraints, under legal prohibitions or simply the information is unavailable.

6.3 GRI 103: Management approach 2016

This standard provides requirements on how organization should report its material topic management. GRI 102 requires reporter to list its material topics and explain why these impacts are materials for the organization. GRI 103 requires organizations to explain in detail its material topic. What is the process done for the organization to identify its materials and what are the boundaries. Identify what part of the organisation that contribute to the impact. What action has been taken or plan to manage the material. To disclose means of evaluation and mechanism to assess the management approach performance.

6.4 GRI 200 series of economic dimension

Table 3. GRI 200 series and its topic-specific disclosures

	Topic-specific disclosures
GRI 201: Economic Performance 2016	Economic performance provides disclosures of how revenue is generated and distributed Risk and opportunity are created by climate change Organization's liabilities and financial assistance from the government.
GRI 202: Market Presence 2016	Employee compensation ratio compared Ratio of senior management hired compared to the local community
GRI 203: Indirect Economic Impacts 2016	Organization's investment infrastructure Current or expected impacts to local community and economies

	Example of the impacts
GRI 204: Procurement Practices 2016	Procurement spent to local suppliers
GRI 205: Anti-corruption 2016	Total number and percentage of operation assessed for risk related to corruption Communication and training regarding anti-corruption Confirmed corruption incidents number and what action has been taken
GRI 206: Anti-competitive Behavior 2016	Legal actions pending during reporting period for anti-competitive behavior Outcomes of completed legal actions
GRI 207: Tax 2019	Organization approach to tax Tax governance and control Stakeholder engagement

GRI 200 series is economic topic-specific standard. It provides sets of reporting requirements in regards to organisation economic impacts. It is design to be used together with GRI 103: Management approach. The GRI 200 series consists of seven different focuses of economic impact. GRI 201: Economic performance, GRI 202: Market presence, GRI 203: Indirect economic impacts, GRI 204: Procurement practices, GRI 205: Anti-corruption, GRI 206: Anti-competitive behavior and the new reporting Standard in this 200 series, GRI 207: Tax.

6.5 GRI 300 series of environmental dimension

Table 4. GRI 300 series and its topic-specific disclosures

	Topic-specific disclosures
GRI 301: Materials 2016	Total weight and volume material used Percentage of recycled material on product or service Reclaimed products on the packaging materials
GRI 302: Energy 2016	Energy consumption within the organization Energy consumption outside the organization Energy intensity ratio Amount of reduction in energy consumption achieved Amount of reduction in energy to create products and services
GRI 303: Water and effluents 2018	Organization interaction with water Management of water discharge-related impacts Total water withdrawal Total water discharge

	Total water consumption
GRI 304: Biodiversity 2016	Organizational operational site in protected area and area of high biodiversity value Organization significant impact on biodiversity Size and location of protected or restored area Total number of species in IUCN Red list that are affected by the organization
GRI 305: Emission 2016	Gross direct GHG emission (scope 1) Gross energy indirect GHG emission (scope 2) Other indirect GHG emission (scope 3) GHG emissions intensity Reduction of GHG emissions Emissions of ozone-depleting substances
GRI 306: Waste 2020	Organization's waste-related impacts Management of waste-related impacts Total weight of waste generated Total weight of waste diverted from disposal Total weight of waste directed to disposal
GRI 307: Environmental compliance 2016	Significant fines and non-monetary sanction with environmental law and regulations
GRI 308: Supplier environmental assessment 2016	Percentage of new suppliers that were screened using environmental criteria Negative impact in the organization's supply chain toward environment and actions taken.

The GRI 300 series consists of standards with environmental dimension. Business impact toward living and non-living natural system. Disclosures of these standards require organization to expose their influence and effect respecting to land, water, air and the ecosystem. The series contains eight standards. As it shows in the table above, they are GRI 301: Materials, GRI 302: Energy, GRI 303: Water and effluents, GRI 304: Biodiversity, GRI 305: emission, GRI 306: Waste, GRI 307: Environment compliance, GRI 308: Supplier environmental assessment. The newest edition to the series is GRI 306: Waste 2020 that will come to effect on the 1st of January 2022 onwards.

6.6 GRI 400 series of social dimension

Table 5. GRI 400 series and its topic-specific disclosures

	Topic-specific disclosures
GRI 401: Employment 2016	Total number and rate of employee hire and employee turnover Benefits that provided only for full-time employees Parental leave
GRI 402: Labor/management relations 2016	Minimum notice periods given to employee when operational changes
GRI 403: Occupational health and safety 2018	Occupational health and safety management system implementation Work-related hazard identification and risk assessment Occupational health services

	Employee participation on occupational health and safety management system Occupational health and safety training Promotion of worker health Occupational health and safety impacts mitigation or prevention Occupational health and safety system coverage Work-related injuries Work-related ill health
GRI 404: Training and education 2016	Average employee training hours Upgrading employee skills program Percentage and total employee receiving performance and career development review
GRI 405: Diversity and equal opportunity 2016	Governance body and employee diversity Basic salary ratio of women to men
GRI 406: Non-discrimination 2016	Total number of discrimination incident reported during the reporting period
GRI 407: Freedom of association and collective bargaining 2016	Worker's freedom of association and collective bargaining
GRI 408: Child labor 2016	Significant risk of child labor incidents
GRI 409: Forced and compulsory labor 2016	Significant risk of forced or compulsory labor incidents
GRI 410: Security practices 2016	Security personnel formal training
GRI 411: Rights of indigenous peoples 2016	Incidents of violation indigenous rights
GRI 412: Human rights assessment 2016	Operation that have been subject to human rights review Human rights policy and procedures training Agreements and contract that include human rights clauses
GRI 413: Local communities 2016	Local community engagement implementation, impact assessment and development programs Negative impacts on local communities
GRI 414: Supplier social assessment 2016	Percentage of new supplier that were screened sing social criteria Negative impacts in the supply chain and action taken
GRI 415: Public policy 2016	Political contribution
GRI 416: Customer health and safety 2016	Health and safety impacts assessment of product and service Total number of incidents of non-compliance with regulation
GRI 417: Marketing and labelling 2016	Requirement for product and service information and labelling Incidents of non-compliance concerning product and service information and labelling Incidents of non-compliance concerning marketing communication
GRI 418: Customer privacy 2016	Complaints concerning customer privacy breach
GRI 419: Socioeconomic compliance 2016	Fines and monetary sanctions for non-compliance with law and regulation in social and economic area

GRI 400 series addresses topics within social capacity. Business impact toward social system where the organization operates. The series consist of sixteen standards. On above, there all the concerning standards within the 400 series listed and its topic-specific disclosures.

7 Research methods

This research is a multiple case study, where multiple sustainability reports will be analysed and compared. Gustafsson (2017, 1) noted that case study is continuing to be more popular among researchers. This research compares six sustainability reports from six banks from two countries, Finland and Sweden. Therefore, it fits to the definition of multiple case study. A study of multiple cases to gain an understanding of similarities and differences (Gustafsson 2017, 3).

The data collection of this research is based on secondary research data method. Secondary analysis is where an existing data were analysed to answer the research questions (Glass 1976, 2). Source of secondary data can be an online data, data from government or non-government archives, data from libraries and from institution of learning. For this research the source of data is from each six investigated banks sustainability reports of 2020 that available online, the banks' website and annual financial report.

"Comparative case study usually utilize both qualitative and quantitative method. Given the focus on generating a good understanding of the cases and case context, methods such as fieldwork visits, observation, interviews and document analysis often dominate among the various data collection methods employed". (Goodrick 2014, 1.) In this research, the collected data will be analysed and compared qualitatively to be able to answer the research question and investigative questions of how sustainability reports within banking industry in Finland and Sweden look like and what are the differences in their approach to sustainable business?

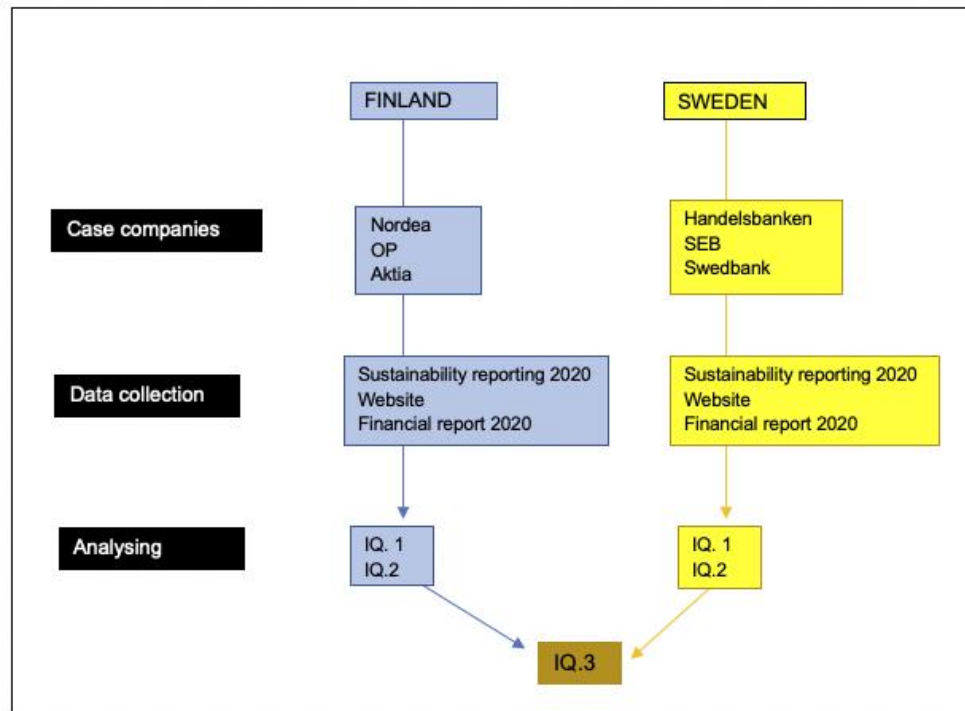


Figure 5. Research methods

As it is visually explained in the figure above, the first step of the research is to find the case companies in according to research scope. Three banks from Finland and another three banks from Sweden. All the banks have to be considered as large banks in the respective country. The banks also have to adopt GRI standards in its sustainability reporting. The six banks are Nordea, OP and Aktia from Finland. The other three banks are Handelsbanken, SEB and Swedbank from Sweden.

After that the author is started to collect all related material for the research such as latest sustainability reporting of each bank which at this point is 2020. Later more information from financial report and banks' website was be obtained. In this stage, the author created some table to help to record points of analysis. The tables can be found in the appendix part of this research.

The author started to look at each of the banks sustainability reports to answer research investigation questions one and two. The information was then grouped according to banks' country to answer the research investigation question three.

8 Finding and analysis

To describe the research findings, the author has divided the reporting report analysis into two major parts. General disclosure part, where analysed banks' contextual information was analysed and compared. The second part is analysing and comparing the respective banks' material topics and their management information.

8.1 General disclosure overview

All the six compared banks have claimed that their reporting has been made in accordance to GRI Standards Core option. Sustainability reporting with core option is required to report all the core-marked disclosures. All the banks have disclosed more than it is required. In general, banks from Sweden have disclosed more than banks from Finland.

All of the compared banks emphasize on their green products, such as green financing, green loan, responsible and sustainable investment. The six observed banks have produced clear business strategies and risk management. All the banks' executive officers claimed that the banks have integrated sustainable strategy into the banks' overall business strategy. All the banks have carried out some career development training for its employees and have kept track on the training progress and result. And all the studied banks have engaged in collaboration with environmental international entities to advance their sustainability practices.

8.1.1 Organizational profile

All the six banks from both countries, Finland and Sweden are providing detailed information regarding their organizational profiles. Location of the headquarters, number of countries the banks operate and the nature of their ownerships. The employment data is also shared thoroughly. Number of employees, employment status and gender distribution. They also share comprehensive information on banks' supply chains, their value chains, green procurement specifications and banks' Supplier code of conducts. In Finland, only Nordea bank provides information as it is suggested in GRI 102-9. Such as: type of suppliers engaged, number of suppliers engaged and total value of payments. And SEB bank and Swedbank in Sweden part.

According to the reports, all these six banks actively participate in many organizations and initiatives. For example, Nordea bank from Finland, is a member of at least twenty organizations and eleven initiatives related to sustainability. That demonstrates their commitment and contribution to a sustainable and better future.

8.1.2 Strategy

President and Group CEOs reviews can be found in all these banks' sustainability reporting. Addition to that, Chair of the Board statement is also available in Nordea and SEB reporting. The statements describe banks' impact, risk, opportunities, targets and goals specially in this challenging time with the Covid-19 pandemic.

Within the banks from Finland, strategies are to manage and maintain gender balance, allocating investment and credit to sustainable projects and companies and support transition to green economy. Strategies of the banks from Sweden are: supporting green economy, creating shareholder value and Customer-driven change.

8.1.3 Ethics and integrity

GRI 102-16/17 requires organizations to report their values, standards and norms. The report recommends that the information should include how it is being developed and approved and monitored. How it is transferred to the employees and what is the mechanism for employees and stakeholders to seek for advice or to report unethical behavior. Number of requests for advice and reported concerns need to be disclosed in the report also.

Banks from Finland and Sweden stated in their reports that they have provided guidelines and policies. Policies are established by the board and guidelines by the Group Chief Executive. The most common policies for employees that banks have, are policy on ethical standards, sustainability, against financial crime, credit, financial, management of conflict of interest, remuneration and more. Some common guidelines are the ones regarding environment and climate change, human rights, business relation to particular industries and managing tax. All banks stated that they encouraged employee to seek for advice and to report any misconduct found.

8.1.4 Corporate governance

In this segment, organization is required to publish information regarding to its corporate governance. GRI 102-18 to 39 gives a review of governance structure, performance evaluation, its role in setting the bank's values and strategy, risk management and sustainability reporting.

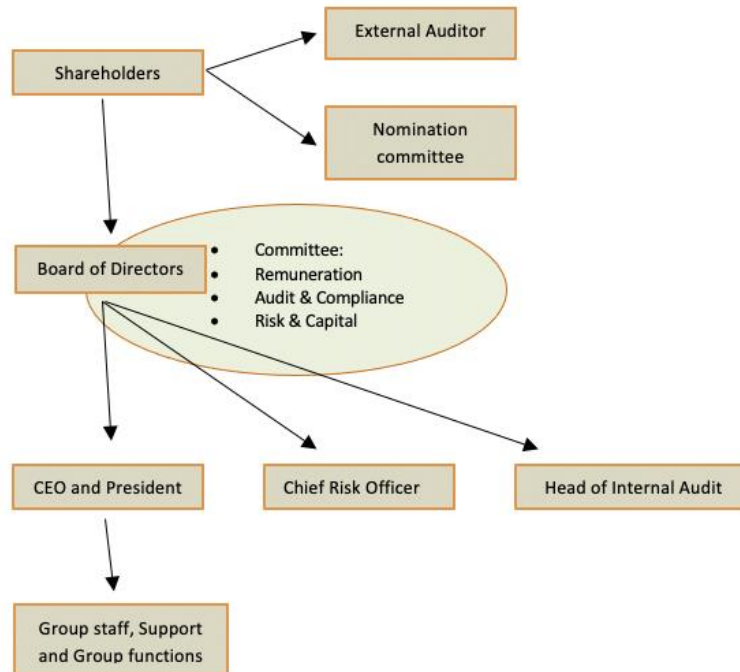


Figure 6. Corporate governance structure

The figure above explains the governance structure of the banks. In the Annual General Meeting (AGM), shareholders use their right to elect the External auditor, Nomination committee and the Board members. The Board appoints board committee members among themselves. The Board committees are Remuneration committee, Audit and compliance committee and Risk and capital committee. These committees assist the Board to prepare board issues, to monitor and evaluate the corporate governance best practices throughout the group. The Board then appoints the Group of Chief Executives and the President, the Chief Risk Officer and the Head of Internal Audit. The CEO and the President and their group of staff team is accountable to ensure that day to day operations run accordingly to the Board's strategic direction. All six banks have provided clear and comprehensive data on governance and committee structure, authority process and executive responsibility.

In the Sustainability report of Nordea and OP bank from Finland, there was not much information shared regarding how to deal with conflict of interest in governance body. The information did not explain how the governance body is and what kind of committee nomination and election process they have. Performance evaluation or its frequency was not explained either.

Banks from Sweden seem to be more open regarding sharing this kind of information publicly. SEB bank stated in their report that the Bank's President will be exempt to attend the board meeting if there is a possibility of conflict of interest. Swedbank stated that when a situation arises where business decision does not align with business ethics committee

recommendation, the CEO will decide the matter. Information regarding governance body election process and its performance evaluation are available in the reports.

Concerning annual total compensation, it appears that Finnish banks are more open to share the information than ones in Sweden.

8.1.5 Stakeholder engagement

In this segment GRI 102-40 to 44, the disclosure theme is about stakeholders' engagement. Banks shall provide information regarding who is considered as their stakeholders and why and what the organization's strategy to obtain stakeholders' views and concerns is. The information will contain views and concerns raised, and how the banks response to those. Because of the fact that employees are one of important stakeholder group, information on the total amount of employees that are covered by the collective bargaining agreements (in percent), is required. Collective bargaining agreement is not referring to the agreement between employees and trade unions. According to GRI 102-41, collective bargaining refers to all negotiations between the organization and the trade union. This agreement regulates working conditions, terms of employment and relation between employees and employer (GRI 102: General Disclosure 2016,30).

Banks' stakeholder groups are shareholders, customers, suppliers and partners, employees, authorities and trade unions, association and media, NGOs, academia. These stakeholder groups are private persons, groups and organizations that are affected by or can affect the bank's operation. Annual general meeting is used for communicating between the banks and the shareholders, as it is also used by the shareholders to practice their rights to choose the Board members. For employees, the banks provide employee survey, anonymous report possibility and whistleblowing mechanism. For other stakeholder groups, the banks use their websites to communicate targets, goals and changes. Other means to approach stakeholders are forum meetings, customer survey, transparent reporting and press conferences.

In Finland, the collective bargaining agreement rate is between 88,7% to 91%. Nordea holds the highest rate and Aktia bank is the lowest out of these three banks from Finland. In Sweden, the rate range is between 72% to 80%. SEB banks is leading and Swedbank has the lowest rate.

8.1.6 Reporting practice

GRI 102-45 to 46 demands an organization to define the reporting contents and list the material topics and its boundaries. Organizations need to give information about the reporting cycle, date of the last report and contact person for question regarding the report. Organizations are also required to reveal if the reporting has been prepared accordingly with GRI core option or comprehensive option. And lastly, the reporting organization shall describe the external assurance of the report. If there is one, the organization has to explained the relationship between the organization, the highest governance body and the assurance provider.

Table 6. Sustainability report journey among the studied banks

Banks	YEAR											
	2001	2007	2008	2009	2010	2011	2012	2014	2015	2016	2017	2020
Nordea Founded: 1997			CSR GRI						SR			
OP Founded: 1891						CSR GRI		AR				
Aktia Founded: 1825					CSR GRI				AR			
Handelsbanken Founded: 1871					CSR GRI				AR	SR GRI		
SEB Founded: 1972		CSR		CSR GRI						SR GRI		
Swedbank Founded: 1997	SR						SR GRI				AR	

SR = Sustainability Reporting
CSR = Corporate Social Responsibility Reporting
AR = Annual Report

From the table above we can see that Aktia and Handelsbanken are the oldest banks. But Corporate social responsibility reporting embedded in the corporate culture later than the younger banks. Swedbank in Sweden already produced and published their sustainability report in the year 2001. Whereas Nordea, founded in the same year as Swedbank has produced their first corporate social responsibility reporting later in the year 2008.

All the six banks have one year reporting cycle and in accordance with GRI standard core option. The reports has contact person for question, GRI content index and has been externally assured.

8.2 Topic-specific disclosure

Sustainability reporting, in accordance to GRI Standard with core option, is required to report each material topic covered by GRI Standard and to at least one topic-specific

disclosure. All of the banks compared in this study met the GRI Standard's minimum requirement of material topic core option reporting.

A common topic disclosure in economic area for all the banks studied is anti-corruption. In environmental area are energy and emission topics. And lastly in social area are training and education, diversity and equal opportunity and human rights assessment. It appears that impact in social dimension disclosure have got the most interest from all the studied banks. All the banks tend to have shared more social material topic related and information.

8.2.1 Material topics and boundaries

A sustainability report covers three main areas. The areas required to be covered are economic, environmental and social. GRI standard disclosure requires organizations to provide materiality topics and its boundaries regarding the areas. Organization's material topics list and the defining process can be found in the disclosure of GRI 102-47. In this segment, organizations shall provide information regarding each topic and explain why they are material. It describes more in-depth stakeholders' interest and expectations within the topics. Each material topic needs to be justified by presenting its impact, where it happens and what the organization's contribution to the impact is. Stakeholders and their expectations towards it are explained. Organizations also have to provide information on material topic boundaries, where the impacts occur and what the organization's contribution to the impact is.

Table 7. Material topics disclosure among compared banks

Banks	Material topics			Total
	Economic	Environmental	Social	
Nordea	Anti-corruption Anti-competitive behavior Tax	Energy Water and effluents Emissions Supplier environmental assessment	Employment Training and education Diversity and equal opportunity Non-discrimination Human rights assessment	13
OP	Economic performance Market presence Anti-corruption Anti-competitive behavior	Energy Emissions Waste Supplier environmental assessment	Employment Labour/management relations Occupational health and safety Training and education Diversity and equal opportunity Non-discrimination Human rights assessment	15
Aktia	Economic performance Market presence Anti-corruption	Materials Energy Emissions Environmental compliance	Employment Labour/management relations Occupational health and safety Training and education Diversity and equal opportunity Human rights assessment	13
Handelsbanken	Economic performance Market presence Anti-corruption	Energy Emissions	Employment Labour/management relations Occupational health and safety Training and education Diversity and equal opportunity Non-discrimination Human rights assessment Local community	13

SEB	Economic performance Anti-corruption Tax	Energy Emissions Waste Environmental compliance	Employment Labour/management relations Training and education Diversity and equal opportunity Human rights assessment	13
Swedbank	Economic performance Anti-corruption Tax	Energy Emissions	Training and education Diversity and equal opportunity Human rights assessment	8

Material topic in economic area for all three Finnish banks is anti-corruption. Two out of the three banks have reported anti-competitive behaviour and economic performance topics. Average of material topic standard used to disclose the Finnish banks impact in this area between the three banks is three. In Sweden, all the three banks have reported economic performance and anti-corruption topics. Two out of the three banks have added tax topic. The average of how many material topics are disclosed in this part of reporting area for Swedish banks is the same as the Finnish banks, three topics.

Material topics in environmental area for all three Finnish banks are energy and emissions. Two out of the three banks also have reported supplier environmental assessment topic. Average of material topic standard used to disclose the Finnish banks impact in this area between the three banks is four. Result with the Swedish banks is similar; all the three banks have reported energy and emissions topics. The average number of how many material topics are disclosed in this part of reporting area for Swedish banks is three.

Material topics in social area for all three Finnish banks are employment, training and education, diversity and equal opportunity and human rights assessment. Two out of the three banks have reported non-discrimination and labour/management relation topics. Average of material topic standard used to disclose the Finnish banks impact in this area between the three banks is six. In Sweden, all the three banks have reported training and education, diversity and equal opportunity and human right assessment topics. Two out of the three banks have added employment and labour/management relation topics. The average number of material topics disclosed in this part of reporting area for Swedish banks is five.

8.2.2 Management approach

The reason behind this particular section is to show the public how organizations control their topics and impacts. Management approach guided by GRI 103-2 reporting requirements calls for information on how organizations oversee each topic. What kind of approaches they have and the purpose of the approaches.

Some of approaches from Finnish banks in economic sector are providing employee trainings, policies, code of conduct and regulations. These help to integrate international commitments of sustainable financial policies into banks' regular business activities and make it possible to increase engagement with the regulators to fight financial crime. Sustainable financing and investments and proposing greener products and services to customers also help companies to adopt better practises in their regular operations. In Sweden, approaches of the banks are providing clear and updated sustainable goals and targets, and improving previous shortcomings in combating financial crimes in order to have more sustainable products and services, sustainable finance and investment, policies, code of conduct and commitments.

In the environment dimension, Finnish banks are partnering with environmentally conscious body such as PCAF to implement, develop and asses greenhouse gas emission in the banks' loan and investment activities. By promoting carbon emission cut-downs by renewable electricity, solar power plant and to use less paper, the companies are also able to appear more responsible. The approaches of Swedish banks are more responsible regarding investments and financing by aligning business strategies with UN SDGs and TCFD and providing employees climate-related trainings and policies. They also try to lower the usage of paper and have better waste management.

Inside the social aspect, Finnish banks approaches are promoting gender balance and diversity in the work place, providing equal opportunity and creating safer and more inclusive workplace for employees. They are also trying to become more digital by reducing paper consumption, carbon emission and GHG. Nordea, for instance, has increased its local community engagement by having Nordea Start-up & Growth approach. Approaches of Swedish banks are more responsible regarding strengthening employee-employer-commitment towards sustainable development. Sustainability improved workplace and union rights are to be found in Swedish banks. Swedish banks emphasize themselves as attractive employers and their societal engagement.

8.2.3 Evaluation

Evaluation of the management approach includes explaining the mechanism for evaluating the effectiveness of the approach. It needs to explain what are the measurement systems, external performance ratings and stakeholders' feedback. Afterwards, organization needs to reveal the results of the evaluation and how the results are communicated. Lastly in this part, organization needs to provide set of plans or action to improve the topic-specific performance.

In Economic area, Finnish banks evaluation approach are whistleblowing mechanism, electronic reporting channel, implementation monitoring, stakeholder feedback, sustainable corporate governance, regular risk review, independent internal audit, ECB (European Central Bank). The banks performance measures are clear target and metrics that is reviewed regularly by the Group CR. Targets and operating principles are revised and updated accordingly. In Sweden, the banks regularly revise and update their policies and regulations under the supervision and control of the Board. They also produce transparent reporting. The banks utilize external and internal auditors to assess the banks' performance. They monitor their customer surveys from EPSI rating group and the banks' own customer surveys.

In environmental dimension, Finnish banks are focused on partner-to-partner engagement. Finnish banks are members of many green initiatives and organizations and that helps them to integrate green commitments into their policies. They take references from OECD guidelines and ESG risk aspects for their day-to-day activity. The banks produce corporate direct emission intake and it is supervised, monitored and evaluated by the Head of sustainability department. In Sweden, the banks provide transparent report of carbon emission. They monitor their position and statement of greenhouse gas emission. They monitor the outcome of Nordic Swan ecolabel usage and their own professional development program toward sustainability.

The social aspect evaluation of Finnish banks is through monitoring the rate of employees being hired and employee turnover. They also monitor employee trainings attendance and the average hour used for those. Monitoring employee performance and career development reviews are also the actions Finnish banks take. Finnish banks also monitor and analyse customer complaints regarding privacy breach. The actions taken by Finnish banks always refer to Finnish labour law. The approaches of Swedish banks are quite similar to banks in Finland. Attendance rate of training, rate of hired employees and employee turnover are the things being monitored. They also monitor gender and diversity of managers, executives and board members.

8.2.4 GRI topic-standards disclosure

Table 8. GRI topic-specific standard disclosure amount used in sustainability reporting of 6 compared banks

Banks	GRI topic-specific disclosure			
	Economy	Environmental	Social	Total
Nordea	3	9	10	22
OP	7	9	15	31

Aktia	5	12	14	31
Handelsbanken	8	4	13	25
SEB	7	4	6	17
Swedbank	7	5	2	14

All six compared banks are using GRI standards in core option. As it has been explained previously, this means that the organization is only required to use at least one of topic-specific standards that relates to the organization material topic. All the compared banks have provided more than it is required. The table above shows that Finnish banks has cover more disclosure in total averagely. OP and Aktia answered to 31 topic-specific and Nordea 22 topic-specific disclosures. The Swedes in total have responded to lesser topic-specific disclosures provided by GRI Standards. Handelsbanken answered to 25 topic-specific disclosures, SEB to 17 and Swedbank to 14 disclosures.

9 Conclusions

Non-financial reports have a wider range of topics compared to financial reports. Sustainability reports need to consolidate not only the economic aspects of the organization but also environmental, social and governance related issues. This research points out that there are no significant differences in general between the financial institutions from Finland and Sweden.

All the six banks that were assessed are claiming that their sustainability reports are in accordance with GRI Standard with core option. The six banks have reported more than the minimum condition GRI Standard requires for core option regarding reporting. In general disclosure part, Swedish banks have reported more contextual information than banks from Finland. Although, the minimum standard requirement to report, according to GRI standards, for the companies with core option is only one, the Banks from Sweden have reported all the disclosures related to governance structure. In the topic-specific disclosure area, Finnish banks reported more material topics and disclosed more information in total. Both, Finnish and Swedish banks, have exposed more impacts in regards to social dimension.

Banks have a big role in sustainable development through their financial decisions. Banks contribute with their green products and services providing positive impact to the society. On the other hand, lending and investment decisions of banks can have negative indirect impact towards environment when banks finance sectors that have heavy impact on environment. None of the compared banks extended their transparency in their sustainability reports to their product- or service impacts. This research has to agree with commonly accepted perception that reporters from financial sector are likely to focus their material issues within their operations instead of their primary impact from funding and investing operations. It is widely known that companies have used sustainability reporting for their benefit to gain better reputation and stakeholders confidence. Therefore, reporting negative impacts of one's financing decisions is exceptional within financial sector.

The analysed sustainability reports in this research mostly discourse positive impact of the banks' green products and services neglecting the negative impact the banks contribute through financing fossil fuel. Financial sector's direct and indirect impact towards sustainable society must be acknowledged. Both negative and positive impacts standard indicators should be developed. Banks need to be more transparent in picturing their business decisions. Banks need to focus more into their economic material topics in order to expose more information of their economic impacts. Banks have to report disclosures

such as infrastructure investment and services supported and significant indirect economic impacts.

The conclusion of this research is that the six analysed banks have reported more in their sustainability reports than it is required from them according to GRI standards. All of the analysed banks have emphasized their social and environmental impacts and managing those impacts. All the studied banks seem to have forsaken to show their significant impacts through their funding and investing operations.

9.1 Reflection on learning

The purpose of this research was to assess sustainability reporting within banking industry in Finland and Sweden and to figure out if there are any differences between the two countries. The assessment was done by comparing three banks from both countries, all of them being the ones that are market-leaders in their countries of origin. The study found no significant differences between the two compared countries, but some minor divergences were spotted. In this perspective the research succeeded to answer the main question.

Qualitative secondary research method suited well in this research. The sustainability reports are available in public sources and they are easy to find. By studying those, it is possible to point out differences and similarities between them. It could be possible to conduct a more comprehensive research by interviewing bank personnel responsible for creating their sustainability reports. However, in this research, due to time limitation and availability of such personnel, it was not considered as a viable option. By interviewing some experts on the field and getting their insights on the matter, the study could provide more accurate information and the results could be more extensive. Also, the reliability of the study could have suffered if personnel from some banks were interviewed and some were not.

A research on sustainability reports within banking industry could be more detailed if interviewing appropriate personnel was combined with comparison of actual reports. This study, regardless of lack of such thing, was able to discover differences in the reporting between the two compared countries and in that sense it was successful.

9.2 Suggestion for further study

This research focuses on sustainability reporting within financial sectors from Finland and its neighbouring country, Sweden. For further study the research scope could be broaden up to the next level. For instance, the new scope could be comparing financial sectors

between Europe and Asia in order to find out if stakeholder profile differences had any effect on non-financial reporting of organizations. Further study could also compare two different sectors in order to find out what kind of material topics each industry like to focus on.

Future research could also be conducted from different point of view. A perspective from the users of sustainability reports could give the research a new and fresh angle. When it comes to sustainability reporting many studies seem to focus on the researchers point of view and analyse only reporters qualitative explanation. It would be interesting to know what reporting stakeholders' perspective is.

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Appendices

Appendix 1. General disclosure reporting requirements

IQ1.1: How detailed is public information on organizational profile?

	Organizational profile	– FINLAND		
No.		– Nordea	OP Financial Group	Aktia Bank Plc.
1	Name of the organization	✓	✓	✓
2	Activities, primary brands, products and services	Business area ✓ Products ✓ Sustainable choices (Star funds & the Global Climate & environment funds, pensions, green corporate loans, green mortgages, green car loans/leasing)	Business area ✓ Products ✓ Financing sustainable business, developing green financing product, responsible investment	Business area ✓
3	Location of Headquarters	✓ Helsinki, Finland	✓ Helsinki, Finland	✓ Helsinki, Finland
4	Number of countries it operates	Presence in 22 countries	✓	✓
5	Nature of ownership and legal form	✓ 5 major shareholders	✓ Cooperative bank 2 million owner-customers	✓
6	Market served (geographic location, sectors served, type of customers and beneficiary)	✓	✓	✓
7	Scale of organization (number of employee, number of operations, net sales, net revenue, total capitalization in debt and equity, quantity of products/services provided)	✓	✓	✓
8	Number of employee by employment contract. (permanent/contractual)/ (full time/part time) per region, by gender, An explanation how the data have been compiled	✓	✓	✓
9	Supply chain. Type/total number/geographic location of supplier engage, payments made to the suppliers	✓	✗	Early 2020 begins to apply supplier code of conduct
10	Changes to the organisation and its supply chain *Change that can contribute or cause significant impact toward economy, environment and social	✓ Number of harassment reported. Payment term to suppliers changed Number of supplier convicted for bribery	✓	✓ It reports the finding of their own supplier that have a big impact on environmental and human right. Also admitted that still keep the relationship with the supplier
11	Precautionary principle or approach To avoid/reduce negative impact to the environment	✓ Reducing carbon footprint, think green and circular economy	✓ page 40 Reduce emissions from energy consumption, renewable energy: built solar power plant, reduce business travel	✓ Reducing electricity consumption. Thanks to remote work. New office in Kampi received WWF Green Label. Implementing Eco efficient practises and training of how to reduce environment impact
12	External initiatives that the organization subscribes or endorse	✓ 20 Organizations	✓	✓
13	List of membership of industry/association national/international	✓ 11 Associations	✓	✓

	Organizational profile	– SWEDEN		
No.	–	– Handelsbanken	– SEB	– Swedbank
1	Name of the organization	✓	✓	✓
2	Activities, primary brands, products and services Explanation of any products or services that are banned in certain market (should explain whether is sells product or services) GRI 102-2 point 1.1	Business area ✓ Products ✓ Occupational pension, Green mortgage loan, Green energy loan, investments that contribute to SDG's	Business area ✓ Products & activities: Green bond, Green structuring advisor, sustainable investment, raising money to support Covid-19 vaccine Criteria for exclusion p.52	Products ✓ Financing, saving & investment, payments & cards, trading & capital market products, other (administrative services, real estate brokerage, safe deposit box, etc)
3	Location of Headquarters	✓ Sweden	✓ Sweden	✓ Sweden
4	Number of countries it operates	✓	✓	✓
5	Nature of ownership and legal form	✓	✓	✓
6	Market served (geographic location, sectors served, type of customers and beneficiary)	✓	✓	✓
7	Scale of organization (number of employee, number of operations, net sales, net revenue, total capitalization in debt and equity, quantity of products/services provided)	✓	✓	✓
8	Number of employee by employment contract. (permanent/contractual)/ (full time/part time) per region, by gender, An explanation how the data have been compiled	✓ Gender, NO employment contract	✓	✓
9	Supply chain. Type/total number/geographic location of supplier engage, payments made to the suppliers	✓	✓ The selection based on financial, social aspects, environment and governance SEB code of conduct for Suppliers	✓ Number of all suppliers Number of supplier that have been invited to sustainability assesment
10	Changes to the organisation and its supply chain *Change that can contribute or cause significant impact toward economy, environment and social	✓ Code of conduct and KPI's	✓ No significant changes	✓ Procurement sustainable strategy, Supplier Code of conduct, assesment and monitoring.
11	Precautionary principle or approach To avoid/reduce negative impact to the environment	✓ According to Global Compact and Swedish legislation	✓ Automate and monitoring big transaction as one of the means to prevent money laundering or other financial crime	✓ Commitments, membership and network, partnerships
12	External initiatives that the organization subscribes or endorse	✓	✓	✓
13	List of membership of industry/association national/international	✓	✓	✓

IQ1.2: What is the organization's strategy in respect to sustainability?

(no.15 is not mandatory for Core option)

	Strategy	– FINLAND		
No.	–	– Nordea	OP Financial Group	Aktia Bank Plc.
14	A statement from the most senior decision maker	✓ President and Group CEO Chairman of the Board of Directors	✓ President and Group Chief Executive Officer	✓ CEO
15	Description of key impacts, risk and opportunities	✓	✓	✓

	Strategy	– SWEDEN		
No.	–	– Handelsbanken	– SEB	– Swedbank
14	A statement from the most senior decision maker	✓ President and Group Chief Executive	✓ Chair of the Board President & CEO	✓ President and CEO
15	Description of key impacts, risk and opportunities	✓	✓	✓

IQ1.3: What information is public regarding organization's ethics and integrity?

(no.17 is not mandatory for Core option)

	Ethics and integrity			
No.	–	– Nordea	OP Financial Group	Aktia Bank Plc.
16	Description of organization's values, principles, standards, and norms of behaviour Any one monitoring for development, updating the reading materials	✓ People Pulse Employee survey to measure the engagement level and wellbeing of employees	✓	✓ Financial, social and environmental matters, ESG risk are reviewed by the Executive regularly
17	Description about internal/ external mechanism of <ul style="list-style-type: none"> Seeking advice regarding ethical issue, lawful behaviour and integrity Reporting regarding concern of unethical, unlawful and dishonesty 	✓ Group Compliance, an independent function that monitor bank compliance toward laws, regulations, standards and rules. Code of Conduct and Sustainability policy are defining business principles. Annual training of Code of Conduct for employee Know Your Customer (KYC) tools to prevent financial crime	✓ Stakeholder survey and feedback request --) materiality analysis	Code of conduct against bribery, corruption, confidentiality and customer's complaint Training, whistleblowing, possibility of anonymous report

	Ethics and integrity	– SWEDEN		
No.	–	– Handelsbanken	– SEB	– Swedbank
16	Description of organization's values, principles, standards, and norms of behaviour Any one monitoring for development, updating the reading materials	✓ Policy and guideline for employers and suppliers in regards sustainability activities. These covers anti-corruption, money laundering prevention, against terrorist financing, against financial crime and ethical standard	✓ Code of conduct, Labour law and unions	✓ Clear purpose, vision, customer promise, values and foundation Regularly reviewed and update Commitment in line with UN Principles for Responsible Banking Active in Sustainability related forum
17	Description about internal/ external mechanism of <ul style="list-style-type: none"> Seeking advice regarding ethical issue, lawful behaviour and integrity Reporting regarding concern of unethical, unlawful and dishonesty 	✓ CEO has the internal control over managers who report to them Group of Compliance identifies, measures, checking, assessing and analyses the compliance within unit This group also provides support to employers of new regulations, products, service, market and process within the bank	✓ SEB campus, employee self-driven learning platform to guide, develop and share knowledge. Training and workshop	✓ Regularly in dialogue with suppliers and customers Independent control function to review and create improvement and evaluating of the bank's sustainability commitments

		Whistle blower system		
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IQ1.4: What kind of information on corporate governance is included in the report?

(no.19 to 39 are not mandatory for Core option)

	Governance structure	– FINLAND		
No.	–	– Nordea	OP Financial Group	Aktia Bank Plc.
18	Governance and committee structure	✓	✓	✓
19	Delegating authority process	✓ BEVC (subcommittee of CEO) role: Preparing sustainability strategy, targets and report for the CEO and the Board Board: Supervise, control of the process and management risk concerning sustainability responsibilities	✓ Representative Assembly: elects member of Supervisory Board Supervisory board: elects Board Directors members and Managing Directors members and supervises them Board of Directors: determines business direction, strategy and targets Managing directors: manage day-to-day operations	✓
20	Executive level responsibility	✓	✓ Executive management Team set up Corporate Responsible Committee CR Committee prepares CR policy and programme for the Board to approve The board approve and follow it progress against the agreed targets Cooperative's Supervisory council regularly review and monitor the progress of its execution	✓ The Audit committee prepare Corporate sustainability policy, programme and targets. Then the Board of Directors and Executive Committee will approve. The CR activities are managed by The head of Sustainability in the CFO's organization
21	Consultation process between stakeholders and highest governance body	✗ No information	✓	✓ Stakeholder survey and targeted interview
22	Composition of the highest governance body and its committee	✓	✓	✓
23	Is the highest governance body also an executive officer in the organization	✗ No information	✗	✓ Stated in the report that NONE of the board members is an employee of the bank
24	Nomination and selection process of the highest governance body	✗ No information	✗	✓ According to Aktia's articles of Association: board members are between 5 to 12 person. Representative from 5 largest shareholders

25	Conflict of interest	✗ No information	✗	✗
26	Role of the highest governance body in setting purpose, values and strategy	✓	✓	✓
27	Collective knowledge of the highest governance body	✗ No information	✗	✓ Follows International Convention and Standards
28	Evaluating the highest governance body performance	✗ No information	✗	✗
29	The highest governance body role in identifying and managing economic, environmental and social impacts and whether stakeholder consultation is used	✓	✓	✓
30	The highest governance body role in reviewing the risk management for related topic above	✓	✓	✓ Executive Committee oversees performance and reviewing ESG risk management
31	Reviewing frequency	✗ No information	✓ Regularly	✓ Regularly
32	The highest governance body role in sustainability reporting	✓	✓	✓
33	Process of communicating critical concerns	✗ No information	✗	✗
34	Nature and total number of critical concerns	✗ No information	✗	✗
35	Remuneration policy for the highest governance body	✓ In the website	✓ Remuneration principles prepared by Cooperative's Board Directors complies with EU and national law. It is agreed by Cooperative's Supervisory council	✓ Annual general meeting based on the proposal Shareholder's nomination board suggestion
36	Process for determining remuneration	✓ The Board of Directors decides the remuneration policy base on the analysis of possible risk involved and then agreed by Board Remuneration Committee (on the website, not mentioned in SR)	✓ Fixed and variable remuneration. In line with core values, target and business strategy	✓ In the annual general meeting, Board members remuneration is decided. The suggestion prepared by the Nomination Board which consist of 5 largest shareholders.
37	Stakeholders' involvement regarding remuneration	✗ No information	✗	✓
38	Annual total compensation ratio	✗ No information	✓	✓
39	Percentage increase in annual total compensation ratio	✗ No information	✓	✓ In the website

	Governance structure	– SWEDEN		
No.	–	– Handelsbanken	– SEB	– Swedbank
18	Governance and committee structure	✓	✓	✓
19	Delegating authority process	✓ Shareholders elect Board members Board appoints and give instructions to group of Chief Executive regarding Bank's operation	✓ Shareholders (Nomination committee) elect Board members and external auditor	✓
20	Executive level responsibility	✓	✓	✓
21	Consultation process between stakeholders and highest governance body	✓ Annual general meeting	✓	

			Annual general meeting, employee survey, bilateral and multilateral meetings with various industry forums, press conferences, one-on-one meeting	
22	Composition of the highest governance body and its committee	✓	✓	
23	Is the highest governance body also an executive officer in the organization	✓ No According to Swedish Corporate Governance Code Board members elected by AGM (annual general meeting) MUST be independent of Bank's management	✓ The president is the only elected director employed by the bank	
24	Nomination and selection process of the highest governance body	✓	✓	
25	Conflict of interest		✓ President will be exempt to attend board meeting if there is a possibility of conflict of interest	✓ Should the situation arise where business decision does not align with business ethics committee recommendation, CEO will decide the matter
26	Role of the highest governance body in setting purpose, values and strategy	✓	✓ Against money laundering and other financial crimes. To reduce the risk of being exploited for criminal purposes.	Set on the goals, strategies, operational frameworks and business plan To make sure that the bank has the utmost efficient organization and corporate governance
27	Collective knowledge of the highest governance body	✓ Chairman ensure Board members knowledge update regarding bank's operation	✓	Yearly training in cybersecurity. Capital adequacy related and financial control Presentation on regulations that has been implemented , Market Abuse Regulation and sustainability in financial sector Annual board seminar
28	Evaluating the highest governance body performance	✓ Evaluated yearly Means: survey and discussion between chairman and members	✓ Annual self-assessment	✓
29	The highest governance body role in identifying and managing economic, environmental and social impacts and whether stakeholder consultation is used		✓	✓
30	The highest governance body role in reviewing the risk management for related topic above	✓ Annual General meeting (AGM)	✓	✓
31	Reviewing frequency	✓	✓	✓
32	The highest governance body role in sustainability reporting	✓	✓ The Board approves: business	✓

			plan, sustainability strategy, and the annual report (including Sustainability report)	
33	Process of communicating critical concerns		✓	
34	Nature and total number of critical concerns			✓ The number is tracked but was not mention how many in the report
35	Remuneration policy for the highest governance body	✓	✓	
36	Process for determining remuneration	✓ Fixed and variable remuneration, pension		
37	Stakeholders' involvement regarding remuneration	✓ Shareholders determine Board members and Auditors fee and remuneration principles for the Executives	✓	✓
38	Annual total compensation ratio			
39	Percentage increase in annual total compensation ratio			

IQ1.5: How detailed is public information regarding stakeholders' engagement?

	Stakeholder engagement	– FINLAND		
No.	–	– Nordea	OP Financial Group	Aktia Bank Plc.
40	List of stakeholder groups that engaged by the organization	✓ 10 groups (Employees, Management, Board of directors, Customers, Owners and investors, Suppliers, Regulators and supervisors, NGO's, Media, Academia	✓ Labor market organization, Think tanks, political parties, Civic organizations, Universities,	Shareholders, Customers, Suppliers/partners, Personnel, Authorities and trade associations, Media, Financiers, Charitable work.
41	Collective bargaining agreements	✓ 88,7%	✓ 91%	✓ 89,5%
42	The basis for identifying and selecting stakeholders involved	✓	✓	✓
43	Approach to stakeholders engagement	✓	✓ Forum meeting, survey and feedback	Survey, Open dialogue using company's website, social media, press releases, customer's newsletter. To meet at seminars, local events, and trade fairs.
44	Key topics and concern raised through stakeholder engagement and how the organization has responded to those	✓	Improve financial literacy, foster sustainable economy, support local community and se information capital responsibly	✓ Confidentiality of customers information, good governance, money laundering prevention, transparent reporting and tax.

	Stakeholder engagement	– SWEDEN		
No.	–	– Handelsbanken	– SEB	– Swedbank
40	List of stakeholder groups that engaged by the organization	✓ Employees, owners and investors, Union organizations, society,	✓ Employees, customers, investors, shareholders and	Customers, employee, owner and inv3stors society and the world

		Sustainability Analyst, Suppliers	analysts, society: regulator, media and NGO's	
41	Collective bargaining agreements	✓ 75%	✓ 80%	✓ 72%
42	The basis for identifying and selecting stakeholders involved	✓ Based on the fact that the Bank's operation materially affect them		✓ Those who are materially impacted and have an impact to bank's operations
43	Approach to stakeholders engagement	✓ Customer survey, qualitative interview, dialogue with the corporate customers	✓ Annual general meeting, employee survey, bilateral and multilateral meetings with various industry forums, press conferences, one-on-one meeting	Annual employee survey, annual customer survey, annual sustainability report, meeting with investors, company's website
44	Key topics and concern raised through stakeholder engagement and how the organization has responded to those	✓ Gender quality, decent work and economic growth, Industry, innovation and infrastructure, sustainable cities and communities, climate action and peace, justice and strong institutions	✓ Anti-money laundering and crime prevention, sustainability and climate risk, disclosure and investment advice, human rights	✓ Key topic: Digital service, loss confidence because of the bank's shortcomings, increased interest, more sustainable products and services Sustainability management affected by stakeholders' priorities, regulations and bank's own ambition Strategic policy to response to material topics

IQ1.6: Reporting practice 102-45 to 102-56

	Reporting practice	– FINLAND		
No.	–	– Nordea	OP Financial Group	Aktia Bank Plc.
45	List of consolidated entities	✓	✓	✓
46	Explanation of defining report content process and topic boundaries	✓	✓	✓ Scope, covers all units and personnel, offices.
47	List of material topics	✓	✓	✓
48	Restatement or changing from the previous reporting	✓	No restatement	No restatement
49	Changes in reporting			
50	Reporting period	✓	✓	✓
51	Date of the most recent previous report	✓	✓	✓
52	Reporting cycle	✓	✓	✓
53	Contact point for questions regarding the report	✓	✓	✓
54	Statement that claim that the report is in accordance with the GRI Standards (Core or Comprehensive)	✓ Core option	✓ Core option	✓
55	GRI content index	✓	✓	✓
56	External assurance	✓	✓	✓

	Reporting practice	– SWEDEN		
No.	–	– Handelsbanken	– SEB	– Swedbank
45	List of consolidated entities	✓	✓	✓
46	Explanation of defining report content process and topic boundaries	✓	Supporting the transition to low-carbon economy with sustainable investment and financing.	
47	List of material topics	✓	✓	✓ Identify material areas--> survey sent to key employees representing various area Use the result as basis for second survey for the external stakeholders External stakeholders ranked the material topics. The result then reflected to bank's own business strategic plan
48	Restatement or changing from the previous reporting	✓ No major corrections	✓ No major corrections	✓ There are some revisions
49	Changes in reporting	✓ No major corrections	✓ No major corrections	
50	Reporting period	✓	✓	✓
51	Date of the most recent previous report	✓	✓	✓
52	Reporting cycle	✓	✓	✓
53	Contact point for questions regarding the report	✓	✓	✓
54	Statement that claim that the report is in accordance with the GRI Standards (Core or Comprehensive)	• Core option	• ✓ Core option	✓ Core option
55	GRI content index	✓	✓	✓
56	External assurance	✓	✓	✓

Appendix 2. Topic-specific reporting requirements

– FINLAND				
No.		Nordea	OP Financial Group	Aktia Bank Plc.
ECONOMY				
1	Disclosure of material topic and its boundary	Anti-corruption Anti-competitive behavior Tax payments Financial crime Community engagement	Economic performance Indirect economic impacts Ownership Local community Anti-corruption	Transparent governance Prevention of money laundering and corruption Transparent reporting Tax payment Promoting financial literacy
2	The management approach and its components	Training Policy and Code of conduct Tracking down and stop money laundering Increased engagement with the regulator Investing on cyber defence Green corporate loans	Promoting financial literacy Sustainable financing and investing Preventing shadow economy, corruption and money laundering Policies and commitments Code of business ethics Open and transparent operations	Code of conduct against bribery and corruption Responsible financing and lending Responsible investment and asset management Responsible marketing Partner for economic well-being Sales manual
3	Evaluation of the management approach	Whistleblowing Electronic reporting channel Civil law claims and disputes	Targets and metrics were explained Regular review of Group's CR programmes and monitor its implementation Targets and operating principles are revised accordingly if needed Stakeholder's feedback Supervised by Board of Directors Regular risk review Independent internal audit ECB (European Central Bank)	Whistleblowing Reporting channel Financial Supervisory Authority Chief Risk and Compliance Officers Director of Operational Risk Control Board of Directors guidelines Audit committee Stakeholder survey Targeted interview
4	GRI standard	GRI 205-2 GRI 206-1 GRI 207-1	GRI 201-1/3 GRI 203-2 GRI 205-1/2/3 GRI 206-1	GRI 201-1/2 GRI 202-2 GRI 204-1 GRI 205-2
ENVIRONMENTAL				
1	Disclosure of material topic and its boundary	Energy consumption Water and effluents Emissions Supplier environmental assessment	Emission Energy Responsible procurement	Reducing carbon footprint
2	The management approach and its components	Risk classification PCAF (the Partnership for Carbon Accounting Financials) Customer-friendly digital solutions	Mitigating effect of climate change Environment-friendly products and services Promoting cutting emission across supply chain Remote meetings, reduce business travel Renewable electricity Built solar power plant on the roof Zero emission district heating system Calculate investments under GHG protocol	Climate-smart services for customers Invest responsibly Lend responsibly Monitor trend and regulatory projects International policies and commitments Group's climate policy

				Supplier code of conduct Green office
3	Evaluation of the management approach	Carbon footprint report Diversity and Inclusion committee Employee Resource Group Partner to partner engagement	Direct emission Corporate responsibility networks Law, regulations and international business standards OECD guidelines ESG risk aspects	Head of sustainability monitors and evaluates corporate responsibility programme Metrics and focal points Assessment of sustainability risks
4	GRI standard	GRI 302-1/3 GRI 303-5 GRI 305-1/2/3/4 GRI 308-1/2	GRI 302-1/3/4 GRI 305-1/2/3/4/5 GRI 306-2	GRI 301-1 GRI 302-1/3/4 GRI 305-1/2/3/4/5 GRI 307-1 GRI 308-1/2
SOCIAL				
1	Disclosure of material topic and its boundary	Employment Training and education Diversity and equal opportunity Non-discrimination Human rights assessment Supplier social assessment Supplier screened using social criteria Customer privacy	Employment Occupational health and safety Training and education Non-discrimination Anti-competitive behavior Customer privacy	Security and privacy Customer loyalty and satisfaction Skilled personnel and good management Good leadership Occupational well-being Equal opportunity and diversity Responsible procurement
2	The management approach and its components	Gender balance workforce Safe and inclusive workplace Equal Opportunity Zero tolerance of harassment, bullying and victimisation Supplier code of conduct Supporting human rights Helping start-ups to create growth	Supporting local communities Preventing accidents and losses Promoting diversity Equal opportunities Wellbeing of employees Protection of privacy and data security Online courses Supplier Code of conduct Transparent and systematic supplier management	Updated ethical principles Employee training Complies with collective agreements of banking and insurance sectors Policies and commitments
3	Evaluation of the management approach	New employee hires Employee turnover Average hour training/employee/year Upgrading skill programs Percentage employee performance and career development reviews Subject to human rights operation reviews Independent human rights assessment	Average hour training/employee/year Employee performance reviews Percentage employee career and performance Number of person who completed the online courses Supplier risk management Supplier Audit plan Customer complaints regarding breaches of customer privacy	Employee Net Promotor Score (eNPS) to measure employee experience Leadership index to measure personnel satisfaction Finnish Labour Law
4	GRI standard	GRI 401-1 GRI 404-1/2/3 GRI 405-1 GRI 406-1 GRI 412-1 GRI 414-1/2 GRI 418-1	GRI 401-1/2/3 GRI 402-1 GRI 403-8/9 GRI 404-1/2/3 GRI 405-1/2 GRI 406-1 GRI 413 GRI 415-1 GRI 418-1 GRI 419-1	GRI 401-1 GRI 402-1 GRI 403-1/3/4/6/9 GRI 404-1/2 GRI 405-1 GRI 414-2 GRI 415-1 GRI 417-3 GRI 419-1

– SWEDEN				
No.	–	Handelsbanken	SEB	Swedbank
ECONOMY				
1	Disclosure of material topic and its boundary	<p>✓</p> <p>Financial sustainability Creating shareholder value Salaries and remuneration Local presence and community engagement Counteract financial crime</p> <p>Exceed customers' expectations on quality and availability and high ethical standards To contribute to the local community by employing people and paying tax</p>	<p>✓</p> <p>Financial strength and resilience Risk management Crime prevention Tax</p>	<p>✓</p> <p>Business ethics Financially stable bank Sustainable investment Combat financial crime Societal engagement Responsible governance Secure and stable IT system High availability</p>
2	The management approach and its components	<p>✓</p> <p>Goals and targets Handelsbanken Sustainable Development Goals Solutions, it analyses bank's products, services and the market where the bank at Policy for sustainability which provide guidance on how to approach material topics Guidelines regarding armament and defence industry, environment and climate change, forestry and farming, tobacco industry and managing tax</p>	<p>✓</p> <p>Sustainable financing and investment Gradually shift credit portfolio into sustainable financing Sustainable finance innovation centre to develop sustainable products and services Updated Sustainability Policy</p>	<p>✓</p> <p>Corporate governance model and framework Corporate culture (transparency, integrity, compliance and risk awareness) Policy, rules and sector guidelines Continued efforts to improve passed shortcomings in detecting financial crime</p>
3	Evaluation of the management approach	<p>✓</p> <p>Yearly revised policy of ethical standards, anti-corruption and sustainability EPSI rating, own and public surveys</p>	<p>✓</p> <p>Corporate sustainability policy Corporate sustainability governance Board has the responsibility for internal control Group Compliance to ensure that the Board perform their job accordingly Group internal audit</p>	<p>✓</p> <p>Reporting of taxes for the year Reporting of profit of the year Sustainability management assessment External audit</p>
4	GRI standard	GRI 201-1/3/4 GRI 203-1/2 GRI 205-1/2/3	GRI 201-1/2 GRI 205-2 GRI 207-1/2/3	GRI 201-1/3 GRI 205-1 GRI 207-1/2/3/4 G4-FS6/7/8/10
ENVIRONMENTAL				
1	Disclosure of material topic and its boundary	<p>✓</p> <p>Minimise environmental & climate impact</p>	<p>✓</p> <p>Energy consumption GHG emission Waste Non-compliance with environmental law & regulation</p> <p>Linked to Bank's business strategy and sustainability work To contribute to create jobs and economic growth in the society</p>	<p>✓</p> <p>Promote climate transition Reduce direct greenhouse gas emission Reduce energy consumption</p>

2	The management approach and its components	<p>✓</p> <p>Responsible investment Sustainable products Climate -related financial disclosure</p> <p>As an investor, the bank directing the capital toward investments with a smaller carbon footprints</p>	<p>✓</p> <p>Sustainable financing and investment Assets management and SEB Funds assessed with sustainability and human rights criteria Aligning business strategy with UN SDG's</p>	<p>✓</p> <p>Environmental policy TCFD recommendations Group functions with sustainability responsibility Waste management Digital meeting Lower paper usage Climate -related training</p>
3	Evaluation of the management approach	<p>✓</p> <p>Outcome Nordic Swan ecolabel Measure material environment impact Bank's CPD (Continuing Professional Development) reporting for detail emission calculations Investment analysed in accordance with TFCF recommendation Environmental data</p>	<p>✓</p> <p>Total carbon emission Total SEB Impact and Thematic funds Environment report (carbon emission, energy, water, waste, paper, etc) Community engagement and sponsorship report (focus area, country, etc)</p>	<p>✓</p> <p>Position and statement on climate change Greenhouse gas emission Energy consumption Water consumption</p>
4	GRI standard	GRI 302-1 GRI 305-1/2/3	GRI 302-1 GRI 305-5 GRI 306-2 GRI 307-1	GRI 302-3 GRI 305-1/2/3/4
SOCIAL				
1	Disclosure of material topic and its boundary	<p>✓</p> <p>Salaries and remuneration Responsible employer Employee commitment Work environment, working condition and union rights Leadership and development Gender equality and diversity</p>	<p>✓</p> <p>Employee hires and turnover Minimum notice in regard to operational changes Training average hour Diversity of governance bodies and employees Political contribution Customer privacy</p>	<p>✓</p> <p>Attractive employer Societal engagement</p>
2	The management approach and its components	<p>✓</p> <p>To run a successful bank is based on respect and trust to both customers and employees Proactively combat financial crime Collaboration with the Police regarding money laundering KPI's Performance-based remuneration</p>	<p>✓</p> <p>KPI's for senior managers Policy framework for guidelines Gender management Employee mandatory training of Business ethics and conduct Reduce corruption and bribery in all form To protect business by preventing financial crime</p>	<p>✓</p> <p>Employee training Engaged in various social initiatives Group goals, implementation, monitoring and reporting</p>
3	Evaluation of the management approach	<p>✓</p> <p>Employee survey Total sickness absence rate of employee Employee turnover rate</p>	<p>✓</p> <p>Report of Business ethics and conduct/ Crime prevention/ Competence Our people report (gender, age, employment contract, employee turnover, etc)</p>	<p>✓</p> <p>Average hour of training per year Employee survey Employee engagement measured</p>
4	GRI standard	GRI 401-1 GRI 402-1 GRI 403-4 GRI 404-2/3 GRI 405-1 GRI 406-1 GRI 412-3 GRI 413-1 GRI 417-1/2 GRI 418-1	GRI 401-1 GRI 402-1 GRI 404-1 GRI 415-1 GRI 418-1	GRI 404-1 GRI 405-1

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