

Sustainability Report

The basis for the preparation of the report

In January 2023, the CSRD (Corporate Sustainability Reporting Directive) entered into force, the purpose of which is to regulate ESG (Environmental, Social, and Governance) reporting and move towards a more sustainable economy. The reporting requirement is implemented gradually, and according to the CSRD, the Coop Pank group must submit sustainability information prepared based on European Sustainability Reporting Standards (ESRS) for the first time in 2026 (for 2025). It is important for us to be compliant with the Corporate Sustainability Reporting Directive and we have already partly structured this sustainability report according to the structure and general requirements of ESRS.

The sustainability report has been prepared on a consolidated basis. The scope of the consolidation is the same as the scope of the financial report.

Management

Management and supervisory bodies

The company's management report provides an overview of the management of Coop Pank (p. 25) and the members of the Supervisory Board and the Management Board (p. 26-30).

Sustainability management

Since 2017, the Coop Pank group's biggest shareholders have been Coop Investeeringud OÜ and the member cooperatives of Coop Eesti Keskühistu (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.

Enterprising people and pristine nature are Estonia's greatest assets. As an Estonian bank, we spur Estonian companies on every day and help people realise their dreams. We drive life forward in every corner of the country – urban and rural areas alike – by sticking together and valuing our pristine environment.

Coop Bank's mission to foster life in every corner of Estonia is inherently sustainable, and sustainability topics from different angles have been a focus at Coop Bank for years.

We have made the importance of sustainable operations the focus of attention of both our management and supervisory boards and also hired a full-time employee dedicated to sustainability. In 2023, we created an ESG roadmap, which we update annually and according to which we develop the Group's sustainability consistently and systematically.

The Coop Pank group is increasingly environmentally aware in its own operations and follows its green office principles which were approved in 2021 and are based on the guidelines issued by the Estonian Association for Environmental Management. In issuing loans to companies, the Coop Pank group takes environmental impact into consideration (see also 'Responsible products and services') and looks for opportunities to contribute to companies that reduce negative environmental impact.

The Coop Pank group joined the Responsible Business Forum already in 2020 and participated in the Responsible Business Index survey, where it received the silver level label in 2023. The next survey takes place in 2025.

In 2022, the Group participated as the first Estonian bank in one of the world's leading environmental reporting projects, CDP (Carbon Disclosure Project). On the CDP platform we transparently disclose environmental data. At the first year, the Coop Pank group received the rating B-, i.e. the environmental manager level, which is assigned to companies that have demonstrated good management in the field of environmental impact. In 2023, we received the rating C, i.e. the awareness level. The rating for 2024 was D. We are also 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 the financial initiative of the United Nations Environment Program (UNEP FI or United Nations Environment Program Finance Initiative) and affirmed its commitment to achieving sustainability goals. We signed the principles of responsible banking (see [Coop Pank allkirjastas ÜRO vastutustundliku panganduse põhimõtted - Coop Pank](#)), which bring the bank's business strategy into a line with the goals of the UN sustainable development and the Paris climate agreement, and increase the positive impact on society.

By joining the UN Environment Program, the Group conducts a comprehensive impact analysis to understand where the Bank has a significant positive and negative impact on society, the environment and the economy. As a result, the group would set specific goals to increase the positive influence and reduce the negative influence. In 2023, we conducted an initial impact analysis, and in 2024 we focused on a detailed impact analysis in parallel with the CSRD double materiality assessment to link the two processes as much as possible.

In managing and fostering sustainable development, the group is guided by the UN's 17 sustainable development goals (SDGs; see <https://sdgs.un.org/goals>). 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

Climate Change

Transition plan to mitigate climate change

We have not yet developed a transition plan to mitigate climate change, but we have consistently taken steps to reduce our negative impact and increase our positive impact.

In August 2021 we moved our head office into the new, more economical, less energy intensive Skyon building, which was constructed and is being maintained in accordance with the requirements of the LEED certificate. LEED (*Leadership in Energy and Environmental Design*) is one of the most prevalent green building rating systems in the world. In March 2022, the Skyon office building was awarded the LEED Platinum certificate, which is the highest indicator among gold, silver and classical certification.

We do not use separate rubbish bins at every desk, and we sort our waste. We collect packaging for delivery to recycling points, with any money raised from doing so being donated to charity to enable children to attend theatre plays.

We have introduced the paper-free management of documents in our everyday work: we enter into agreements with our clients and partners electronically and allow clients to join the bank via a simple online solution that was used by 58.6% of our new clients in 2024 (compared to 50.8% in 2023). In the second half of 2023, we aimed to create an opportunity for paperless document management in our client offices and in 2024 started with a pilot project. The pilot project has been successful, and it will be implemented step by step.

In 2022, we signed a cooperation agreement with the technology recycling company GreenDice, which deals with the organisation of the technical circulation of IT equipment and directing it to recycling. The GreenDice recycling system helps to valorise our used IT equipment by finding new users for them or directing unusable equipment to be recycled as raw materials. The usage journey of the devices is fully traceable throughout their entire life cycle. We consider the safe and traceable journey of equipment and the positive social impact that the circulation of our used IT equipment offers to be very important. In 2023, GreenDice directed our equipment (18 desktops and 18 monitors donated) to a school's computer lab and a youth center. In 2024, we donated 135 pieces of equipment, of which 25 have already been repurposed, including one project that supported the NGO Women's Support and Information Center.

In 2024, we continued to finance the construction of solar parks and wind turbines, reaching a nominal capacity of 80.9 MW by the end of the year. Financing for renewable energy makes up about 5.3% of the portfolio of our corporate financing business line. This year we continued to contribute to solar and wind projects, including those designed to make residential buildings more energy efficient. In 2023, we signed an agreement with the European Energy Efficiency Fund (EEEF) to include 15 million euros for the purpose of financing energy efficiency and renewable energy projects. In 2024, we financed 5 projects via EEEF.

Management of Impacts, Risks, and Opportunities

In 2024, we conducted a double materiality assessment and a UNEP FI impact analysis at Coop Bank simultaneously. The goal of the double materiality assessment was to identify significant impacts, risks, and opportunities, while the UNEP FI impact analysis focused on identifying the bank's most significant positive and negative impacts. We will disclose the results to be confirmed in 2025 and their connections to our strategy and business model in the report of year 2025.

Policies, measures, and objectives related to climate change mitigation and adaptation

Based on the results of the double materiality assessment, we will review and update our policies, measures, and set goals. The chapter on sustainability management (p. 34) briefly explains the existing policies.

Indicators and objectives

To manage climate-related impacts and risks, we have not yet set targets for reducing greenhouse gases, but we have consistently measured our footprint and made efforts to become more precise in measuring our footprint and assessing the climate impact of our loan portfolio.

Since 2021, we have performed an assessment of the carbon footprint of our organization and of loan portfolio (financed emissions) in accordance with the GHG Protocol ("GHG Protocol Corporate Accounting and Reporting Standard"). The climate impact of the Coop Pank group's portfolio is calculated based on the standard "The Global GHG Accounting & Reporting Standard for the Financial Industry" of the Partnership for Carbon Accounting Financial (PCAF). The PCAF standard is the only sector-specific standard that allows financial institutions to estimate and disclose greenhouse gas emissions from loans and investments.

The PCAF standard is in line with the GHG Protocol standard and complements the GHG Protocol Corporate Value Chain (scope 3) standard with detailed additional guidance for each asset class. A PCAF data quality score of 1 represents an estimate with the most accurate data quality, and a score of 5 represents an estimate with the lowest data quality. When evaluating the impact of the Group's portfolio in 2021, methodologies corresponding to scores 4 and 5 were used, depending on the availability of data. In assessing the impact of the loan portfolio in 2022, the data quality score was improved, and the new average score was 3.7. In 2023, the new average score was 3.2 and in 2024, the data quality score was 3.1.

Scope 1, 2, and 3 total emissions and total greenhouse gas emissions

The carbon footprint of the Coop Bank group in 2024 was a total of 248,855 tons of CO₂ equivalent (214,023 in 2023), of which 99.8% (99.7% in 2023) was the impact from the portfolio and leasing and 0.2% (0.3% in 2023) was impact related to office activities.

Based on the GHG Protocol, leases are classified in the scope 3 category of "leased assets", so the impact of leases is not reflected in the analysis of the impact of the Coop Pank group's portfolio. The assessment of the impact of leasing was primarily based on the guidelines for the corresponding category of scope 3 of the GHG Protocol, but also to a certain extent on the methodology of PCAF vehicle loans. Since the impact of leasing has been significant among all the Group's emissions, the impact of the portfolio resulting from leasing was included in the table for comparison with other asset classes. Regarding leasing, we support, reuse, for instance, the majority of our car leasing sales in 2024 were second-hand cars (81% in 2024 compared to ca 74% in 2023).

Asset class	t CO ₂ -e	Measured % of contract volume in the respective asset class	PCAF data quality score
Business loans	132,894 (98,357)	100.0 (97.4)	4.0 (4.0)
Housing loans	41,624 (43,923)	100.0 (99.8)	3.53 (3.75)
Commercial real estate	40,603 (40,388)	100.0 (96.8)	3.63 (3.85)
Leasing	33,183 (30,619)	100.0 (100.0)	1.69 (1.44)
Avoided emissions (renewable energy)	73,907 (75,060)	100.0 (100.0)	2.87 (3.0)

The results for 2023 are shown in parentheses.

The loan portfolio is assessed on the principle of financial control, and leases are assessed on the principle of operational control. The asset classes of commercial real estate and mortgages are assessed for scopes 1 and 2, and for commercial loans, scopes 1 to 3, with scope 3 only considering upstream impacts.

Improving the data quality score for measuring the climate impact of our loan portfolio remains a significant challenge for us. The higher the data quality score, the more accurate and reliable the results we obtain.

Consumers and end-users

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 people's local stores: Coop Pank group clients can make deposits and withdrawals from their accounts at more than 320 Coop stores around the country. We are pleased to see that more and more people are making use of these services all the time, as can be seen in the table below:

	2024	2023
COOP cash transactions vs ATMs (proportion of total number of transactions)	39.5%	36.5%
COOP cash transactions vs ATMs (proportion of total turnover)	35.4%	31.9%

We also serve clients at 14 branches in 12 towns, making ours the second-biggest network of bank branches in Estonia.

Our client relationships outside of Tallinn/Harju County can be summarised as follows:

	2024	2023
Everyday banking	63.0%	62.6%
Mortgage loans	37.8%	37.7%
Business loans	33.6%	33.3%
Leasing	44.1%	42.0%

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 2024 we also actively contributed (both via the association and independently) to efforts to thwart financial fraud to help protect the assets of Estonian residents.

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:

- the organization of gambling and betting activities.
- the manufacturing of tobacco.
- entertainment events.
- exports to countries subject to sanctions.
- aircraft, ships and railway stock.
- the weapons industry or arms trade which is not linked to Estonian national defence or NATO or
- political parties and other political organizations.

As at the end of 2024, our loan portfolio included no loans in any of these areas of activity. 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.

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 class.

In the pricing of bank services, we are honest and transparent, and in the marketing of services we are guided by principles of responsibility. We observe all the requirements of the Money Laundering and Terrorist Financing Prevention Act. To get to know our clients, we ask them to provide us with detailed information and we monitor their activities, all while observing the requirements of the Personal Data Protection Act. We are guided in our protection of personal data by the principle of integrated data protection, wherein we apply data protection throughout the data-processing life cycle and use only as much data as we need to offer quality banking services.

Professional Conduct

Professional Conduct and Business Culture.

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.

The fields of the prevention of money laundering and terrorist financing and the implementation of international sanctions are important to us, and we apply the necessary due diligence measures.

We also monitor our marketing activities to ensure that they are in line with the valid norms. To guarantee ethical behaviour, we have established guidelines for reporting inappropriate behaviour, in accordance with which employees can inform of potential breaches of ethical norms or laws within the group.

We have adopted a procedure for informing of breaches and, in cooperation with a law office, ensure the maximum possible protection for employees who wish to retain their anonymity when passing on information. In our view this lays the groundwork in the best possible way for every employee to be able to inform of any breach pertaining to internal management without having to worry that doing so may affect their working relationship with the company.

To us it is only natural to offer our employees a contemporary working environment, motivating salaries, flexible hours, the option to work remotely, stimulating professional challenges, every opportunity for development and a friendly team that sticks together. We are linked by our shared values. In 2022, we started offering our employees the option of health insurance in addition to sports compensation.