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Principles for
Responsible Banking

Reporting and Self-Assessment Template

Principles for Responsible Banking



Reviewed version (V2) from September 2022



Principle 1: Alignment



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

Business model

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

Coop Pank is a rapidly growing Estonian bank owned by domestic investors. Coop Pank's shares are listed on the Tallinn Stock Exchange and are held by more than 37,000 people in the country.

The Coop Pank Group includes:

- *Coop Pank AS*
- *Coop Liising AS (leasing)*
- *Coop Kindlustusmaakler AS (insurance brokerage)*
- *SIA Prana Property (real estate manager)*

The bank's customers are all residents of Estonia. All our decisions are made in Estonia. We feel there is public support for domestic capital-based banks. Through our activities, the bank wishes to contribute to the development of Estonian people and companies and thereby support the development of the Estonian economy. In fulfilling this mission, we cooperate proactively with Estonian entrepreneurs who need financial support to implement their business plans in both rural and urban areas. By supporting the development of companies outside the big cities, we contribute to the regional development of Estonia and create opportunities for people to live where they want to in Estonia.

Coop Pank sees its strengths and the resulting growth opportunities primarily in the provision of everyday banking (account, payments, bank card, cash, deposits), financing services (mortgage loan, consumer loan, credit card, business loan, lease financing) and saving products (short term saving, medium term saving into deposits, long term saving into pension funds). In addition, we intermediate the most common property insurance products (motor third party liability insurance,

Links and references

[About Coop Pank - Coop Pank](#)

[Reporting - Coop Pank Reporting – 2023 – COOP Pank AS annual reports. Management report p.5](#)

comprehensive insurance, home insurance, travel insurance, purchase insurance) through our insurance broker.

Over the next three years (by the beginning of 2027), our strategic goal is to increase the bank's market share in Estonia to 10% (a loan portfolio of at least 2 billion euros) and thereby to reach a position in which every tenth Estonian is a current customer of Coop Pank (more than 200,000 current customers as of the end of September, 2024).

Strategy alignment

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

Yes
 No

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

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

UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: EU Taxonomy, CSRD
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
 None of the above

Coop Pank aspires to be climate neutral by 2050 and has set itself a goal of aligning its business strategy with sustainable development goals to increase the positive impact of its products and services and reduce the negative impact.

Operating within the banking sector, we are able to contribute either directly or indirectly to the following areas of sustainable development:

- *SDG 8 – Decent Work and Economic Growth*
- *SDG 13 – Climate Action*
- *SDG 11 – Sustainable Cities and Communities*
- *SDG 16 – Peace, Justice and Strong Institutions*
- *SDG 12 – Responsible Consumption and Production*

Links and references

[Reporting - Coop Pank Reporting – 2023 – COOP Pank AS annual reports - Sustainability report, pp. 33-37](#)

<https://www.cooppank.ee/en/coop-pank/for-the-environment>

We have been reporting yearly about our commitment and contribution to the above-mentioned SDGs (see references).

Overall, our approach has been moving step-by-step. Every year we have progressed in the field of sustainability (see details in sustainability report).

The Coop Pank group joined the Responsible Business Forum in 2020 and participated in the Responsible Business Index survey, where it carries the silver level label from 2023. In 2022, the Group participated as the first Estonian bank in one of the world's leading environmental reporting projects, CDP (Carbon Disclosure Project). We have also been an active member of the Estonian Banking Association's committee on sustainable banking, contributing to growth in the sustainability of banking operations. In 2022, the Coop Pank group became a member of UNEP FI and signed the principles of responsible banking.

2024 has been a busy year in the field of sustainability. At the same time in parallel, we have been working on the CSRD double materiality process and preparations for reporting; preparatory activities for compliance with the EU Taxonomy (climate risk assessments and processes); and the UNEP FI PRB process. Given our capacity as a small bank, we have tried as much as possible to combine these parallel processes. Now, we are in the final phase of the mentioned processes, and the biggest areas of influence (e.g., material areas and topics of CSRD) are still being clarified, therefore more precise goals and targets have not been set yet, but this is the next step. Based on the results, we will also set the next steps to bring our strategy even more into consistency with both the SDGs and the Paris Agreement.

Looking at sustainability and how it aligns with our strategy, it is closely linked to our mission to advance life in every corner of Estonia. For years, we have excluded financing of activities that could negatively impact the environment. We have measured the impact of our own activities and our portfolio for several years. Through employee involvement and awareness-raising, they too can increasingly contribute to enhancing our positive impact.

By engaging the management board and the council, raising their awareness, and emphasizing ESG topics, we further enhance the alignment of our strategy with sustainability goals.

Principle 2: Impact and Target Setting



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

2.1 Impact Analysis (Key Step 1)

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

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

At the end of the year 2023, Coop Pank performed an impact analysis using UNEP FI Portfolio Impact Analysis Tool for Banks which covers the requirements for undertaking the impact analysis. All core business areas, i.e. consumer banking and institutional banking were considered in the scope of the analysis. The country of operations is Estonia. The impact analysis was conducted by the ESG project manager and the Chief Risk Officer.

The analysis carried out with the UNEP FI Portfolio Impact Analysis tool was followed by the process in which we combined different impact assessments (e.g., impact materiality assessment by UNEP FI ESRS conversion tool). As we are simultaneously carrying out a CSRD double materiality assessment at the bank, and we are also preparing to comply with the requirements of the EU sustainable finance taxonomy regulation and carrying out a climate risk assessment for this, it has been entirely appropriate to combine these different processes, as they have many points of contact and common ground.

In addition, we also used the data and the results of the analysis of our financed emissions. We have been measuring our financed emissions for several years, and these results are a valuable input for determining priorities for target setting.

We are still in the process of in-depth analyses due to the parallel processes described above. Therefore, we have not yet set targets, however, we are in the process of doing it.

Links and references

Climate impact and financed emissions
[What we do to preserve Estonia's pristine nature - Coop Pank](#)

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

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

| | |
|--|--|
| | |
|--|--|

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.

The composition of our portfolio regarding the economic sectors was considered. Table below illustrates the overall composition of our portfolio as of 31st of August 2023 (covering the same period of which data was used in the UNEP FI Portfolio Impact Analysis Tool for Banks).

| Sector | Sector name | % |
|--------|--|--------|
| | Private individuals | 46,68% |
| E | Water supply; sewerage, waste management and remediation activities | 0,11% |
| K | Financial and insurance activities | 4,26% |
| N | Administrative and support service activities | 0,91% |
| R | Arts, entertainment and recreation | 1,16% |
| L | Real estate activities | 22,03% |
| P | Education | 0,48% |
| A | Agriculture, forestry and fishing | 2,19% |
| B | Mining and quarrying | 0,04% |
| C | Manufacturing | 6,33% |
| D | Electricity, gas, steam and air conditioning supply | 3,58% |
| F | Construction | 2,11% |
| G | Wholesale and retail trade; repair of motor vehicles and motorcycles | 5,80% |
| H | Transportation and storage | 1,84% |
| I | Accommodation and food service activities | 1,12% |
| J | Information and communication | 0,41% |
| M | Professional, scientific and technical activities | 0,36% |
| Q | Human health and social work activities | 0,14% |
| S | Other service activities | 0,45% |

We considered both the share of sectors and the financed emissions of the sectors.

Links and references
[Reporting - Coop Bank Reporting – 2023 – COOP Bank AS annual reports, Sustainability report, pp. 33-37](#)

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

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank’s portfolio impacts into the context of society’s needs.

The country of operations is Estonia and therefore the main challenges and priorities related to sustainable development in Estonia have been considered. For instance, SDGs are implemented in Estonia through the development plans and programs of the “Estonia 2035” long-term strategy. Estonia has developed a platform kesta.me, from where one can find recommendations on how to better implement the goals of sustainable development at various levels, as well as country’s priorities, the situation in Estonia and globally, and supporting statistics. In addition, the state and progress of Estonia’s sustainable development indicators can be viewed on the Statistics Estonia web page. We have studied these public sources to consider main challenges and priorities of Estonia. We have also considered the results of UNEP FI – ESRS conversion tool, which considers both, the context of Estonia and our portfolio.

In addition, we have been an active member of Responsible Business Forum (VEF), which helps to contribute to the implementation of the strategic goals of Estonia 2035. We are contributing to the VEF working groups where we can play significant role among others in shaping the Estonia as in cooperation with other market participants, it is possible to increase the impact of our activities. This helps to not only be aware of the priorities of Estonia’s main challenges and priorities, but also to have a bigger positive impact.

Links and references

<https://www.riigikantsel.ee/en/supporting-government-and-prime-minister/organisation-and-planning-work-government/global>

<https://kesta.me/>

<https://tamm.stat.ee/kategooriad/uro-kestva-arengu-kava?lang=en>

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

Considering the scope, portfolio composition and the context, Coop Pank identified the following impact areas, where we can contribute the most either directly or indirectly:

SDG 8 – Decent Work and Economic Growth

We contribute to improving the financial literacy of the Estonian population by advising people of all ages on how to make

Links and references

[Reporting - Coop Pank Reporting – 2023 – COOP Pank AS annual reports, Sustainability report, pp. 33-37](#)

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

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

smarter choices regarding their finances via our ‘Lihtsalt rahast’ (‘Money Matters Put Simply’) podcast and through other channels. We promote saving for retirement and its importance with Tuleva pension funds. We are a member of the Estonian Banking Association’s working group on financial literacy, and in 2023 we also actively contributed (both via the association and independently) to efforts to thwart financial fraud to help protect the assets of people in the country.

SDG 11 – Sustainable Cities and Communities

Coop bank has a key role in driving economic growth as well as sustainable communities.

Since 2017, the Coop Pank group’s biggest shareholder has been the retail chain Coop Estonia. The link between retail and banking is reflected in our joint mission statement: ‘Driving life forward in every corner of the country.’ This has exemplified our operations for the last seven years and determines a key focal point of our sustainability. We drive life forward in every corner of the country – urban and rural areas alike – by sticking together and valuing our pristine environment. It is important to us that vital products and services are accessible to everyone close to their homes. As an Estonian bank, we bring everyday banking services closer to people so that everyone can enjoy life wherever they want to live. For instance, cash services are available at local stores: more than 330 Coop stores in Estonia.

SDG 12 – Responsible Consumption and Production.

The development of products and services in line with responsibility and sustainability objectives is an ongoing process. The Coop Pank group decided some time ago that it would not offer financing for certain activities. Nor do we offer credit services in areas or to companies whose activities are unethical or linked to corruption, violate human rights, or have a significant negative impact on the environment.

In the pricing of bank services, we are honest and transparent, and in the marketing of services we are guided by principles of responsibility.

SDG 13 – Climate Action

In issuing loans to companies, the Coop Pank group takes environmental impact into consideration and looks for opportunities to contribute to companies that minimise negative environmental impact. The bank is also increasingly environmentally aware in its own operations and portfolio impact. For the years 2021, 2022 and 2023, we have performed an assessment of the carbon footprint associated with our organisation and loan portfolio (financed emissions).

SDG 16 – Peace, Justice and Strong Institutions

We consider our management culture to be open and modern, the basis of which is that we are guided by regulations and international standards (such as human rights, labour law and the fight against discrimination). In our operations we are led by best practices in company management and banking, the principles of responsible lending, other guidelines issued by financial supervision authorities and valid legal acts.

We have disclosed the list of these SDGs and more detailed information and data about our contribution to these areas in our sustainability report (link attached).

We are currently in the process of determining the most significant impact areas to prioritize among the ones listed above.

d) For these (min. two prioritized impact areas): Performance measurement. Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

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

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

There is still some way to go until we have determined the most significant impact areas. Then we can describe the performance assessment.

Links and references

Self-assessment summary:

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

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

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

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

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

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

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

We have not marked the most significant areas of impact here yet as we are in the process of determining these.

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

2.2 Target Setting (Key Step 2)

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

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Links and references

We have identified that it is relevant to align our bank's portfolio with the SDGs by focusing on topics that are not only important to us, but also priorities to Estonia. As we have not yet set targets, we cannot share more details.

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

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

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

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

| <i>Impact area</i> | <i>Indicator code</i> | <i>Response</i> |
|----------------------------------|-----------------------|-----------------|
| <i>Climate change mitigation</i> | ... | |
| | ... | |
| | ... | |

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

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

Links and references

The outcome of 2.1D sets the basis of baseline and as we have not yet finalised the determination of the most significant impact areas, we have not yet assessed the performance.

| | |
|---|------------------------------------|
| <p>c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p> | |
| <p><i>There is still some way to go until we can set the SMART targets for our significant impact areas.</i></p> | <p><i>Links and references</i></p> |
| <p>d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p> | |
| <p><i>There is still some way to go until we can set the action plan.</i></p> | <p><i>Links and references</i></p> |

Self-assessment summary

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

| | ... first area of most significant impact: ... (please name it) | ... second area of most significant impact: ... (please name it) | (If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it) |
|---------------|--|--|---|
| Alignment | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No |
| Baseline | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No |
| SMART targets | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | <input type="checkbox"/> Yes |

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

| | | | |
|-------------|--|--|--|
| | <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No | <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No | <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No |
| Action plan | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No |

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

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

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

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

Our approach has always been moving step-by-step, improving step-by-step.

As the next step, Coop Pank plans to develop an ESG policy and strategy and set the actions needed to implement for meeting the targets. Thereafter we will work on our KPIs as well as setting up processes and data gathering, that will be the basis of monitoring our progress.

Links and references

Principle 3: Clients and Customers



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

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

Yes In progress No

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

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

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

Links and references

Coop Pank group decided a couple of years ago that it would not offer financing for certain activities. As at the end of 2023, our loan portfolio included no loans in any of these areas of activity we had excluded. Nor do we offer credit services in areas or to companies whose activities are unethical or linked to corruption, violate human rights, or have a significant negative impact on the environment. Customers whose activities have an environmental impact are checked in each specific case to ensure that they comply with the applicable environmental protection standards in their activities.

ESG risks and aspects are gradually more considered in our decision-making processes. We are at the beginning of the process to start integrating ESG risks into our risk management practices. However, we will finish our CSRD materiality assessment as well as EU Taxonomy physical risk assessment to start above-mentioned process.

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

We contribute to improving the financial literacy of the Estonian population by advising people of all ages on how to make smarter choices regarding their finances via our Lihtsalt rahast ('Money Matters Put Simply') podcast and through other channels. We promote saving for retirement and its importance with Tuleva pension funds.

We are a member of the Estonian Banking Association's working group on financial literacy, and in 2023 we also actively contributed (both via the association and independently) to efforts to thwart financial fraud to help protect the assets of people in the country.

In 2022, we launched the first green product of the Coop Pank group – Green Leasing. The purpose of green leasing is to encourage the use of more climate-friendly vehicles, and for this purpose we offer green leasing at an interest rate under better conditions compared to standard leasing. We also offer more favourable conditions for the purchase of property with a higher energy performance index.

In 2023, we signed an agreement with the European Energy Efficiency Fund to include 15 million euros for the purpose of financing energy efficiency and renewable energy projects. In 2023, we continued to finance the construction of solar parks and wind turbines, reaching a nominal capacity of 103.8 MW by the end of the year. Financing for renewable energy makes up about 8.4% of the portfolio of our corporate financing business line.

Links and references

Green leasing
<https://www.cooppank.ee/en/private/car/leasing>

Principle 4: Stakeholders



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

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

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

We are aware that as a financial institution we have a significant impact on society. Therefore, we have regularly consulted and cooperated with different stakeholders, so that we have a broad overview of the challenges as well as the possibilities of how we can contribute more effectively and increase our positive impact.

Coop bank is an active member in different local initiatives.

We are a member of Estonian Banking Association. Being a member of different working groups, for example working group on financial literacy and working group on sustainable banking, we can consult and collaborate with different stakeholders as well as be a partner for governmental institutions, ministries, Bank of Estonia, and other influential organisations in developing the fields of financial literacy and of sustainable finance.

We have been an active member of the Responsible Business Forum (see more in section 2.1c) where we partner with different stakeholders to achieve society's goals together more effectively.

Step by step, we have started to involve our employees increasingly, we are raising awareness and planning various seminars and trainings. To do this, we first finish our CSRD materiality assessment to focus on the most important topics. We also validate the results with our customers, who are an extremely important stakeholder, among others.

From 2024, our employee satisfaction survey has a section dedicated to sustainability. In the coming years, we will be able to monitor the attitude, awareness, and opinion of the employees more clearly and methodically about the bank's sustainability.

In 2024, Coop Bank and TalTech University started cooperating to diversify studies, support students, train bank employees and conduct research. Coop Bank awards two scholarships to

Links and references

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

students interested in the field of artificial intelligence and ESG, both in the spring and in the fall semester. We participate in knowledge sharing, both in the field of ESG and AI, we share our experience and knowledge through the University's entrepreneurship and research portal Trialoog, which is primarily aimed at entrepreneurs and decision makers. We cooperate about bachelor's and master's theses and on the provision of internships. In summary, this cooperation promotes students' interest in areas in which Coop sees significant potential for increasing the competitiveness of Estonian banking and the wider economy.

We invest in educating the market in general on different matters, including ESG. This includes organising webinars and participating in seminars and conferences organised by others; accepting speaking opportunities as well as writing articles. Coop Pank's spokespeople regularly participate in sharing knowledge via different mediums.

Principle 5: Governance & Culture



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

5.1 Governance Structure for Implementation of the Principles

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

Yes In progress No

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

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

The management of Coop Bank has taken responsibility for reducing the environmental impacts of the bank's operations and for supporting activities aimed at improving the environment. Details have been set in our Green Office policy.

Coop Bank has a Green Office coordinator (risk manager) and a working group that includes a board member, administrative manager, marketing and communications manager, communications manager, head of internal audit, and head of ESG.

Coop Bank's Green Office coordinator checks at least once a year the meeting of the set environmental goals and action plan, as well as the general environmental performance and effectiveness of environmental activities.

Creating a sustainability/ESG strategy is the next step that awaits us. After that we can share more information about who have the responsibility over the sustainability strategy as well as targets approval and monitoring.

Links and references

5.2 Promoting a culture of responsible banking:

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

Since the beginning of 2020, we have taken a more strategic approach to foster a culture of responsible banking among our employees. First sustainability- and ESG-related trainings were conducted in 2021, for the whole bank and also specialising for specific employee groups.

From 2021, we have a Green Office policy in place, that defines principles and directions related to environment and sustainability aspects in the bank's offices as well as more broadly. We have stated there that we consider sustainability in all aspects of our activities and try to minimise the impact of our activities on the environment. Being guided by such an understanding is part of our daily activities both within the organisation, and with cooperation partners and customers.

Coop Pank contributes to raising employees' environmental awareness by introducing employees and new employees to the goals of creating a Green Office policy, its management system, and the environmental activities we implement in the office and more broadly.

All bank employees can submit proposals via digital solutions for changing the office and our operations more environmentally friendly and sustainable, and the green office working group regularly discusses the submitted proposals and, if necessary, involves other employees or external partners to implement the proposed solutions. There is also a separate questionnaire for waste sorting for questions and suggestions employees may have. Coop Pank organises an environmental challenge or joint activity for employees at least once a year.

In addition, once a year every spring we give an overview of our footprint and financed emissions to the whole bank. This also helps us to foster a culture of responsible banking by keeping the topic of climate impact constantly important and under attention.

In 2024, we conducted ESG training for business client managers. The training gave insights into the ESG overall, but more specifically on how the landscape is changing and how to be prepared for it in client-facing roles. We will continue to raise awareness and train our employees.

Links and references

Since 2024, our employee satisfaction survey has a section dedicated to sustainability. In the coming years, we will be able to monitor the attitude, awareness, and opinion of the employees more clearly and methodically about the bank's sustainability.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

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

Our focus has been on preventing to onboard the high-risk sectors/companies which do harm to the environment or do not follow social expectations. In addition, we have defined the exclusion list of the activities we do not finance.

In the crediting process the administrator's responsibility is to assess various risks in the analysis of legal entities, including the impact on the environment. As of today, we have done it in more general approach (when attributing internal ESG score to our loan customers). Our assessment and due diligence process depends on the specific loan customer, on the activity and the scope of their business.

Detailed steps are set in our credit analysis procedure under the chapter of ESG and credit process.

Links and references

Exclusion list can be found here:

[Reporting - Coop Pank Reporting – 2023 – COOP Pank AS annual reports, Sustainability report, pp. 33-37](#)

Self-assessment summary

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

Yes No

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

Yes No

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

Yes In progress No

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Principle 6: Transparency & Accountability



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

6.1 Assurance

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

Yes Partially No

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

A part of the information disclosed in this PRB report has been disclosed in our sustainability report, which has been audited.

Links and references

[Reporting - Coop Pank](#) Reporting – 2023 – COOP Pank AS annual reports, Sustainability report, pp. 33-37

6.2 Reporting on other frameworks

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

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

Coop Pank has disclosed sustainability information of the years 2022, 2023 and 2024; the first two reports have already been published, the 2024 report will be published in spring, 2025.

In 2023, we receive a silver label from Estonian Responsible Business Forum (VEF) program 'Responsible Business Index', where sustainability and ESG related information was reported and assessed.

Links and references

Coop Pank AS - Climate Change 2023, CDP report:

https://www.cdp.net/en/formatted_responses/responses?campaign_id=83630982&discloser_id=1026655&locale=en&organization_name=Coop+Pank+AS&organization_number=849311&program=Investor&project_year=2023&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2023%2Fjwbhd7d6%2F300817&survey_id=82591262

| | |
|--|---|
| | <p><i>Responsible Business Forum Index</i> https://www.coopbank.ee/en/coop-bank/for-the-environment</p> |
| <p>6.3 Outlook What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.</p> | |
| <p><i>When we have completed the impact assessment and identified key areas of impact, we can start setting goals, developing targets and action plans. In parallel, we must deal with data availability and quality issues. Governance structure and developing sustainability/ESG strategy will also be one of the next steps.</i></p> | <p><i>Links and references</i></p> |

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

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

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

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

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

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

