

Saldo Bank

ESG strategy

Saldo Bank, UAB

2023

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Introduction

- ✓ **Saldo Bank UAB is a specialised bank licensed by the European Central Bank and regulated by the Bank of Lithuania.**
- ✓ **Saldo Bank offers fully automated lending solutions for consumers and SME customers and term deposit account services for consumer customers.**



Timeline



2023 - The year of establishment and expansion

Who are we?

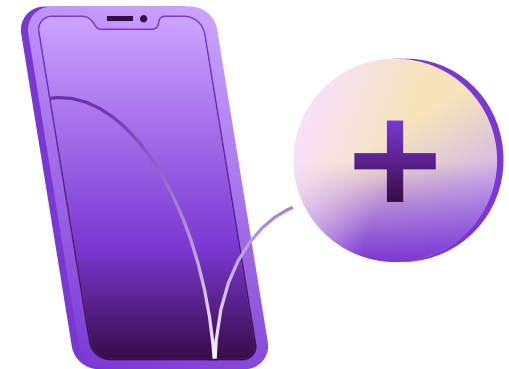
Saldo Bank started operations in 2023 as a progressive neobank in the Lithuanian market. The company's business model and differentiation is built on its fully-automated lending engine that streamlines the customer onboarding and scoring process, providing personalised loan offers instantly for both consumers and SMEs. The entire process is performed in a responsible way and taking into account the market characteristics in different countries.

Saldo Bank has now 57 employees and a strong headquarters in Vilnius, Lithuania. The company is currently working towards expanding its banking operations to the Nordic countries.

Saldo Bank's strategy

Saldo Bank has always been known for its progressive use of technology and forward thinking. We are techies at heart, and we strive to make the most of the latest technologies to create the best possible customer experiences.

Saldo Bank seeks to become the most preferred neobank with a superior product offering and the most innovative team. We follow responsible lending practices, and abide by laws and regulations set by the authorities in all locations where we operate.



Values

1

To be bold

At Saldo Bank, everyone has the right to constantly innovate and to explore new ideas. Our open environment supports creative collaboration and a relentless pursuit of new innovations. We always support each other in setting new standards and reaching new goals.

2

To use technology for the better

We at Saldo Bank are techies at heart and we are dedicated to always utilising our skills for improving the lives of our customers and our own people through disruptive use of technology and new innovations.

Technology is our religion.

3

To take responsibility

Knowledge comes with responsibility, and we always lead by example as individuals and as a company. We are responsible for serving our customers, supporting our peers and for making a positive impact on society.



Sustainability at Saldo Bank

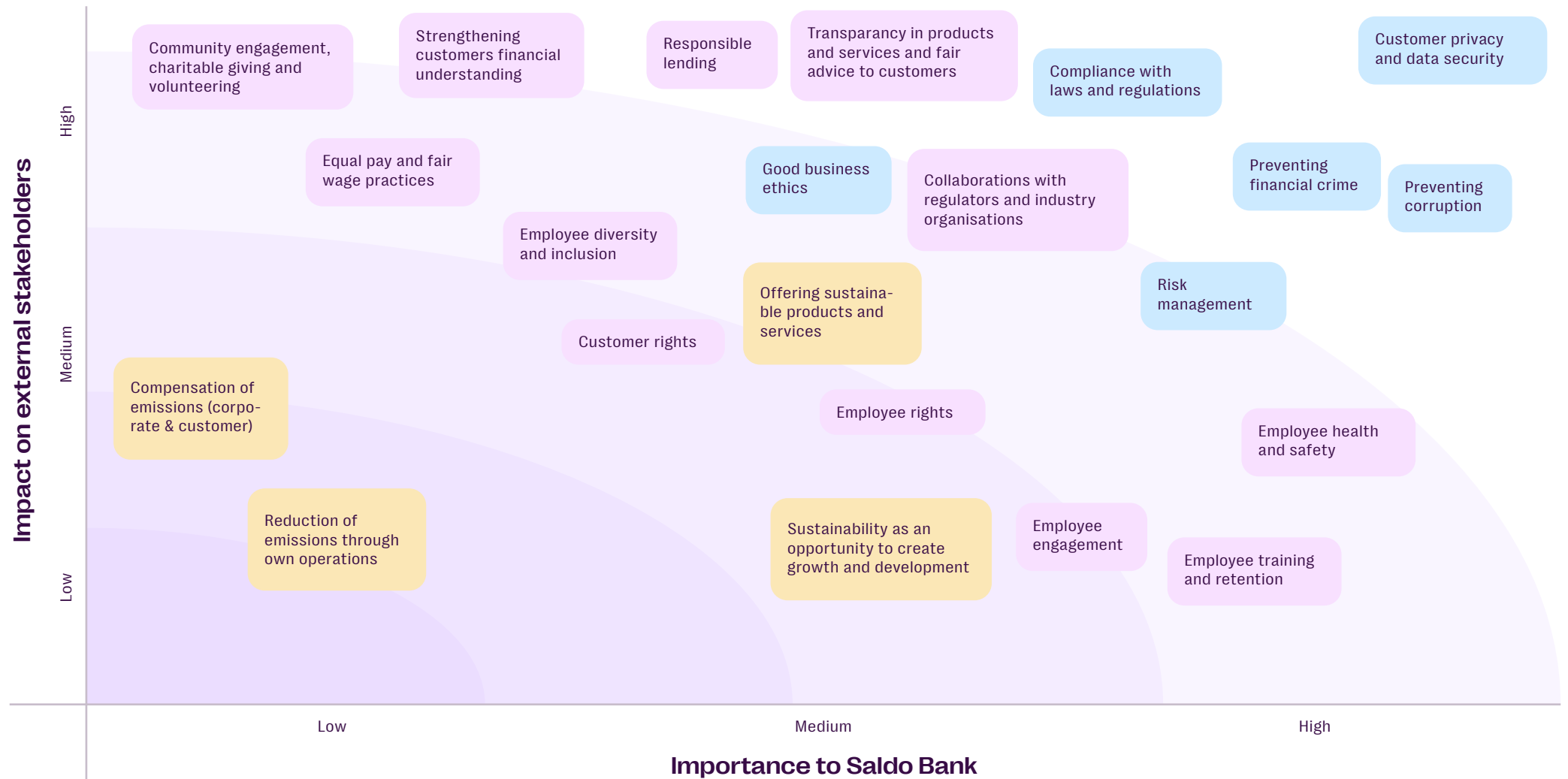
As a newcomer to the neobank sector, Saldo Bank is still in the beginning of its sustainability journey. Saldo Bank follows responsible lending practices, abides by laws and regulations and acts in a responsible way both towards our customers and stakeholders. We also have a board approved official ESG Risk policy.

Here at Saldo Bank our vision is to be recognised among the most sustainable neobanks. Providing financial growth in a responsible and sustainable way, taking into account environmental, social and governance related factors. A part of this strategy is also to minimise any direct impact we have on the environment or any negative impact our actions might have on society.

The leadership team of Saldo Bank has identified what sustainability means to Saldo Bank as a company and where we are at the moment compared to the desired outcome. To be able to determine the direction of our sustainability strategy and the prioritisation of the different sustainability topics, feedback was gathered both from internal and external stakeholders. The results have been visualized in the materiality matrix (see page 8).

Materiality matrix

Environmental ■
Social ■
Governance ■



Based on the initial questionnaire made to our internal stakeholders, the materiality priorities that were most frequently mentioned were the following:

- Customer privacy & Data security (Governance)
- Compliance with laws and regulations (Governance)
- Employee engagement (Social)
- Responsible lending (Social)
- Employee health and safety (Social)

Based on the internal and external subject prioritisation, three separate sustainability values were identified for Saldo Bank;

Environmental

We want to **promote a green transformation** in all our actions as well as any actions taken by our customers, stakeholders or partners. The burden on the environment is always taken into consideration in a natural way, whether we are modifying office behaviour, remote working recommendations or planning new partnership deals.

Social

We strive for **Saldo Bank to be a great place to work at, as well as a responsible partner for our stakeholders and society as a whole**. As a company we carry our responsibility both in the wellbeing of our employees and the impact we have on society.

Governance

Saldo Bank aims to be a safe and sound neobank. We are, at our core, a fintech company and this shows in everything we do. Our employees are techies that love to explore new technologies and with these technologies we want to offer our customers a modern and progressive way of banking. We are a neobank responding to the needs of today, while at the same time always looking into the future, trying to anticipate future needs of our customers. A big part of modern banking is also responding to outside threats and changing regulations. Saldo Bank fulfils all governance related requirements and is continuously monitoring and looking out for any external threats.



Environmental



Environmental burden

Based on the industry that Saldo Bank operates in and the business model, the environmental risk that our operations carry is relatively low compared to the other two fields, social and governance. This was also highlighted in the materiality assessment, where the environmental topics carried a lower weight both for internal and external stakeholders.

Even if the environmental burden of our daily operations is not extensive, it is important to correctly evaluate it and work towards decreasing it. Even a small impact might be too large when it comes to protecting the environment.

Saldo Bank is a neobank offering 100% of its services online, meaning that we do

not have an extensive network of branch offices. As a paperless fintech company without any branch offices, our environmental impact is already quite limited, but throughout our operations we aim to consume resources in a responsible way and to recycle any used resources when they come to the end of their usage. We aim to minimise the environmental burden of our direct operations as well as any indirect effects it might have and commit to decreasing our carbon footprint and being fully CO2 negative. This process will start during the year 2023 with an external CO2 evaluation to measure our baseline and develop a strategy for the following years.



Sustainable lending

There are two ways of minimising the environmental burden of our operations, the first one is minimising the internal environmental impact we already discussed and the second one is to provide sustainable products and services.

We aim for our products and services to be a sustainable option in the financial market. We also educate and recommend our products to be used to finance green initiatives and investments.

When it comes to our business loans, we acknowledge that we have a responsibility to investigate where the money goes to and we have decided to leave some of the more sensitive industries outside the scope of companies we provide financial services to.

Social



Responsible Lending

Lending institutions have a big effect on society and it's crucial that financial institutions operate in a responsible manner. Saldo Bank offers business loans to small and medium sized companies, thus increasing liquidity and availability of funding for SMEs that often have limited access to similar services. When it comes to our consumer customers, we offer them a short term solution and a safety net to be able to carry on with their daily lives when they need it the most. This is supported by our internal statistics which show that most loans are taken to cover ordinary household expenses.

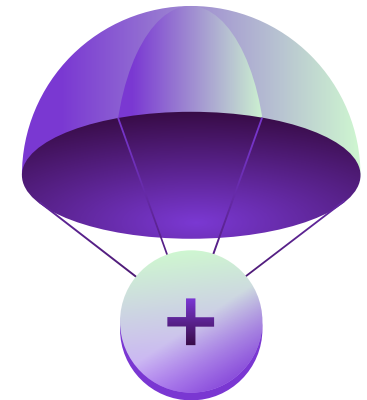
Being a financial institution that provides both deposit and lending services to the consumer market comes with a large responsibility. We are aware of the impacts our services have on

our customers' lives. Access to credit is a social benefit, but unless it's done well, it can unfortunately also become a financial burden for some people. To better manage and minimise these risks, it is important that lending institutions practise something called responsible lending.

At Saldo Bank we have an automated lending system. Our own scoring system allows us to check the customer's solvency and financial health, then base a loan offer on each customer's individual circumstances or deny the loan in case there is a risk that the loan will become an unbearable financial burden to the customer. A customer that is able to manage their loan payments is a success both for the customer and Saldo Bank.

Knowledge is power especially when it comes to managing your financing. To empower our customers, of which many are in a vulnerable position, we also want to offer them support and financial education. To have a larger impact, we try to reach our customers and the wider public through a wide range of channels that reach people who might otherwise not be reached by similar topics.

By operating responsibly in the financial sector, Saldo Bank aims to have a positive impact on society.





Diversity and inclusion among employees

Saldo Bank is an inclusive workspace where we do not tolerate discrimination of any kind. We believe that everybody should have equal opportunities to develop a career, no matter what gender, ethnicity or age they are.

Striving towards gender neutrality as a Fintech company does not come without its challenges, since the technology industry has traditionally been heavily male dominated. At Saldo Bank we have currently 57 employees, out of which 19 are female, which makes the female ratio 33%. The male/female ratio per job level can be seen from the table below. Among the senior level employees, the female ratio is over 43%, which is higher than average at Saldo Bank.

57 employees in total		
Female	19	33.33%
Male	38	66.67%

10 employees in SLT		
Female	2	20%
Male	8	80%

16 Senior employees		
Female	7	43.75%
Male	9	56.25%

26 Regular employees		
Female	8	30.77%
Male	18	69.23%

5 Junior employees		
Female	2	40%
Male	3	60%

Saldo Bank's Remuneration Policy states that a competitive remuneration is paid for Saldo Bank's employees, and the remuneration is established by strictly following non-discrimination requirements.

To make it easier for students to make the leap from university to employment and to increase the opportunities for junior employees, we have in 2023 introduced our very own Saldo Bank graduate program. This is a part of our commitment towards a more equal working environment.



Employee satisfaction

We value the well-being of our employees and provide them the opportunity for continuous development and learning. Saldo employs a committed, professional and internationally experienced team.

We strive for our employees to be both satisfied with their jobs but also for them to be able to feel meaningful and empowered in the workplace. We have created a well working company spirit where our employees feel trusted and are given freedom to make decisions independently. Saldo Bank always strive to attract and maintain skilled, experienced and loyal employees, which is underlined in the company's official Remuneration Policy, where it's stated that this can only be achieved by properly coordinating the interests of the employees and the company: by properly motivating them and promoting their high results, encouraging good performance, reliable conduct, and effective risk management.

A crucial part of employee satisfaction is a successful integration of new employees. During the introductory period, our new employees get special attention and regular one-on-one meetings with the team leaders as well as with the closest colleagues. Saldo Bank employees also enjoy various benefits, such as lunch, sport and educational training benefits. In addition the company offers several team building days, both for the entire company as team specific.

We at Saldo Bank value the innovative and supportive team spirit that we have managed to create in the company and protect it by offering internal referral programs whenever we have ongoing recruitments.

Our goal is that a 100% of our employees would recommend us as a workplace.

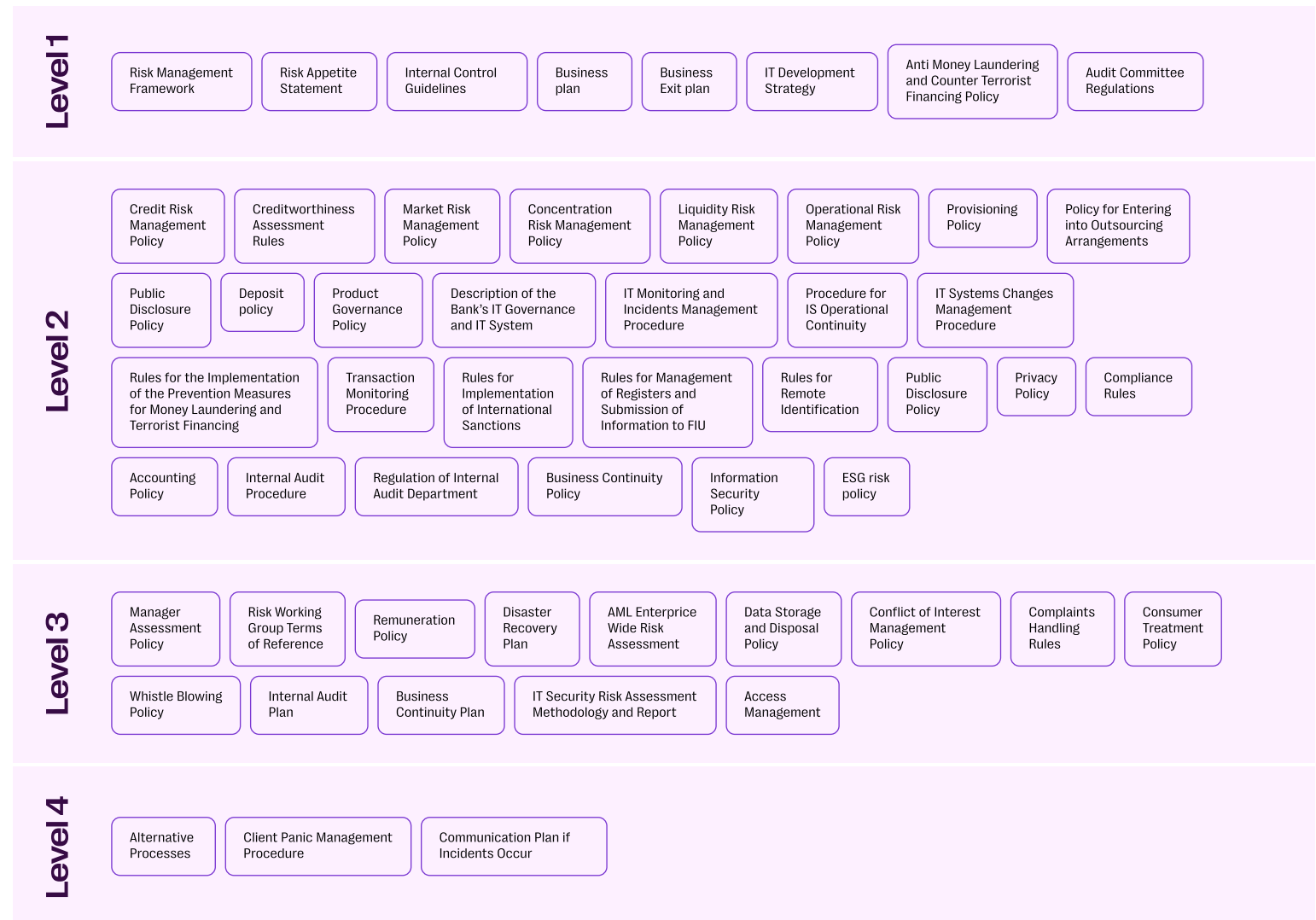


Governance

Current Policies

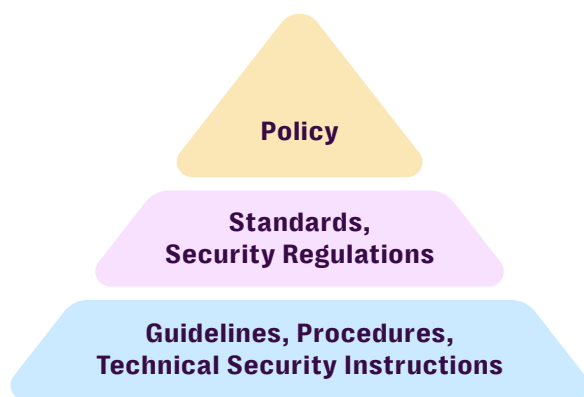
The financial sector is a heavily regulated industry and we want to meet all of these regulations and standards, while at the same time being able to offer products and services that meet the needs of our customers. This requires that we monitor any changes in relevant legislation or regulations and quickly adapt modified requirements. Our goal is to always meet industry regulations and standards in a safe and customer friendly manner.

How can we monitor, adapt and react to risks in the financial environment? By setting and following strict policies, rules and guidelines for any internal or external risk scenario we have identified as a potential threat or opportunity. In the table you can see our policy structure, on a scale of importance.



Information security (data security and protection)

Since we offer financial services, it's a given that we at Saldo Bank operate with a lot of sensitive information and customer data and this is not something that we take lightly. Information is an essential business asset and therefore it needs to be properly protected.



In the image above you can see the Saldo Bank IT security pyramid. The highest level consists of the Saldo Bank Information Security Policy, which is the framework for all further technical and organisational security measures. The policy in question is too general to provide all the necessary specifications and details, but instead it provides specifications for the security regulations and instructions. These are followed by all the necessary guidelines, procedures and technical security instructions that represent the implementation of the security regulations.

The Management Board of Saldo Bank has overall responsibility for laying down policy for management and control of the different types of operational risk relevant for the Bank. However, information security is a responsibility that all of our employees share, not only the Management Board or the data protection or risk management teams. To be able to minimise the risks of any external threats, we have introduced mandatory security training sessions to all of our employees and our employees have restricted access to any customer data. Our employees have been trained to recognize any threats or scams to access our data.

Continuous monitoring and incidents reporting

External threats are continuously changing and in order to quickly react and anticipate them we need to be one step ahead. We are regularly making internal IT audits to ensure that our systems are not vulnerable to attacks and any incidents that do occur have to be reported and managed. As a part of information security, incident reporting is the responsibility of all of our employees. Reporting incidents is a vital step of protecting our information against any breaches. All incidents should be notified, responded to, analysed, investigated and recovered from.

The responsibility for monitoring security of processed information at Saldo Bank belongs to the Information Security Officer.

Whistle blowing policy

Employees are often the first to discover misconduct at their workplace, and it is important that an employee who discovers the wrongdoing is able to report it without a risk of retaliation, discrimination or other types of unfair treatment. The purpose of the Whistle-blowing Policy of Saldo Bank is therefore to provide a safe and secure mechanism for all employees of the Bank to raise concerns and report any wrongdoings within the Bank that they become aware about.



Efforts to combating money laundering

Criminals are known to use financial services as a way to legalise or “launder” dirty funds obtained from illegal activities. This way makes it possible for them to later freely utilise the money or to further fund criminal activities. Money-laundering and terrorism not only harm the whole society, but can also damage the stability and reputation of the financial sector. Therefore, it is obviously in the financial industry’s and society’s best interests that financial institutions take all reasonable measures to prevent Money-Laundering and Terrorist Financing.

Saldo Bank UAB, as a socially responsible financial institution, has zero tolerance for financial crime and aims to prevent its financial services from being abused by criminals by employing best international practices as well as adhering to the legal regulatory requirements in the area of Anti-Money Laundering and Counter Terrorism Financing.

Regulatory landscape requires financial institutions to perform customer due diligence, perform business relationship monitoring, to detect and report suspicious activities to competent state authorities. Fulfilling aforementioned mandatory legal requirements is achieved by applying the “Know Your Customer” principle.

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