

OP Year 2019

— on a lifelong journey



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This OP Year 2019 review describes OP Financial Group's journey in 2019. It summarises the most important facts about OP Financial Group, its strategy, corporate responsibility efforts, and key events during the year. Under section 'On a lifelong journey in 2019', you will find our integrated corporate responsibility reporting and GRI information. This review is part of OP Financial Group's integrated annual report, which also includes the Financial Statements, Reports by the Boards of Directors and Corporate Governance Statements of OP Financial Group, OP Corporate Bank plc and OP Mortgage Bank, and OP Financial Group's Remuneration Statement. All these reports are available at op-year2019.fi.

OP in 2019



Review by the President and Group Chief Executive Officer

In a constantly changing business environment, it has become increasingly important for organisations to be able to quickly respond to these changes. The strategy of a business must keep abreast of new developments and, where necessary, adapt to customer behaviour and the broader environment.

OP Financial Group refined its strategy in 2019. Our vision is to be the leading and most appealing financial services group in Finland. We want to be the first choice for our customers and partners, and be present where our customers are. Our goal is to be a knowledgeable, reliable and responsible forerunner in the financial sector. We strive to be an attractive employer, as well as a player with a strong market share and financial position.

We will pursue our vision by setting ourselves annual strategic priorities. For 2019, our priorities focused on improving our employee and customer experience and reaching the milestone of having two million owner-customers. We believe that a happy and motivated workforce is the key to delivering the best possible customer experience. We made solid progress towards these goals. Our

employee satisfaction index remained at the strong level of the previous year. We reached our target of two million owner-customers in December. Our customers are now also more satisfied with our services.

We constantly strive to improve the profitability of our core businesses and productivity of development efforts, which is also reflected in our strategic priorities. Sustainable business in the financial sector is only possible if our own financial standing is stable. It is our duty to ensure that the success of OP Financial Group will continue long into the future. The year 2019 saw our income grow faster than expenses, and the return on our development activities also improved considerably. We hit our target of EUR 100 million cost savings which we set in the autumn of 2018.

Towards increasingly responsible financial services

Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region, and this is embedded into everything we do. Every day, we make both small and big dreams come true for ordinary Finns, help

businesses with their operations, and ensure that our customers won't be left alone if an accident happens. In addition to our mission, our operations are guided by our values: People First, Responsibility, and Succeeding Together.

In September, we became a Founding Signatory of the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking, which strengthens our commitment to achieving a sustainable future. Mitigating climate change and achieving the UN Sustainable Development Goals (SDGs) requires collaboration, which is why we want the financial sector to work closer together in promoting sustainable finance. In 2019, we brought out a number of new responsible financing and investment instruments. We also issued our first-ever green bond, as well as provided our corporate customers with customised sustainability-linked loans to encourage them to pursue their own corporate responsibility targets.

Promoting financial literacy among the Finnish public is an important aspect of our corporate responsibility efforts. In 2019, we reached more than 70,000 children and young people through our financial literacy work. As banking services keep evolving, equipping



Timo Ritakallio
President and Group
Chief Executive Officer,
OP Financial Group

our customers with the digital skills they need in the future is important. In 2019, we helped improve the digital skills of 28,000 elderly people.

Operating in a challenging economic climate

Economic growth slowed down in 2019, and we expect the trend to continue in 2020. Interest rates are also likely to stay low, which makes it more difficult for both banks and insurance companies to make a profit. Uncertainty in the business environment particularly stems from conflicts in international trade policy.

We made positive progress with our customer business in 2019. Both our loan and deposit portfolios continued to grow steadily. We also increased our market share of mortgages and corporate loans, as well as in the insurance sector. However, the challenging external environment still caused our annual performance to fall short of our targets. We launched several digital solutions to make our customers' lives easier, as well as introduced instant payments between European countries.

In order to satisfy the requirements of the latest European Payment Services Directive, we encouraged our customers to start using our Mobile key as a secure way to log into our services. The Mobile key now has more than one million users.

Our values drive us to be a responsible employer. Our central cooperative began a journey towards a new operating model based on self-managed teams, which is designed to improve our customer experience, employee experience and productivity. The process has not only required a lot of effort and learning new ways of working, but we have also gone through some tough moments as some jobs have been lost as a result. Nevertheless, the new operating model has already provided us with successes and improved employee satisfaction.

Continuing efforts to build long-term competitiveness

At OP Financial Group, we are currently going through a process of defining our long-term strategic intent on the Group structure to secure our continued success. Our cooperative banks have

started discussing potential ways to structure our operations to be able to respond to changes in our operating environment. I am confident that we can find a shared view that will ensure the success of OP Financial Group for the next one hundred years.

One of our most important objectives for 2020 is to continue improving our customer experience and creating more value for our owner-customers.

Digitalisation and globalisation bring new challenges into the financial sector, but traditional operators such as OP have great strengths that can ensure our competitiveness in a changing business environment. OP is Finland's most trusted financial services group, and this trust provides a solid foundation on which to build our future – whatever it may hold.

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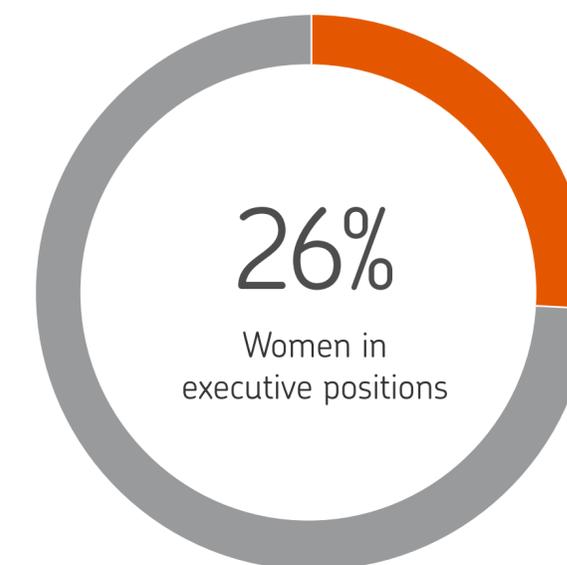
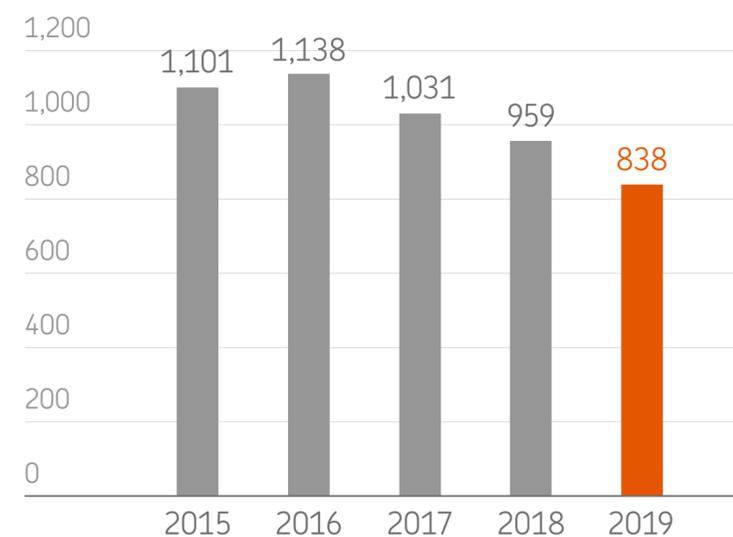
It is our duty to ensure that the success of OP Financial Group will continue long into the future. The year 2019 saw our income grow faster than expenses.

Key figures and ratios in 2019

2 million

owner-customers

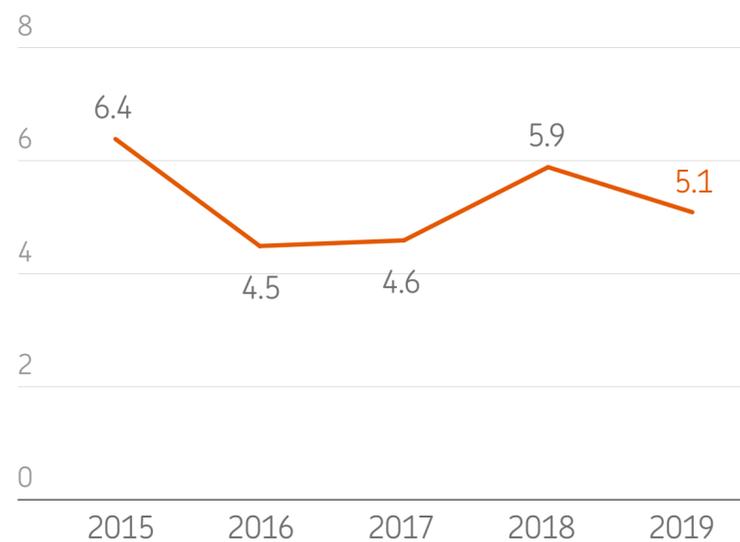
Earnings before tax, € million



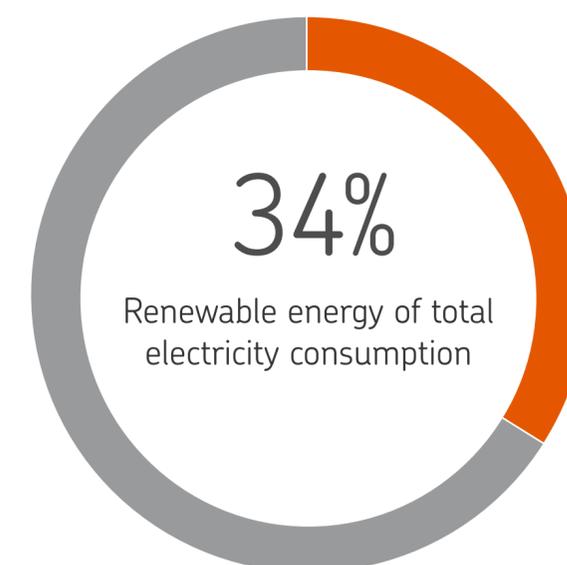
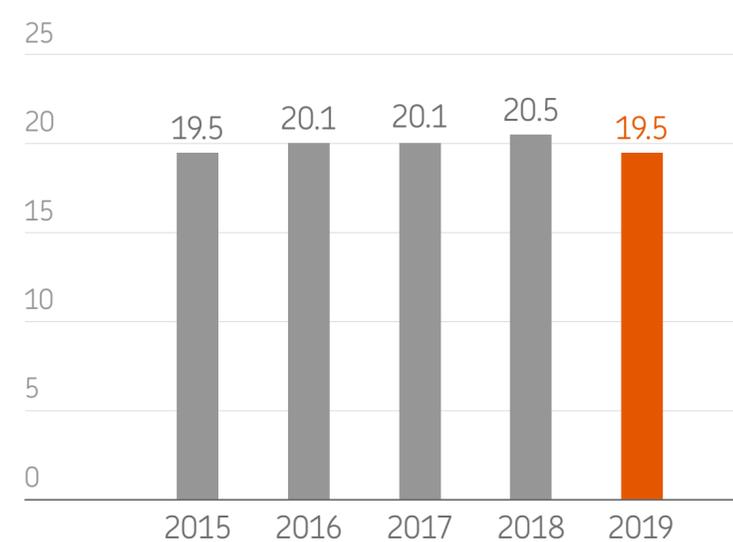
254

OP bonuses accrued to owner-customers, EUR million

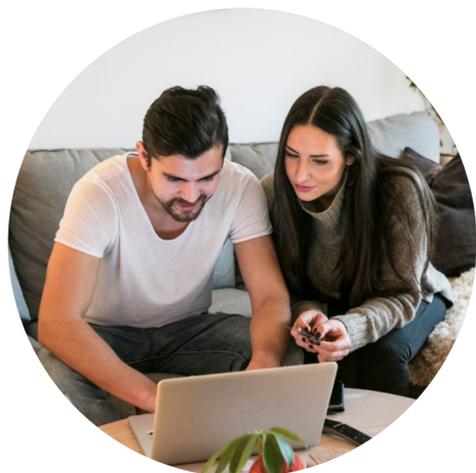
Loan portfolio growth, %



Common Equity Tier 1 ratio (CET1), %



Highlights in 2019



New digital services for the housing market

The year 2019 saw OP Koti (OP Home) real estate agency become the first operator in Finland to offer its customers the possibility of digital home sale through DIAS. DIAS is a platform for the sale or purchase of housing company shares online, without having to visit their bank.

OP Kiinteistökeskus real estate agencies became OP Koti in the spring of 2019, offering OP's entire range of housing-related services. A new tool launched in 2019 allows sellers to view their listing and the photographs of their property online, correspond with their real estate agent, and track potential buyers. You can learn more about OP Koti on op-koti.fi.



Faster and safer mobile services

The popularity of mobile banking continued to grow in 2019. OP-mobile was accessed 27 million times per month, and the app now has more than one million active users. The European Payment Services Directive (PSD2) came into force in September and introduced new requirements for strong customer authentication. OP's Mobile key feature meets the new requirements, and it had more than one million users at the end of 2019.

From 2020 onwards, the Mobile key can also be used to log onto OP eServices on op.fi, as well as third-party online banking services, which are still accessible with a key code list, too.



Real-time payments

OP's customers can now both send and receive SEPA payments between banks in real time. OP launched the new SEPA Instant Credit Transfer service for incoming transfers in April 2019 and for outgoing transfers in October. With SEPA Instant Credit Transfer, it takes just seconds to move money between banks within the Single Euro Payments Area.

This major development speeds up both private and corporate customers' payments, and it will be introduced across OP's channels in stages.

Read more about real-time payments [here](#).

Highlights in 2019



New sustainable financing solutions

OP Corporate Bank issued its first-ever green bond in February 2019. Two new products were also added to our sustainable financing portfolio; green loans and sustainability-linked loans. During 2019, the total value of these new loans granted was EUR 730 million. Credit checks on our corporate customers now include an ESG (environmental, social and governance) analysis, which helps us to identify any risks related to corporate responsibility in their core business. The outcome of the analysis can also be used to design new financing products.



Two million owner-customers

Reaching two million owner-customers in December was an important strategic milestone for OP Financial Group. The number of OP's owner-customers has grown by almost 60 per cent in the last ten years. In 2019 alone, 92,000 new owner-customers were added.

There are many benefits to being an owner-customer of an OP cooperative bank, with the most prevalent being the OP bonus scheme. OP has paid out more than EUR 2.5 billion in total since the scheme was established over 20 years ago.



From OP Insurance to Pohjola Insurance

OP adopted the Pohjola brand in its non-life insurance in the beginning of June.

The mission of Pohjola Insurance is to be the partner of choice for its customers. Life is for living, and insurance is there to make it possible. Pohjola Insurance wants its customers to be able to live their lives to the full. Nothing is irreplaceable. Except life.

Read more about [Pohjola Insurance](#).

Highlights in 2019



A constantly evolving strategy

OP's strategic planning process was renewed in 2019, and new strategic priorities were chosen. Continuously re-evaluating our strategy allows us to meet our owner-customers' needs and expectations, while being able to flexibly respond to changes in our business environment. Our systematic business environment reviews allow us to identify and pursue new strategic priorities whenever the circumstances change.

Read more about OP Financial Group's [strategy](#).



Towards self-managed teams and a better employee and customer experience

We have begun an important journey towards a new agile operating model based on self-managed teams, which will strengthen the meaningfulness of work. The new operating model was first deployed in the central cooperative's Retail Banking segment and Development & Technologies organisation in the beginning of the year, while the Corporate Banking and Insurance segments, as well as some Centres of Excellence, followed suit in the autumn.

Read more about our new [operating model](#).



A new, more ambitious Corporate Responsibility Programme

OP's Corporate Responsibility Programme was updated in 2019. During the summer and autumn, we engaged with our stakeholders in order to further enhance our CR work and to identify material aspects for OP. Our stakeholder groups' views formed the basis for updating our CR Programme. OP's new, Group-level Corporate Responsibility Programme focuses on financial literacy, sustainable economy, local vitality and responsible use of information capital.

Read more about our new [Corporate Responsibility Programme](#).

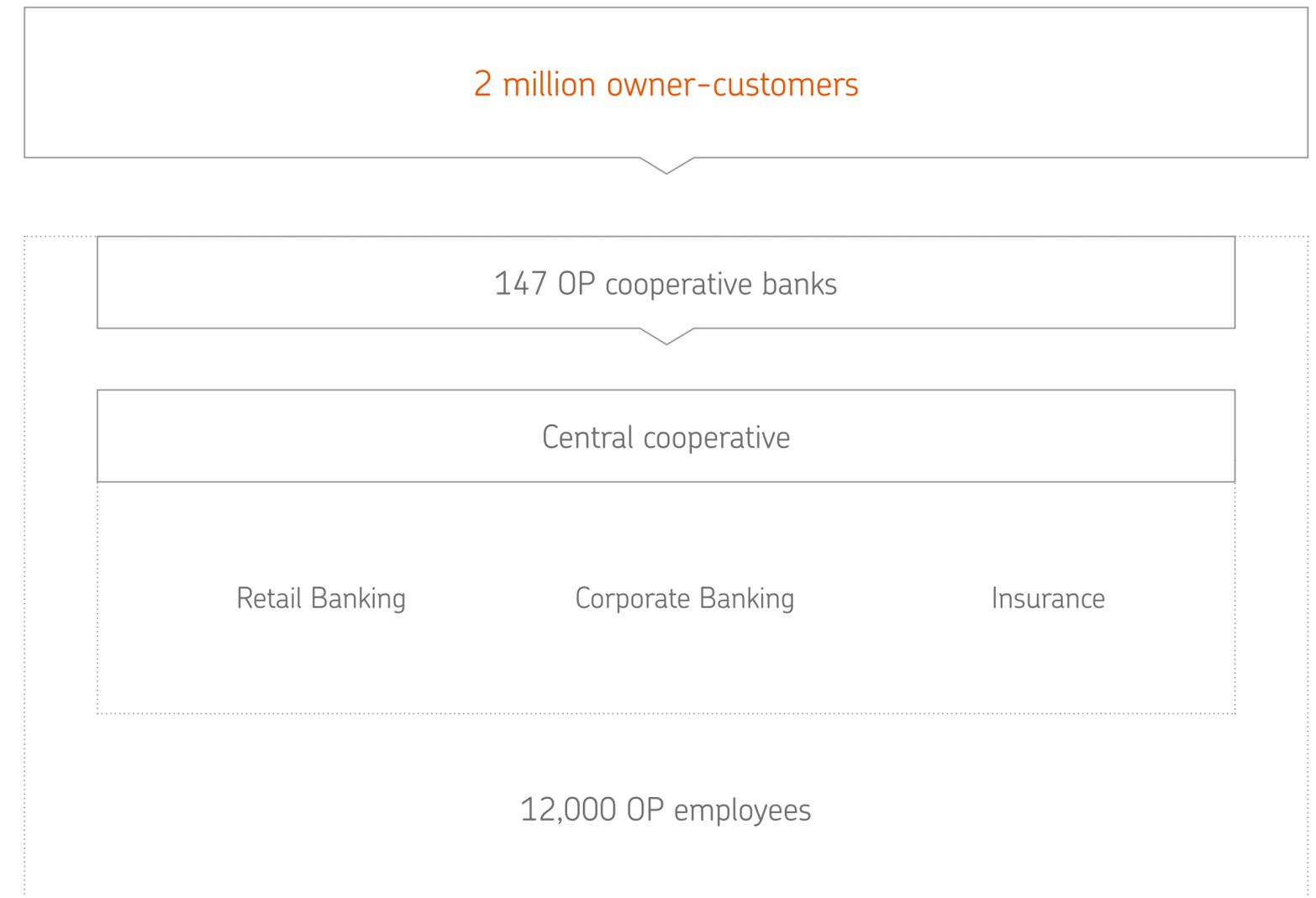
OP Financial Group in brief

OP Financial Group is Finland's largest financial services group, owned by its customers. Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region. OP Financial Group is made up of 147 OP cooperative banks and central cooperative which they own, including its subsidiaries and closely related companies. Some 2 million owner-customers own the OP cooperative banks and thereby the entire OP Financial Group with a staff of roughly 12,000.

Our vision is to be the leading and most appealing financial services group in Finland for our customers, employees and partners. OP's business consists of the following three main business segments: Retail Banking (Banking for private and SME customers), Corporate Banking (Banking for corporate and institutional customers), and Insurance (Insurance customers). We provide our customers with the most extensive and diversified range of

banking, investment and insurance services and the best loyalty benefits in the country. We are a local player with services available through a diverse range of digital channels and the most extensive network of branches nationwide.

OP's business is based on the cooperative principle: cooperation and sharing the fruits of success with customers, meeting the needs of the community. Our core values comprise responsibility, people first and succeeding together. As a cooperative business, OP Financial Group aims not to maximise profits for its owners but to provide, as efficiently as possible, the services which its owner-customers need, ensuring its strong capital base and competitiveness. The shared success will be used for the benefit of owner-customers in the form of loyalty benefits, other financial benefits as well as the maintenance and further development of service capabilities. OP has the objective to continuously improve customer experience and increase value for customers.



OP in 2019

OP tomorrow

On a lifelong journey in 2019

Retail Banking

Banking Private and SME Customers

Earnings before tax

EUR **235** million

Loan portfolio

EUR **68.1** billion

Deposit portfolio

EUR **54.4** billion

Market share
in home loans

39.6%

- OP is Finland's leading provider of home and corporate loans.
- The Retail Banking segment consists of banking for private and SME customers at OP cooperative banks and at the central cooperative consolidated.
- We wish to provide the best customer experience both locally and digitally, and to be a reliable and flexible financial partner for our customers in their various situations.
- We seek to secure financial prosperity for our customers.

Corporate Banking

Banking Corporate and Institutional Customers

Earnings before tax

EUR **311** million

Loan portfolio

EUR **23.7** billion

Assets under management

EUR **58.0** billion

Market share
in corporate loans

39.9%

- OP Corporate Bank is Finland's leading bank for corporates and institutions.
- OP Financial Group's Corporate Banking segment consists of banking and investment management services for corporate and institutional customers.
- Through long-term cooperation, we support our customers' business success, growth and internationalisation.
- As a corporate partner, we seek to foster sustainable economy.

Insurance

Insurance Customers

Earnings before tax

EUR **373** million

Insurance premium
revenue

EUR **1,479** million

Market share in
non-life insurance

33.6%

Market share
in life insurance

26.4%

- Pohjola Insurance is Finland's leading non-life insurer.
- The Insurance segment comprises Pohjola Insurance, A-Insurance, OP Life Assurance Company and Pohjola Hospital.
- We aim to ensure that our customers have a versatile and comprehensive insurance cover. We work as a risk management partner, helping our customers to manage and anticipate risks.
- Pohjola Hospital's core task is to provide first-rate diagnostics, treatment and rehabilitation for occupational accidents and sports or other injuries.
- OP Life Assurance Company gives our customers access to a full range of life insurance, savings and investment products and services.

OP tomorrow



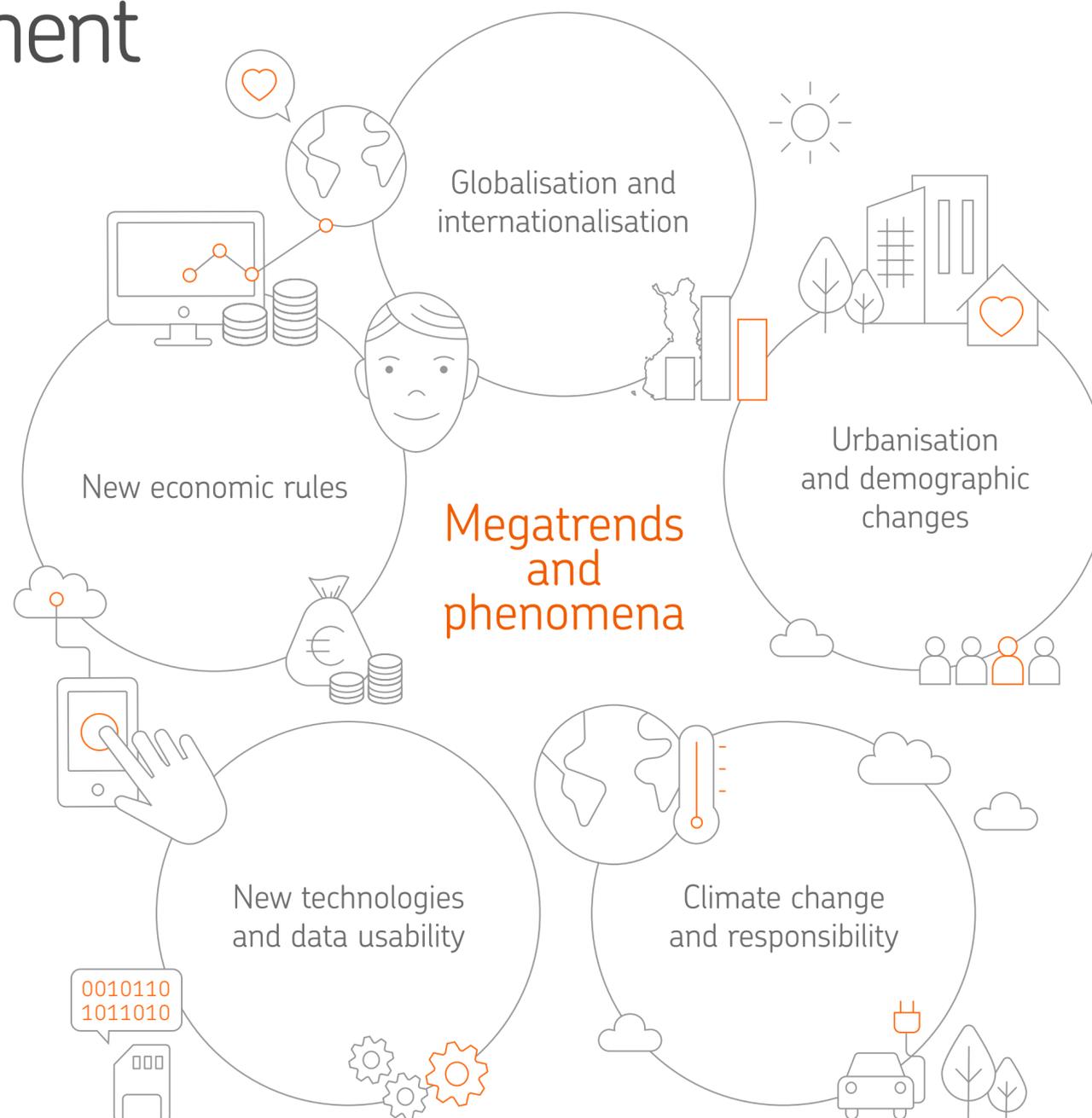
Business environment

Transformation of the world around us is constantly creating new opportunities as well as challenges and limits to us and our customers.

OP Financial Group analyses the financial sector's business environment as part of the ongoing strategy process, to foresee upcoming changes as well as possible. Our monitoring model is based on the systematic analysis of economic and technological factors, regulation, competitive environment and customer behaviour, and it enables us to make new strategic choices whenever needed.

In the strategy process, based on the megatrends and worldviews underlying our strategy, we estimate which phenomena and drivers of change will affect the daily life, circumstances and future of OP and its customers.

The purpose of OP's worldviews is to broaden our forward-looking thinking and strengthen our strategic agility. Many phenomena and megatrends in our business environment are closely interlinked and may also generate counter-phenomena. We're continuously monitoring developments in the business environment with metrics and indicators,



OP Financial Group's worldviews 2020–2025

Economy:
Slow growth

Regulation:
Regulation challenges

Technology:
Business involves technology management

Competitive environment:
More intense and diverse competition

Customer behaviour:
Customer experience is crucial

analysing any changes in worldviews and their strategic importance to OP Financial Group.

Globalisation and internationalisation

Globalisation is shaping the financial-sector operating environment in Finland too. As services provided by international companies are increasingly available, Finnish players must ensure the competitiveness of their services.

The EU's competition policy aims to harmonise regulation. This facilitates international companies' entry into the Finnish market, while creating opportunities for Finnish businesses to seek growth in the international market.

For OP, globalisation means an increasingly multi-dimensional operating environment. Changes in the world's economic outlook and global capital markets are reflected in real time everywhere in the world.

Urbanisation and demographic changes

Urbanisation and population ageing are transforming the structures of our society. While the global

population continues to grow, Western countries see their populations age and their dependency ratios weaken.

Population is increasingly concentrated into growth poles, and Finland is no exception. As a responsible player, however, OP is committed to serve all its customers. Technological development is creating new opportunities to provide financial services that are not dependent of time or place.

Climate change and responsibility

Climate change is the most significant global challenge affecting the future of our customers, stakeholders and our entire operating environment.

While it will create major financial risks, sustainable business will also generate new opportunities. The financial sector plays a key role as financiers and investors in mitigating climate change.

Responsibility becomes more and more important as the concern about climate change grows. Corporate responsibility is an integral part of OP's strategy and it's based on OP Financial Group's mission and core values. OP reports its corporate responsibility (CR) in accordance with the Global

Reporting Initiative (GRI) Guidelines. OP's CR activities are steered by its [Corporate Responsibility Programme](#), updated in 2019. One of the key themes in the CR programme is promoting sustainable economy.

New technologies and data usability

Technological development enables financial-sector service providers to operate more efficiently. It also creates new opportunities for designing services that meet customer needs better than before. Open APIs have enabled building ecosystems that offer more comprehensive services across industry and geographical boundaries.

With the amount of data growing exponentially, data utilisation is becoming a key competitive factor. Data-driven earnings models result into more attractively priced services for customers. This challenges especially companies relying on traditional earnings models. Data is used to create even more individualised and customised services. At the same time, data collected from a service may enable new earnings for the service's provider or lead to the launch of completely free services to consumers. Since customers own their

data themselves, they will ultimately decide how and on which terms their data can be used.

New economic rules

Digitalisation and the emergence of platform economy have revolutionised the world. Dynamics of the global economy running 24/7 in real time may change the rules of economy permanently. Increasing interdependencies, trade wars and international conflicts increase the financial industry's risks too.

With the unprecedentedly low interest rates challenging banks' and insurance companies' traditional earnings models, the outlook for 2020s appears somewhat uncertain.



Strategy

OP Financial Group confirmed its new strategy in June 2019.

Our vision is to be the leading and most appealing financial services group in Finland. Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region. We pursue our mission in line with our core values – People First, Responsibility, and Succeeding Together.

New strategy process

We at OP Financial Group have adopted a new type of strategy process in which we are continuously reshaping, reformulating and implementing the strategy. We are systematically assessing our business environment and operating model to be able to make and implement new strategic choices whenever needed.

The new continuous strategy process helps us meet our owner-customers' changing needs and expectations and react flexibly to the ongoing changes and uncertainties in our business environment.

OP Financial Group's strategy process includes ongoing monitoring of our business and competitive environment, formulating our shared vision and priorities, measuring strategic performance, strategic planning of business segments and OP cooperative banks, and annual planning.

Strategic priorities and indicators

OP Cooperative's Supervisory Board confirmed the new strategy and priorities in June 2019. At the same time, it confirmed OP Financial Group's vision for future direction, to be "the leading and most appealing financial services group in Finland", and a more detailed content of the vision. The mission was affirmed: "We promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region."

OP Financial Group's strategic priorities for 2020:

- Best customer experience
- More benefit for owner-customers
- Excellent employee experience
- Faster growth in revenues than expenses
- Productive development.

The priorities reviewed annually will help achieve our shared vision. Of the priorities for 2019, only the target of 2 million owner-customers was changed. After reaching it and as a follow-on, our priority for 2020 is to offer more benefit for owner-customers. The rest of our strategic priorities remained unchanged.

OP Financial Group's new strategic indicators were confirmed in October: return on equity (ROE excluding OP bonuses), CET1 ratio and brand recommendations, NPS (Net Promoter Score, private and corporate customers).

Many OP cooperative banks, members of governing bodies and employees have participated in formulating OP Financial Group's new strategy. In the future, too, we will continue to build our strategy together. In this way, we can improve the quality of our strategy, while enhancing cooperation, commitment and employee experience.

We review our strategic choices and their implementation at regular intervals and change our direction, if necessary. This aims to support OP Financial Group's agile operating model and culture, steer our operations and monitor our strategy implementation.

Our vision provides a direction

Our vision describes the qualities that we need to be a successful player, regardless of the changes that may occur in the world: to be the leading and most appealing financial services group in Finland.

We want to be the number one choice for our customers and partners. We cooperate with partners who provide our customers with added value that we cannot provide on our own. To succeed, we also need solid finances and a strong market position.

As customer behaviour changes – either rapidly or slowly – we must be present where our customers are, whether a mobile service, a branch or a digital third-party service platform, whether in Finland or abroad.

To succeed, we must be an appealing employer where the best talents want to work. We increase our appeal by boldly transforming the financial sector based on our core values. In addition, we must show stability, continuity and expertise. What we do is based on trust – today and in the years to come.



Our vision describes our intent with which we execute our mission of creating sustainable prosperity, well-being and security of our owner-customers and operating region.

Timo Ritakallio,
President and Group
Chief Executive Officer

Best customer experience

OP Financial Group's goal is the best customer experience and corporate image in the financial sector in Finland.

The best customer experience at OP means quick and easy access to smooth services with professionalism and a personal feel. The ease of use of digital services is an essential element in customer experience. Based on our customer surveys, our customers expect us to communicate actively and support them in managing their finances.

To improve customer experience, we have focused on shortening response times in our telephone services, accessibility of our digital services, and improving our customer feedback process. OP-mobile already has more than one million active users. We have introduced many features desired by customers into OP-mobile. One of these is My financial balance, which helps customers gain a deeper understanding of their income and expenses.

We continue our efforts to improve our customer service and make our customers' life easier. We want our customer to be able to reach us as easily and quickly as possible, in the service channel

they choose. We continue to further improve the quality of digital transactions and services. Given that mobile services have become our customers' main channel, we invest in building new features in the mobile environment. We also want to offer our customers more tools and ways to develop their finances towards their goals. This means major investments in new data utilisation methods.

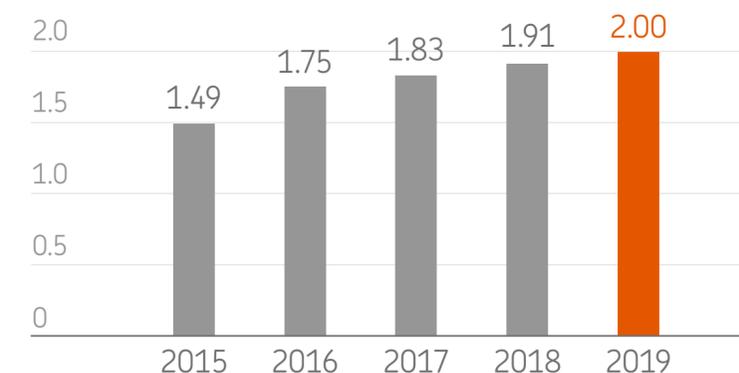
More benefit for owner-customers

OP Financial Group's goal is to provide more value, significant benefit and better services for owner-customers.

In December 2019, OP Financial Group achieved its strategic target of 2 million owner-customers.

We have focused on benefits drawing the attention of young customers in particular, which has led to a lower average age of our new owner-customers. We also launched a group buying service available to our owner-customers only. Through it, an owner-customer can buy well-known branded products and services at an attractive owner-customer price.

Owner-customers, million



Our key priority in 2020 is to provide more benefit for owner-customers. This means revising and developing the benefits we offer. We'll also launch service models designed to our owner-customers only. Our aim is to make more and more owner-customers feel that they enjoy the best benefits in banking and insurance services.

Excellent employee experience

Our goal is to have satisfied, motivated and skilled employees that produce the best and most attractive customer experience. In improving employee experience in 2019, our key themes included

employee wellbeing, meaningfulness of work, developing operations together and streamlining working practices.

Our efforts to improve employee wellbeing in practice have involved fostering employees' self-management skills, promoting self-managed teams and supporting supervisors in matters related to the capacity for work.

Since 2018, OP Financial Group's central cooperative has stepwise moved to an agile operating model based on self-managed teams. A large number of people has participated in the model's development, in order to together find means to increase the meaningfulness of work, encourage self-management and streamline working practices.

In surveys concerning the operating model change, over 90% of the respondents felt that the self-managed, agile operating model is better than the old one. In the new model, teams' self-management and responsibility have increased, defined targets have steered work and its prioritisation better than before – and practices are constantly improved.

Implementation and improvement of the self-managed operating model will continue in 2020 when we'll focus on continuously improving employee experience and strengthening the skills and abilities needed in the new operating model.

Faster growth in revenues than in expenses

OP Financial Group's goal is profitable business growth. OP Financial Group's income increased by 10% and comparable expenses decreased by 3% in 2019. Income from customer business increased and growth in expenses stopped. Operational efficiency was improved by sharpening the strategic focus, concentrating on core business, rethinking the volumes of development according to business volumes, and improving processes.

The operating model change initiated in the central cooperative is aimed at increasing the meaningfulness and wellbeing at work, thereby improving customer experience and operational efficiency. One of its targets was to reduce the central cooperative consolidated's total annual costs by 100 million euros by the end of 2019. The measures taken generated cost savings of 102 million euros.

Our 2020 target is to increase income by significantly stepping up the activity and effectiveness of broad-based sales. We'll focus particularly on increasing the number of customers using both banking and insurance services, and the number of mobile service users. We continue to implement the ongoing efficiency-enhancement measures. Due to low interest rates, slowing economic growth and increasing regulatory requirements, we need to continuously improve our operational efficiency to be able to maintain our profitability and a solid capital base and to execute our mission.

Productive development

Our goal is to maximise development productivity – to have more impact with less costs. By constantly developing our services, we can provide the best customer experience to all our customers.

We have improved the productivity of our development by adopting new ways of working, by establishing a close link between business and development, by renewing our technological architecture and by increasing automation.

Over
90%
of the personnel
feels that the
new operating
model is better
than the old one.

Targets for the strategy period 2016–2019

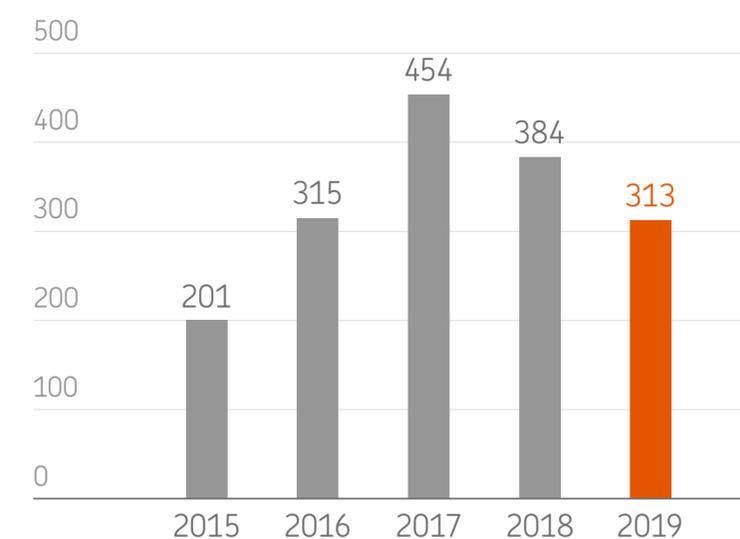
OP Financial Group's strategic indicators in 2019	31.12.2019	31.12.2018	Target for 2019
Customer experience, NPS (-100+100)			
Brand	26	23	25
Service	62	61	70
CET1 ratio, %	19.5	20.5	22
Return on economic capital, % (12-month rolling)	17.2	20.8	22
Expenses of present-day business (12-month rolling), EUR million	1,827	1,833	Expenses for 2020 at 2015 level (1,500)
Owner-customers, million	2.0	1.9	2.0

Thanks to higher productivity, we have been able to reduce our product and service development expenditure. Nowadays, we produce more, more efficiently and at lower cost.

Our development priorities include continuing the controlled renewal of core systems, ensuring reliability, fulfilling obligations set by the authorities and improving services.

Our efforts to improve our development productivity will continue. Higher productivity will enable us to reduce development expenses in relation to the Group's profits. To achieve this, we focus particularly on using modern software development practices and tools and strengthen our competence in strategic technologies.

Product and service development expenditures, € million



How we create value

OP creates value for its customers, stakeholders and operating environment on many levels. We are there for our customers and customer companies throughout their lives and life cycles. We provide them with competitive products and services while ensuring our profitability and capital base. As a cooperative business, we promote the long-term success and wellbeing of our owner-customers and operating region. This involves impactful actions for the benefit of the community at both local and national level.

Our value creation model depicts what kinds of resources and capital we use to implement our mission and strategy, and what kinds of outputs and impacts our activities have. Our most important resources consist of highly skilled and motivated employees, services and systems that are continuously developed further, high-quality data i.e. intellectual and information capital, economic capital and capital of trust based on strong values and close stakeholder relations

All of our activities aim to add value to our owner-customers through a responsible use of

resources. Our most important outputs create excellent employee and customer experience, strengthen our capital base and reputation, and foster a sustainable economy and regional vitality. We seek to provide the best customer experience in the sector by creating relevant service encounters in all channels.

Value chain – OP as part of society

OP influences society on a wide front through its operations. The financial sector plays a key role in economic prosperity, both directly and indirectly. We provide necessary basic services and opportunities for citizens, companies and organisations. We take care of the performance of cash services and payment transactions, we provide protection and prevention in the case of loss events, and we promote a sustainable and responsible economy.

We act on our CR principles throughout the entire value chain. A strong capital base and effective risk management enable our business continuity. OP's centralised procurement is in charge of procuring the most important products and services within

the Group. We expect our product suppliers and service providers to conform with OP Financial Group's Supplier Code of Conduct, OP Financial Group's General Procurement Terms and Conditions, Code of Business Ethics and any applicable legislation and international agreements.

OP is strongly committed to its customers and operating region on a long-term basis. We develop our services together with our customers right from the start. We support our customers and act as their partner, also during challenging times. We foster a sustainable economy, for example, by financing sustainable business, developing green financing products and strengthening the practices of responsible investment. OP has regional and economic impacts on the whole of Finland, and they also involve indirect impacts on the vitality of both local and national economy.

Value creation model

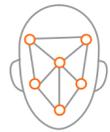
Our most important assets



Satisfied, motivated and highly skilled personnel (12,226)



Systems and services supporting customer experience – responsible and innovative development



Responsible and smart use of data – high-quality information capital



Partner with a strong capital base – economic capital



Close partner for stakeholders – cooperative values, trust and reputation



Outputs and impacts



- The most attractive employer in the financial sector (Universum 2019)
- Employee training: 17 hours/person
- Diversity: proportion of women in executive positions 26%
- Employee turnover: 11.2%



- Customer experience: service encounter NPS 62, brand NPS 26
- Product and service development expenditures: EUR 313 million
- Digital channels account for more than 98% of service encounters with private customers



- CET1 ratio: 19.5%
- Return on economic capital: 17.2%
- Interest paid on owner-customer investments: EUR 97 million
- One of the biggest taxpayers in Finland: income tax EUR 168 million



- 2 million owner-customers
- New OP bonuses accrued to owner-customers: EUR 254 million
- Thriving local communities: regional impacts
- Promoting sustainable economy: sustainability-linked and green loans granted EUR 730 million

We updated our Corporate Responsibility Programme

Based on our strategic vision, we want to be a reliable and responsible expert and forerunner transforming the financial sector. Our CR actions are guided by our corporate responsibility (CR) programme, which was updated at the end of 2019. To carry out the update, we executed a stakeholder survey in summer 2019 and, based on its results, a materiality analysis. The purpose of the materiality analysis was to identify those aspects of CR that are the most central to OP and its stakeholders. Stakeholders' opinions were polled by asking the respondents to evaluate the materiality of responsibility-related aspects and OP's role in this work. The survey was targeted at private and corporate customers, OP cooperative banks' and the central cooperative's employees, management and governing bodies, and other stakeholders, such as media and NGOs. For more information about OP Financial Group's stakeholder engagement, visit our [website](#).

Based on the materiality analysis, OP Financial Group's key responsibility themes include:

- promoting sustainable finance and investing, and mitigating climate change
- preventing shadow economy, corruption and money laundering

- supporting local vitality, wellbeing and communities
- promoting financial literacy
- preventing accidents and losses while promoting security
- open and transparent operations
- promoting the diversity, wellbeing and equal opportunities of employees
- protection of privacy and data security.

OP's Corporate Responsibility Programme supports the UN Sustainable Development Goals

OP has made a commitment to pursuing the UN Sustainable Development Goals (SDGs). We have identified the SDGs with the most relevance to OP and factored them into our new Corporate Responsibility Programme. We aim to develop reporting on the SDGs more extensively in the future. OP has also signed the National Commission on Sustainable Development's Commitment 2050 pledge.

OP Cooperative's Supervisory Board confirmed the new Group-level CR programme on 11 December 2019. The updated CR programme is framed around four key themes and commitments, which guide our actions toward the programme goals:

We improve financial literacy in Finland

We promote the management of personal finances and prosperity in all age groups.

We foster a sustainable economy

We support sustainable development, mitigating climate change and adapting to it.

We support local vitality and communities

We provide jobs, promote physical activity, provide security, and create wellbeing in Finland. We promote local economic vitality.

We use our information capital responsibly

We use customer data and artificial intelligence transparently, in the best interest of our customers. Accessibility and having the best customer experience across all channels are at the core of developing our services.

OP Financial Group's CR Programme



We improve financial literacy in Finland



We foster a sustainable economy



We support local vitality and communities



We use our information capital responsibly



On a lifelong journey in
2019



We improve financial literacy in Finland

OP is Finland's leading provider of home and corporate loans. We seek to secure prosperity for our customers and to promote their personal financial management and success.

We wish to improve financial literacy in Finland, provide the best customer experience both locally and digitally, and be a reliable and flexible financial partner for our customers in their various life situations.

We provide comprehensive tools for managing personal finances

We serve our customers in digital channels and through our telephone service and extensive branch network. We provide personal customer service both at branches and digitally. Through Finland's most extensive network of banking and non-life insurance services, we want to ensure that customers have equal opportunities to carry out transactions. Our private customers can do their daily banking transactions and make payments in various channels regardless of time and place,

and we're continuously developing our services to meet our customers' changing needs.

Our aim is to create digital services for financial planning and management that provide the best user experience in the market. OP was selected as the best company in terms of mobile experience in the Digital Leaders in Finland 2019 survey. OP-mobile is the main channel for our customers' daily transactions. At the end of 2019, there were already over 1.4 million registered OP-mobile users. On OP-mobile and OP Business mobile, customers identify themselves with the Mobile key. In 2019, the number of Mobile key users exceeded one million. The Mobile key fulfils the requirements of strong customer authentication based on the new Payment Services Act that became effective in September 2019. In January 2020, the use of the Mobile key was extended to the op.fi service.

In 2019, the number of registered users on the mobile payment app Pivo increased to 1.2 million, and Pivo became Finland's most widely available public transport ticket app. The Face Payment by Pivo app launched in 2019 enables customers to

confirm payments quickly and securely through facial recognition. At the end of 2019, there were already over 650,000 registered users of the Siirto mobile payment solution on OP's services.

OP is closely involved in developing real-time payments. We offer our customers both incoming and outgoing SEPA payments between banks in SEPA area in real time. In April 2019, we introduced incoming SEPA Instant Credit Transfers, and in October, outgoing SEPA Instant Credit Transfers. These enable money transfers in a matter of seconds within the Single Euro Payments Area. Furthermore, OP Corporate Bank is one of the founding partners of P27 Nordic Payments Platform AB, a company established in 2019. This joint initiative is developing a pan-Nordic payment infrastructure aimed at making it easier for individuals, corporates and institutions to operate throughout the Nordic economic area. The goal is to enable secure and efficient real-time international payments between Finland, Sweden and Denmark, regardless of the currency.

Our range of services also includes versatile saving and investment services and extensive owner-

We strengthened the financial literacy of more than

70,000

children and young people around Finland.

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OP's Money Box is a virtual piggy bank for accumulating savings through one-off transfers or automatically with every card payment.

customer benefits. In early 2019, we expanded our digital Money Box service to include investing in mutual funds. OP's Money Box is a virtual piggy bank for accumulating savings through one-off transfers or automatically with every card payment. With this service, we lower the threshold for saving and support our customers in automating savings and micro investing. The new mutual fund functionality enables automatic transfer of funds to a low-cost index fund chosen by the customer.

A new feature called My Financial Balance was added to OP-mobile in October 2019 to give our customers more control of their personal finances. The tool is designed to help our customers to better manage their finances and keep track of their income and spending. It sorts transactions automatically and provides an overview of the customer's spending. In 2019, seven OP cooperative banks provided the OP Financial Coach service, through which the customer can order a personal financial coach.

We provide investment advice at our branches. In addition, we deliver a personalised, award-winning Private Banking experience. During the year, we earned many recognitions for our products and

services and were selected number one in Finland by The Banker, an esteemed publication, in its Bank of the Year competition.

We provide services for housing and buying a home

We provide our customers with services related to buying, selling or renting a home. Our digital home loan service enables OP customers to apply for and receive a home loan decision and offer online, which are binding on the bank. In 2019, over 9,000 loan offers were made through the service. More than 75% of all our loan applications are filed through digital channels. It is possible to discuss loans over the phone, in a remote conference or face to face at a bank branch, and customers can sign their loan documents electronically, too, if they so wish.

The trend of preparing for a rise in interest rates has continued to intensify during the year along with the popularity of interest rate protection products, with respect to home loans, corporate loans and housing company loans. At the end of 2019, 24.5% of private customer home loans were covered by interest rate protection. Our customised



Photo: Jukka Koskinen

Harri has been keeping a diary of his spending for decades – ‘We did not have much money growing up’”

Harri Lappi, 63, from Kotka thinks carefully about how he spends his money and prefers home cooking over eating out. Penny-pinching comes naturally to Harri, and it has helped him to get his finances in order. OP Financial Coach Jukka Klemetti puts Harri's success down to his pragmatic nature.

For the full story (in Finnish), visit [OP Media](#).

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Over 13,000 entrepreneurs have started a business through OP Light Entrepreneurship.

solutions of hedging against higher interest rate risks protect our agricultural and forestry customers and housing company customers, too. In early 2019, OP-Kiinteistökeskus real estate agents became OP Koti (OP Home). OP Koti was the first real estate company to provide its customers with digital sale or purchase of a home. In a digital home sale, the seller and buyer approve the contract of sale with their online bank user identifiers. This enables them to complete the sale regardless of time and place, without a closing session at a bank branch. OP Koti combines housing-related services into a single entity at op-koti.fi, providing high-quality real estate agency services in 170 offices across Finland. OP Koti has been ranked as Finland's most reliable real estate agent for ten years in a row (Suomi Tänään (Finland Today) survey 2019, Taloustutkimus Oy).

We support entrepreneurship and are long-term partners for companies

As a partner for companies, we want to promote the success and growth of local business. Through our close collaboration with our customers, we can customise solutions for everyone. We provide SME customers with all corporate and entrepreneur

banking services, financing, payment transaction and cash management services, investment services, and expert services related to business development. According to the SME barometer of the Federation of Finnish Enterprises, OP is the leading bank for SMEs in Finland. Out of all the limited liability company SMEs established in 2019, 46% were OP customers. We provide new SMEs with a wide range of services and support individuals in starting a business. OP Light Entrepreneurship is the leading service for private traders, through which more than 13,000 entrepreneurs have started a business by the end of 2019. The OP Light Entrepreneurship service makes starting a business as easy as possible. Routines from bookkeeping to invoicing are handled directly in the service.

We coach children and young people in financial literacy

Supporting financial literacy in Finland forms part of OP's corporate responsibility. In 2019, we strengthened the financial literacy of more than 70,000 children and young people. The cornerstone of our financial literacy work are OP cooperative bank representatives' visits to schools and educational institutions, and banks' open days,



Photo: Oscar Martinez

Becoming an entrepreneur

Neea Lamminmäki is a self-employed musician who became an entrepreneur but wished to avoid learning bookkeeping. Her day job is giving piano lessons at various music schools.

Having multiple different employers was an inconvenient way to freelance, and setting up her own business began to feel like a better way forward. However, Lamminmäki hoped to make things easy. She took the plunge last year and chose the most versatile option: OP Light Entrepreneurship.

For the full story (in Finnish), visit [OP Media](#).

during which we met with children and young people around Finland. For example, OP representatives all around Finland arrange OPxMoneyTalk sessions to teach financial skills to young people with game-like methods. Cooperation with various players forms an important part of our work in promoting financial literacy in Finland. In the banks' joint Taloustaitohanke (financial literacy project) coordinated by the Helsinki Deaconess Institute, bank employees teach socially excluded young people financial literacy skills in workshops and individual sessions around Finland. The "Mun elämä, mun työ" tour (My life, my work), initiated with Economy and Youth TAT, reached over 17,000 vocational students in 2019. Together with the Association for Teachers of History and Social Studies (HYOL), we enhance the personal finance skills of ninth-graders in the Financial Literacy Competition and in the events linked to it. Through our partnership with Junior Achievement Finland, OP is involved in the final of "Uskalla yrittää" programme and also supports the "Pikkuyrittäjät" programme aimed at strengthening the working life skills of primary and secondary school pupils and guiding them towards a path of entrepreneurship. OP cooperative banks support and participate in business villages for sixth- and ninth-graders in Oulu, Tampere, Turku

and Kuopio. OP also supports the work of HundrED with Startup High School being the twinning project. In 2019, HundrED and OP joined forces to highlight ten educational innovations that bring financial literacy to young people's everyday life. These innovations were presented in the report named Spotlight: Financial Skills for the Youth. In cooperation with the Guarantee Foundation and the Martha Organisation, OP published the Money Talk survey on financial literacy in Finland.

We teach digital skills to senior citizens and promote accessibility

Digital skills play an important role in individuals' ability to manage their finances. Representatives of OP cooperative banks teach digital skills to seniors all around Finland in places such as libraries and care homes and by arranging events with local senior citizens' associations. In 2019, more than 1,000 such events were arranged, attracting a total of 28,000 senior citizens.

Among its initiatives to promote the accessibility and equality of services, OP has launched the OP Accessible online service, which serves customers who have visual and hearing impairments,

motoric challenges or other functional disabilities. Promoting equal access to banking services, the service is available in plain language in Finnish, Swedish and English. Furthermore, OP provides key code lists in Braille in order to enable visually impaired customers to use OP eServices. Customers can log into OP-mobile using fingerprint authentication.

We provide a comprehensive range of services in Finnish and Swedish. Among corporate customers as well as in growth centres and in the Helsinki Metropolitan Area in particular, there is great demand for services in English. We provide electronic services (op.fi, OP-mobile and Pivo) to meet our English-speaking customers' daily banking and insurance needs. With respect to other services, we're continuously adding more resources in English to respond to customer demand. Some OP Koti branches also serve customers in Russian. In OP Corporate Bank's Baltic branches, we serve customers in the local languages, while our electronic services are available in English.

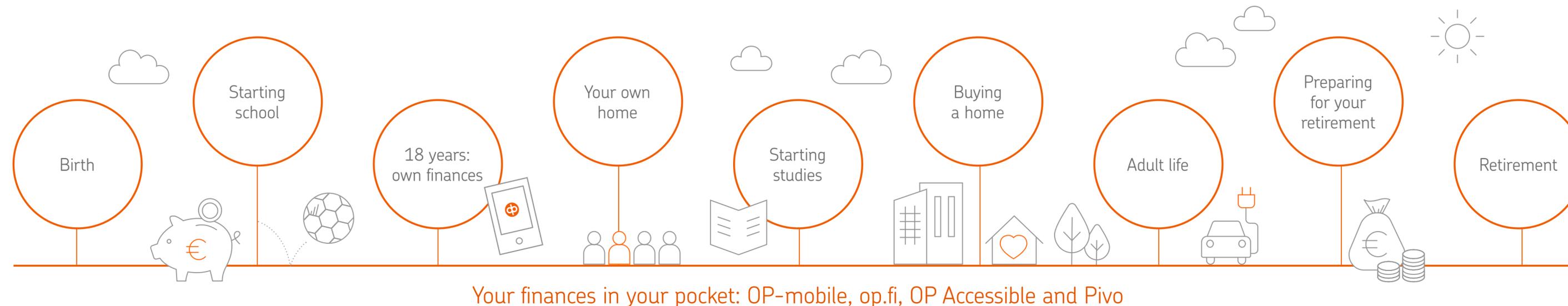
In our Feel Confident Online events, we advised

28,000

senior citizens in managing their finances digitally.

Your finances – more with the same money

OP's services for managing your finances during the various stages of life



- OP Junior
- Hippo Club
- Your own account
- Your own payment card
- Saving for a child
- Baby and child insurance
- Summer jobs paid for by OP
- 18-year-old meeting
- OP cooperative banks promote financial skills throughout the childhood and youth

- Student loan online without a service charge
- From the loan, you earn OP bonuses that can pay for your home insurance
- Credit card and accounts for a student
- ASP saving scheme for buying your first home
- Cover for passengers and luggage with a travel insurance
- OP cooperative banks strengthen financial and work skills together with schools

- OP Koti real estate agents and housing-related services
- Loan promise rapidly online
- Universal payment solutions: OP-Visa, Flexible Consumer Credit and Special Consumer Credit
- Saving and investment services
- Home and Health Insurance
- Wellbeing services
- Wealth management
- Legal services
- Manage your finances with My financial balance and Money Box

- Personal digital guidance by appointment
- Versatile payment solutions: OP-mobile, op.fi, e-invoice, direct payment and payment envelopes
- Preparing a continuing power of attorney in advance to appoint a representative to manage your affairs
- Inheritance planning
- "In time!" events to prepare for your retirement
- "Feel confident online" events



Three OP's owner-customers share tips on how to use benefits and maximise bonuses

Every owner-customer of an OP cooperative bank has their own way of making the most of their benefits. We asked three owner-customers to describe how they do it.

Siiri Koskinen from Tampere has become more conscious and systematic about collecting OP bonuses after moving into her own home. She especially likes collecting benefits from mobile apps. One of the free benefits that she found on Pivo is CityShop-pari, which gives her a range of offers and discounts.

For the full story (in Finnish), visit [OP Media](#).

Photo: Riina Peuthu

We foster a sustainable economy

Climate change has extensive effects, and it causes notable uncertainty for society. Together with our customers, we build a sustainable economy and support efforts to mitigate climate change and adapt to it.

We develop products and services that encourage our customers to act in a responsible and environmentally friendly manner and take into account the effects of our operations on biodiversity.

We aim to achieve a positive carbon handprint in 2025

A positive carbon handprint means zero emissions from the energy and fuels that we use (Scope 1 and Scope 2) and also reducing emissions across our supply chain. For example, by means of videoconferencing we can reduce emissions attributable to our customers' business-related travel.

Emissions from OP's own operations (Scopes 1+2) have decreased by approximately 32 percent (i.e. 11,085 t CO₂e) from 2011 (2011: 34,847 t CO₂e). Our energy-related emissions decreased slightly in 2019 (564 tonnes). The main reasons for the overall decrease are our move to new, energy-efficient

offices and an increase in the use of renewable energy. In 2019, the electricity consumed on the Vallila Campus was generated entirely through renewable energy. In 2019, renewable energy accounted for 34 percent of OP Financial Group's total energy consumption. Investments accounted for the most significant part of the effects of other indirect (Scope 3) GHG emissions. Calculation of investments -category is based on GHG protocol and includes emissions attributable to financing, funds and property investments but excludes, for example, project financing and other investments. With respect to indirect emissions, we also measure the carbon footprint of our equity funds. Read more about the carbon footprint of funds on [op.fi](https://www.op.fi).

OP uses videoconferencing and online conferencing technology to reduce business travel. OP's travel guidelines state that trains or buses must be prioritised in travel within Finland.

OP Corporate Bank is a long-term partner for corporations and institutions

OP Corporate Bank is Finland's leading bank for corporates and institutions. Its services include financing, hedging, payment services, management

of cash flows and working capital, asset management and risk management. OP Corporate Bank operates in Finland, Estonia, Latvia and Lithuania. Its strength is an extensive, local service network in Finland, in addition to offering extensive services and a wide partner network for the international needs of our customers.

We support the success of our customers in their business through long-term cooperation. We wish to promote a sustainable economy and the success and internationalisation of Finnish business. We're continuously improving our services in various service channels in order to deliver the best customer experience in the market. Our excellent employee experience is visible to our customers in terms of better service. The customer satisfaction with OP Corporate Bank's Banking segment was excellent in 2019: NPS 86 (79).

OP Corporate Bank provides comprehensive debt and equity financing solutions from our balance sheet and from the capital markets. The capital market services offer comprehensive services to all customer groups for hedging against market risks and trading in financial markets.

In 2019, renewable energy accounted for

34 %

of OP Financial Group's total energy consumption.

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In 2019, OP achieved forerunner-level ranking A- on CDP's climate survey.

The goal of our solutions that streamline purchasing and sales is, for their part, to support customers' liquidity management as well as asset and liability management. We seek options to customer financing of consumers and companies, in Finland and abroad. We bring solutions to online and mobile purchases and payments. We support the effective management of cash flows with account and limit solutions.

We provide our corporate and institutional customers with comprehensive investment management services, from discretionary portfolio management to advisory asset management. In addition, our range of services includes modern risk reporting and portfolio analysis, and solutions to companies' liquidity management.

In 2019, our financing to corporates increased at a rate faster than the market average. The growth has strengthened OP Financial Group's position as Finland's largest provider of corporate financing, but mainly it has made it possible for numerous Finnish companies to invest and grow. Thus, our strong corporate financing supported Finnish economic growth in the past year.

Sustainable finance is increasingly important

We recognise our role as one of the largest financiers in Finland and take this responsibility seriously. We want to help our customers in transitioning to a climate-friendly economy. Our clients and investors are increasingly interested in responsible financing, green finance, green loans and green bonds.

From a bank's perspective, responsible investments and financial activities mean taking CR into account and incorporating it into all investment and financing decisions as well as prioritising investments that are sustainable from the perspective of the environment and climate. In addition to good securities trading, banking and insurance practices, this also requires compliance with the principles of sustainable development. We keep a close eye on the development of the EU's sustainable finance legislation.

In 2019, OP Corporate Bank developed two products based on the international framework for sustainable finance: the green loan and the



EU gives leverage for sustainable financing

EU wants to harness the power of capital markets in the fight against climate change. A lot more than regulation is needed to achieve this. Sustainable financing needs to be mainstreamed for the targets of the Paris climate agreement to be attainable.

For the full story (in Finnish), visit [OP Media](#).

sustainability-linked loan. In green loans, the corporate customer undertakes to use the borrowed assets for defined projects, whereas in sustainability-linked loans the corporate customer commits itself to sustainability performance targets that are jointly agreed at the lending stage. These targets affect the loan margin. With our green loans and sustainability-linked loans, we encourage companies to further improve their sustainability.

In 2019, OP Corporate Bank developed its ESG analysis (Environmental, Social & Governance) as part of the assessment of corporate customers' creditworthiness. This analysis examines businesses and projects seeking financing, including their effects and risks in terms of climate change, waterways or land use. As regards society and governance, ESG analysis examines elements such as employee wellbeing, board independence and transparency of taxation. The analysis seeks to identify material ESG risks and opportunities for the bank's corporate clients, which supports to the traditional credit assessment.

OP Financial Group is committed to abiding by the Equator Principles, which is a voluntary risk management framework for managing environmental

and social risks in project finance. The Equator Principles aim to reduce the negative impacts of financed projects on climate, local communities and people.

We issued the first Green Bond in February 2019

In February 2019, OP Corporate Bank issued a 500-million euro green bond. The green bond proceeds are allocated to sustainable sectors. Eligible sectors funded with the first green bond included renewable energy, green buildings and sustainable land use through sustainable forestry. In February 2020, OP Corporate Bank published its first Green Bond Report that includes a description of the eligible loans in the green bond portfolio, examples of businesses and projects financed with the Green Bond and an estimate of the impacts achieved with the bond. The report is available on [OP's debt investor website](#).

We committed ourselves to the Principles for Responsible Banking

In September 2019, OP Financial Group became a Founding Signatory of the Principles for Responsible

Banking under the United Nations Environment Programme Finance Initiative (UNEP FI). The Principles set out the banking industry's responsibility in shaping a sustainable future, and align the sector with the objectives of the UN Sustainable Development Goals and the Paris Agreement. The Principles enable banks to embed sustainability across all business areas and leverage new business opportunities created by the emerging sustainable economy.

We promote energy-efficient buildings

In 2019, OP Property Management reached the 7.5 percent energy savings target set in the national energy efficiency agreement (5,504 MWh) – six years ahead of schedule. For example, three Pohjola Hospitals have solar panels on their roofs, fifteen properties developed by OP Property Management are equipped with solar power stations, and sixteen properties use geothermal heat. Energy efficiency is always taken into account in home improvements and renovations by, for example, choosing energy-efficient machinery and equipment.



In 2019, OP Financial Group signed the UN Principles for Responsible Banking.

The purpose of an energy renovation service for housing companies developed by OP in cooperation with LeaseGreen is to increase the energy efficiency of buildings and reduce CO₂ emissions. Buildings are responsible for a considerable proportion of Finland's energy consumption. Improving the energy efficiency of buildings therefore helps to reduce Finland's carbon footprint. LeaseGreen is responsible for the practical implementation of the project, and OP provides the financing for the renovations by means of a model based on monthly payments and covering the investment by the energy savings achieved. The starting point is that the savings made from the renovations by housing companies exceed the costs and can, in an ideal scenario, lead to lower living costs for residents.

We strive to reduce emissions from our offices, generate and make use of renewable energy and promote low-emission transport. The environmental management of OP's offices is based on the WWF Green Office system.

Climate change creates risks and opportunities

Extreme weather phenomena have been factored into OP's own business continuity planning as an operational risk. In addition, concerns related to climate change may pose reputation risks if any conflicts with climate change prevention efforts were to be identified in the operations of OP or those of its partners or customers. Climate change affects the lives of our customers and the operating environment of our corporate customers. On the other hand, increasing awareness of environmental issues creates new business opportunities in terms of, for example, investment products that emphasise environmental responsibility as well as different kinds of property insurance products.

Our non-life insurance business continuously monitors the development of risks posed by climate change from the viewpoint of our existing and future insurance products. Our goal is to cover as many insurable risks as possible, regardless of changing circumstances, and to take the environment and climate risks into account in our insurance policies.



Time to get on board with impact investing

First there was talk about ethical investing and responsible investing: avoiding investments in certain unethical industries and nudging businesses in a more responsible direction. In recent years, a new term has emerged alongside responsible investing: impact investing. Impact investing is about using private money to solve global problems – doing good and making money at the same time.

For the full story (in Finnish), visit [OP Media](#).

OP Asset Management became a public supporter of the international Task Force on Climate-related Financial Disclosures (TCFD) in 2019. Access to consistent and comparable information is vital when evaluating the impacts of climate change. The TCFD urges businesses to adopt a consistent approach to reporting and monitoring the impacts of climate change, in order to provide investors with transparent information about the risks and opportunities presented by climate change. As a supporter of the TCFD, we expect better climate change disclosures from the businesses in which we invest. We also aim to make disclosures on the impacts that our own funds have on climate change more transparent in the coming years, and to develop better and better ways to take the risks and opportunities of climate change into account in our investments. You can read more about our TCFD reporting [here](#).

OP has developed a carbon intensity index to help investors choose responsibly between OP equity funds. In addition, OP publishes fund-specific responsibility analyses that illustrate, among other things, any positive environmental impacts of each fund. OP Asset Management also has thematic responsible investment funds: OP Climate,

OP Clean Water, OP Low-carbon World and OP Sustainable World.

In addition to the UN Principles for Responsible Investment, OP has signed the Montreal Pledge, which encourages investors to report the carbon footprint of their investments. OP Asset Management is an investor signatory of CDP's climate, water and deforestation initiatives. OP Asset Management is also an investor signatory of an international investor initiative Climate Action 100+, which strives to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change. The financial implications of climate change risks are re-evaluated every year in connection with the global CDP disclosure.

We are a responsible investor and an active owner

OP's fund and asset management companies have signed the UN Principles for Responsible Investment (UNPRI) among the first asset management companies in Finland, and OP is one of the founding members of Finland's Sustainable Investment Forum (FINSIF). OP has EUR 81.2 (71.8) billion in

assets under management. OP's asset management policy is based on the Principles for Responsible Investment. We expect our active and direct investment instruments to conform with international standards such as the Global Compact and the OECD's guidelines for multinational companies.

OP is an active owner that encourages its investees to do business responsibly and its partners to pursue responsible investment. OP's responsible investment priorities are confirmed by OP Asset Management's Executive Committee. These priorities form the basis for the decisions of OP's ESG specialists and the Committee for Responsible Investment. In practice, OP's ESG strategies are implemented through fixed income investments, equity investments, cross-assets investments, real estate investments, or ESG specialists acting alone or working together with the aforementioned functions. As a result of OP's new, agile operating model, ESG specialists will be incorporated directly into portfolio management teams in 2020.

Responsible investing is promoted through a range of sustainable investment strategies. These strategies include incorporating sustainability perspectives

into investment decisions, keeping up with international standards, active ownership and engagement, negative screening and positive thematic investing. We use negative screening to exclude manufacturers of controversial weapons, certain producers and users of coal as well as companies that have violated international norms and where engagement has been unsuccessful.

OP Fund Management exercises the voting rights of the mutual funds that it manages in accordance with the ownership policy confirmed by its Board of Directors. With respect to companies listed in Finland, the Group does its best to discuss we strive to discuss possible grievances directly with the companies prior to AGMs so that, as a general rule, it will be possible to support the Board's proposal if it comes to voting. Proxy voting is used in an increasing number of cases to also exercise voting rights at the AGMs of companies listed in countries other than Finland. OP Fund Management gave provided voting instructions for to more than 1,600 foreign AGMs in 2019. OP Fund Management implements its ownership policy by actively participating in the AGMs of companies listed in Finland. Its representatives attended AGMs of more than

50 Finnish companies during the year. At the end of 2019, the OP funds managed by OP Asset Management held shares representing 81 companies listed in Finland, of which 33% were contacted by OP Asset Management to further discuss environmental and corporate responsibility issues.

We use engagement to address any violations of international norms committed by our investee companies. If we are unable to meet satisfactory outcomes through engagement, the Committee for Responsible Investment may decide to divest.

You can read more about responsible investing [here](#).

We are setting up Finland's first impact fund that invests in emerging markets

OP and Finnfund have agreed to set up Finland's first impact fund that will invest in emerging markets. The fund will seek systematic and measurable impact, primarily by investing in projects related to the fields of sustainable agriculture and forestry, renewable energy and financial institutions. The investments support efforts to mitigate and adapt

to climate change, promote sustainable employment and safeguarding access to affordable and clean energy. The fund, named OP Finnfund Global Impact Fund I, supports the achievement of the UN Sustainable Development Goals (SDGs) in a measurable way while providing an attractive return for investors. According to the UN, the financing gap to achieve the SDGs amounts to EUR 2,500 billion per year.



Nokian Tyres commits to loan terms linked to corporate responsibility targets

Being a good corporate citizen is a matter of pride for Nokian Tyres. Every year, the company sets itself ambitious targets relating to climate change, the environment, social responsibility and supply chains. Its corporate responsibility reports are read carefully not only by investors but also by financiers. Nokian Tyres' new five-year loan for EUR 100 million from OP Corporate Bank commits the company to pursue specific corporate responsibility targets.

For the full story (in Finnish), visit [OP Media](#).

Photo: Nokian Renkaat

We support local vitality and communities

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OP is strongly committed to its customers and operating environment.

OP Financial Group is owned by two million owner-customers of OP cooperative banks. As stated in our mission, we promote the wellbeing of our owner-customers and operating region.

A cooperative business model and actions taken by OP cooperative banks for the benefit of local communities enhance wellbeing and economic prosperity. Our cooperative business model creates major direct and indirect impacts both locally and throughout the country. This involves impactful actions for the benefit of the community at both local and national level – digitally and physically.

Thanks to our long-term knowledge of our local operating region, we can provide financing to households and businesses from boom to bust. Long-term financing of local businesses is, indeed, one of the key prerequisites of regional prosperity and stability.

Owner-customer interests guide our operations

In accordance with cooperative values and principles, OP acts in the best interests of our

broader-based community and will therefore refrain from pursuing any targets of OP or individual players that conflict with the long-term prosperity in our operating region. OP Financial Group aims not to maximise profits for its owners but to provide, as efficiently as possible, high-quality services which the owner-customers need. The shared success is used for the benefit of owner-customers in the form of loyalty benefits and other financial benefits as well as the maintenance and further development of service capabilities.

Anyone can become an owner-customer by paying a cooperative contribution to their own OP cooperative bank. Such contribution entitles to a diverse range of benefits and gives the right to vote in the election of the bank's Representative Assembly. In most OP cooperative banks, the cooperative contribution is around 100 euros, which will be refunded if the customer wishes to end their ownership at some point. Since 2014, our owner-customers have been able to make additional contributions to their own OP cooperative banks by means of Profit Shares. An OP cooperative bank will pay annual interest on Profit Shares on the basis of its financial performance, thus channelling part of its good performance for the benefit of its owner-customer-



Kuva: Aapo Rainio

How would a 12-year-old run a business?

Yrityskylä is a learning environment that gives thousands of schoolchildren each year a taste of the working life.

Every year, around 45,000 sixth-graders are chosen to run business villages around the country. The experience also teaches them important lessons about society, consumerism, self-employment and tax. The villages are miniatures of real life: everyone has a role to play and a job to do.

For the full story (in Finnish), visit [OP Media](#).

Since 1999, we have granted a total of

2.5

billion euros in OP bonuses to owner-customers.

ers. OP anticipates paying interest of 3.25 percent (3.25) Profit Shares for 2019.

A significant part of OP's business profit is returned to owner-customers in terms of OP bonuses that are earned, for example, from loans, savings and investments, as well as insurance, and that are used to pay service charges and insurance bills. Owner-customers also get discounts on their insurance policies. Moreover, owner-customers have access to specific owner-customer service packages, such as daily banking services, a long-term fixed rate home loan and the OP Investment Partner service. Owner-customers can also buy, sell and switch the majority of OP funds' units with no transaction costs. In addition to the services provided by OP cooperative banks, owner-customers can also benefit from a variety of benefits provided by OP Financial Group's partners, for example through OP Group Buying online service.

A total of 113 million euros (111) of OP bonuses were used to pay for banking and wealth management services and 129 million euros (118) to pay non-life insurance premiums in 2019. Since 1999, we have granted a total of 2.5 billion euros in OP bonuses.

In 2019, our owner-customers earned a total of 254 million euros (230) in OP bonuses. Non-life insurance loyalty discounts amounted to 69 million euros (67). In addition, owner-customers bought, sold and switched the majority of the mutual funds without separate charges. The value of this benefit amounted to 5 million euros (6).

In accordance with cooperative principles, owner-customers can impact OP cooperative banks' decision-making and development of operations, for example, through their own OP cooperative bank's governing body. Through their representatives in the cooperative bank's governing body, owner-customers can promote businesses and prosperity in the region. OP cooperative bank's Representative Assembly or cooperative meeting is the highest decision-making body with owner-customers acting as its members. Owner-customers can run as candidates for the Representative Assembly election, and every owner-customer has the opportunity to vote in the election of their bank's Representative Assembly. Many OP Financial Group's cooperative banks have their own owner-customer community, a digital forum through which owner-customers can contribute to areas such as the development of their own bank's operations. Customers can be

involved in OP's product and service development through the Paja customer community.

We have a local impact

OP cooperative banks and their network of branches and service outlets across Finland enable effective interaction with customers and the local community. At the end of 2019, the Group's member banks had 352 (365) branches and service outlets as well as 1,199 ATMs (shared between Finland's banks) around the country.

OP evaluates and measures OP cooperative banks' regional and social impacts on an annual basis in order to identify their most notable impacts. These evaluations provide the banks with a tool that they can use to systematically improve their regional and social impact. Examples of OP cooperative banks' indirect economic impacts include employment, purchases, investments, financing businesses and the business sector, and tax payments. Read more about impact evaluation at OP Turun Seutu.

Building financial skills

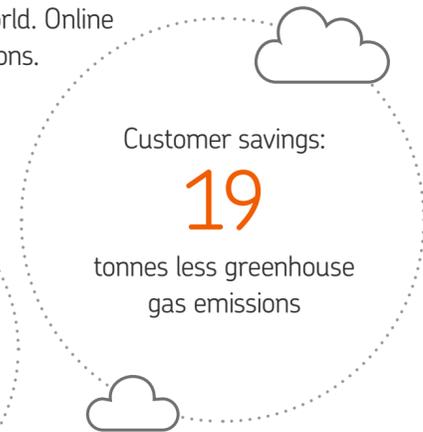
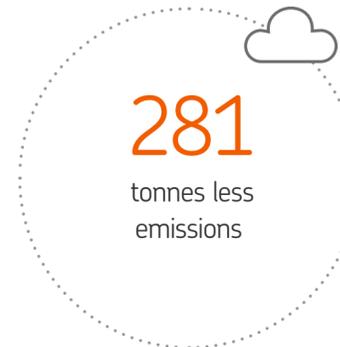
The bank promotes children's and adolescents' capabilities to manage their personal finances through Yrityskylä business village destined to comprehensive school students, visits to schools, the nationwide financial literacy project and the Financial Literacy Competition. OP Turun Seutu has sponsored the business village in Southwest Finland (Yrityskylä Varsinais-Suomi) since the beginning.



Towards carbon neutrality

OP's objective is to develop the best remote services in the world and to be there for its customers in the digital disruption. In the Turku region, online and telephone banking has saved not only time but also travel equivalent to four times around the world. Online meetings also reduce greenhouse gas emissions.

The bank uses renewable electricity.



Regional impacts OP Turun Seutu

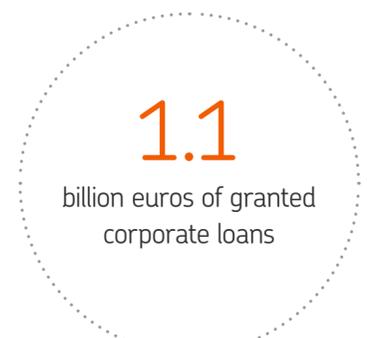


Supporting local sports, culture and volunteering

The bank sponsors non-profit organisations that strengthen local wellbeing and communities.

Employment impacts of corporate financing

The bank finances companies in its operating area, thereby promoting the region's economic vitality.

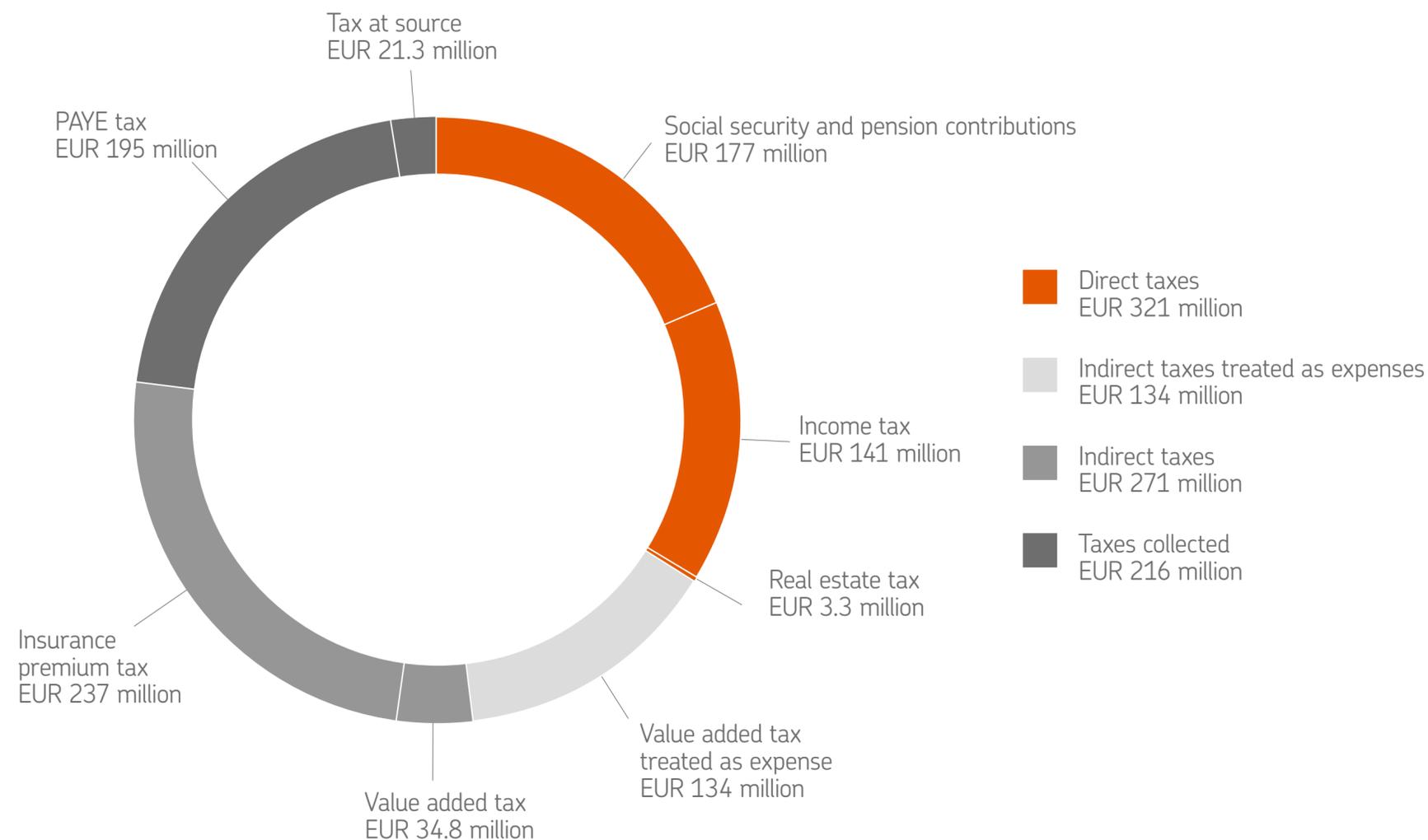


We are a major taxpayer

OP cooperative banks are among the largest taxpayers in numerous municipalities, and OP Financial Group is one of the largest taxpayers in Finland. All OP cooperative banks pay their corporate tax locally in their operating region. OP Financial Group's income taxes for the financial year 2019 totalled 168 million euros (125). The effective tax rate was 20.1% (21.7%). By paying taxes in Finland, OP Financial Group is contributing to the prosperity of the whole of Finland.

OP's taxes consist of indirect and direct taxes and taxes collected on behalf of the government. Direct taxes include income taxes, property taxes and fiscal charges paid directly by OP. Indirect taxes include value added tax and insurance premium tax. Taxes collected by OP on behalf of the government include taxes that OP collects as a payer and forwards to the government, such as withholding tax on wages and tax at source on interest. No value added tax is payable on the brokerage and sale of financial services, which is why these services do not render OP liable for value added tax payments or entitle it to deduct value added tax in connection with purchases. OP Financial Group's member

Tax footprint



cooperative banks and other companies are nevertheless liable to pay value added tax on their other business transactions. The taxes included in OP's tax footprint are calculated on an accrual basis.

We promote wellbeing through concrete actions

OP cooperative banks also support local activities and wellbeing through various concrete actions, sponsorships and donations. Important forms of cooperation, besides financial literacy training and teaching digital skills to senior citizens, include promoting the wellbeing of children and young people and cultural activities. Through their sponsorships with sports clubs, OP cooperative banks promoted physical activities among a total of 495,000 people in Finland in 2019. At national level, OP is the main partner of the Finnish Olympic Committee with the purpose of promoting physical activities among children in particular. In 2019, OP cooperative banks around Finland organised almost 300 Hippo events, attracting more than 60,000 children and their families. Free of charge, the Hippo Club is designed for OP cooperative bank customers under the age of 13.

In 2019, OP Financial Group's charitable donations totalled 2.1 million euros. The scholarship foundations established by the Group to support scientific research awarded a total of 1.1 million euros in research grants for 2019, funding the work of 52 researchers and research groups. The OP Art Foundation supports music as a performing art by loaning its highly valued instruments to young musicians. The Foundation promotes Finnish visual arts and has a collection of 3,500 works.

In the Backpack for every back campaign, OP, Hope - Yhdessä & Yhteisestiry and OP's customers joined forces for the third time to collect backpacks for children starting school. A total of 3,000 backpacks were donated for this purpose around Finland in July 2019. In its Summer jobs paid for by OP campaign, OP supports non-profit organisations across Finland in providing employment opportunities for young people. In the summer of 2019, OP cooperative banks offered over 1,700 summer jobs to young people aged between 15 and 17 years in non-profit organisations. The total donation amount was almost 700,000 euros.

Hiiop is OP Financial Group's corporate volunteering programme in which OP employees can use

one workday per year for corporate volunteering activities. The OP central cooperative and numerous OP cooperative banks continued to perform corporate volunteer work in 2019 through activities such as improving financial literacy and the environment in line with OP Financial Group's Corporate Responsibility Programme. In order to lower the threshold for volunteering in 2017, OP launched a website aimed at bringing volunteers and those in need of volunteers together at Hiiop100.fi. At the end of 2018, OP Cooperative donated the website to Citizen Forum and continued to support the maintenance of the website in 2019. By donating the website, OP hopes to keep the Hiiop100.fi service available to everyone, free of charge, in the future as well.

Pohjola Insurance prevents losses and provides cover in case of loss

OP provides an extensive and diverse range of non-life and life insurance services to private, corporate and institutional customers. We want to ensure that our customers have a versatile and comprehensive insurance cover. We're further developing our service concepts, our digital insurance and claims services and our claims services

Together with sports clubs, OP cooperative banks promoted physical activity among

495,000

people in Finland.

partner network in order to deliver a uniform and high-quality customer experience.

OP Financial Group's Insurance segment comprises Pohjola Insurance, A-Insurance, OP Life Assurance Company and Pohjola Hospital. OP Financial Group adopted the Pohjola brand in its non-life insurance business from 1 June 2019 when the business name of OP Insurance Ltd was changed to Pohjola Insurance Ltd. Considering that the name Pohjola is still strongly associated with insurance services, updating the brand is in line with our customers' expectations. Alongside the rebranding of Pohjola Insurance, Pohjola Health was renamed Pohjola Hospital, and it'll focus on orthopaedics and sports clinic services. As part of this change, Pohjola Health sold its occupational healthcare services to Mehiläinen. Travel insurance provider Euroopalainen merged into Pohjola Insurance Ltd on 1 November 2019. As part of simplifying the corporate structure, A-Vakuutus is planned to merge into Pohjola Insurance on 1 April 2020.

Pohjola Insurance promotes customers' risk management and safety, helps prevent losses and

ensures a smooth and efficient claims process. We evaluate potential risks and safety concerns together with the customer and optimise our insurance solutions individually for each customer. We ensure that our customers are aware of all their risks and that the loss or damage that they may suffer will not cause insuperable financial or personal difficulties for them. We make our customers' day-to-day life run more smoothly and safely by building the best possible package with each customer.

The key insurance lines for private customers include motor vehicle, home and other property policies as well as personal insurance, such as accident and health policies, for both home life and travelling. Our Pohjola Claim Help service provides a quick way of managing loss situations. The service at vahinkoapu.pohjola.fi provides customers with information in the case of loss or damage, the contact details of our partners and information on what each insurance covers. The service is also available on OP-mobile and OP Business mobile. Private customers file approximately 64% and corporate customers 36% of their loss reports either online or through mobile. In claims services, OP

has partnership agreements with firms representing over 20 industries, such as healthcare services providers, car repair shops, eyeglass retailers, building renovation firms and household appliance retailers. Through partnerships, OP ensures excellent customer experience, cost-efficient and even-quality claims settlement services and their easy availability near the customer.

Pohjola Insurance wants to support its customers in preventing accidents and injuries. Together with our partners, we want to reduce the number of traffic accidents and change people's attitudes in order to promote traffic safety. In 2019, Pohjola Insurance promoted safety on the road together with the Porokello reindeer alert system as part of the "Musta marraskuu" (Black November) campaign. The campaign aims to halve the number of reindeer collisions from the 2017 levels by the year 2020. To encourage young people to drive safely, Pohjola Insurance, the Finnish Driving Schools Association and some twenty driving tracks all around Finland launched cooperation in 2019 through which Pohjola Insurance will give all passenger car learner drivers who have completed their driving

track training a discount for the first year of comprehensive motor vehicle insurance. In addition, we actively disseminate information about unusual weather conditions, such as storms and poor road conditions, in order to prevent accidents and losses. When an accident does happen, our aim is to get our customer back to normal as soon as possible.

Pohjola Insurance is also a risk management partner for corporate customers. We seek to safeguard the business continuity of our customers, support employees' work ability and help to create a safe working environment. We provide our customers with extensive and diversified risk management services, which enable them to better ensure trouble-free and secure business operations in case of problems. The entrepreneur themselves, company staff, the company's fixed and current assets, cargo, vehicles and the business itself are the key insured objects or persons in the field of business insurance. Pohjola Insurance also offers cyber-insurance against data damage, and occupational healthcare service that can be included in the personnel's personal insurance contracts.

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In 2019, Pohjola Insurance promoted safety on the road as part of the “Musta marraskuu” (Black November) campaign.

Pohjola Insurance’s Health Advisors helped 170,000 customers during the first year of the service. The Health Advisor service delivered an excellent customer experience in 2019: NPS 82 (on a scale of -100–+100). The Health Advisor service is offered to Pohjola Insurance’s customers free of charge, and its purpose is to facilitate diagnostics. Our Health Advisors are also qualified to comment on whether the customer’s illness or injury is covered by their policy and to authorise our partner hospitals and clinics to bill Pohjola Insurance directly. In many cases, the customer only needs to pay the deductible.

Pohjola Hospital gets customers back on track

In 2019, Pohjola Hospital sharpened its strategy to focus on orthopaedics and sports clinics. Five Pohjola Hospitals (located in Helsinki, Tampere, Oulu, Kuopio and Turku) form part of OP’s non-life insurance business, promoting wellbeing and security in their operating regions in line with OP’s mission. Pohjola Hospital has succeeded in shortening a patient’s stay on the clinical pathway significantly, which benefits all parties involved: customers, that is employees, employers, society and non-life and

pension insurers, through shorter absences and lower costs, claims paid and loss of income. We collect feedback from Pohjola Hospital customers with the NPS indicator depicting customer satisfaction. The NPS among Pohjola Hospital surgery patients has been high since the first hospital’s opening, attaining 97 in 2019 (NPS range -100–+100).

Promoting physical activity and sports among people in Finland forms an important part of the work of Pohjola Insurance and Pohjola Hospital. Through our extensive cooperation with sports federations, we encourage physical activity among children by sponsoring low-threshold activities for children and young people. Our aim is to provide a range of activities for as many children as possible and to encourage children around Finland to become involved in clubs. Our Sports Advisor service helps to prevent typical sports injuries by training sports clubs and coaches. In 2019, almost 2,500 coaches who train children and young people used the Sports Advisor service. In autumn 2019, Pohjola Hospital initiated cooperation with the Sports and Exercise Medicine Units in Finland in order to increase the number of healthy days among athletes, available for exercises and competitions.



Children's sports injuries can be prevented

Repetitive strain injuries of children and adolescents have recently featured prominently in the media. They can be prevented by means of personalised strength training and muscle building programmes. According to Pohjola Hospital’s Sports Advisor Veli-Matti Talonen, repetitive strain injuries in children typically occur where muscles and tendons attach to bone in the presence of open apophyses. Monotonous exercise increases the risk of repetitive strain injuries in growing children.

For the full story (in Finnish), visit [OP Media](#).



Kyrö Distillery Company's success stems from strong ties to the local community

Kyrö Distillery Company has the kind of story that most start-ups dream about. Its brand is deeply rooted in the team spirit of the local community. The village of Isokyrö in Ostrobothnia, which is home to the company's distillery and visitor centre, plays a huge role in the company's success story and identity. The company's CEO talks about Isokyrö as a community of entrepreneur-minded people who like to do things together and have a laugh.

For the full story (in Finnish), visit [OP Media](#).

Photo: Juho Uutela

We use our information capital responsibly

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OP was the first company in Finland to publish a set of Ethical Guidelines for Artificial Intelligence.

OP processes vast amounts of data concerning our customers, employees and other stakeholders. All personal data is treated with respect and processed responsibly. For example, we published our first-ever data balance sheet 2018 in the spring of 2019 to report on the importance of information and OP Financial Group's approach to responsible and strategic information management and data processing as well as to explain our data asset management model, i.e. the nature of and the relationships between OP's data assets and capital. Our data balance sheet also describes the key principles and procedures that OP follows in respect of personal data processing. The most important objective of our internal data protection procedures is to ensure that all our stakeholders can trust OP Financial Group's data protection practises.

Publishing annual data balance sheets reflects our desire to be a responsible leader in data processing and open and transparent about our data management and usage policies. OP's data balance sheet was the first in the sector and, as far as we know, the first published by a private company in Finland.

All data processing at OP is for the benefit of our customers. Information enables us to do things better: to develop and provide financial and insurance services of a high standard, increase the efficiency of our operations and improve the customer experience we deliver. We strive to continuously improve our services to deliver the best customer experience and promote accessibility across all our channels. We try to make our digital services as easy as possible for everyone to use.

Using artificial intelligence has become common, and more and more of our daily routines are assisted by our own AI, which we call Financial Intelligence. We use artificial intelligence to process and analyse large quantities of data and to help us to make informed decisions, control quality, serve our customers better and perform a variety of routine tasks. OP was the first company in Finland to publish a set of Ethical Guidelines for Artificial Intelligence which help us to ensure that we always use artificial intelligence responsibly.

We treat all customer information confidentially

OP's salaried employees and all members of our governing bodies are legally bound to confidentiality in respect of all customer data. We respect banking and insurance secrecy, the confidentiality of customer and patient data, and contractual non-disclosure obligations in everything that we do. Our employees only process customer information to the extent required by their duties. Patient safety and the standard of health care we provide are important for us, and we process patient data with absolute confidentiality.

Our practices guide us to take data protection comprehensively into account in all personal data processing. Through our data protection practices, we protect the personal data of our customers, personnel, partners and other parties interacting with OP. OP is committed to responsible marketing and advertising. By law, customers must be given information on certain terms and conditions, properties and risks related to goods and services.

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Learn more about [OP's data balance sheet](#) for 2019 (in Finnish).

OP in 2019

OP provides its customers with information that may influence their decisions relating to products and services. OP very rarely targets marketing at children and young people and always takes this target group's general inexperience and limited legal capacity into account. We follow the Marketing Code of the International Chamber of Commerce, good marketing practices and the marketing guidelines applicable to the sectors in which we operate.

OP Financial Group has a Group-level Data Protection Officer, whose role is based on the EU's General Data Protection Regulation (GDPR). Data subjects can contact the Data Protection Officer with any issues related to the processing of their personal data as well as to exercise their rights under the GDPR.

OP tomorrow

OP Financial Group received 11 substantiated customer complaints concerning the processing of personal data or breaches of customer privacy in 2019. The total number of complaints was calculated by counting only one complaint for each case where several complaints were filed concerning a single event (for example, a mailing error).

OP Financial Group's internal controls identified a total of 750 cases that can be classified as personal data breaches under the GDPR in 2019. The figure also includes, for example, breaches attributable to human error that are unlikely to compromise the rights and freedoms of natural persons.

Late in 2015, OP received a request for clarification related to allegations of a dominant market position. According to a competitor, OP had a dominant

On a lifelong journey in 2019

market position in retail banking services and was abusing this position by tying up retail banking services with non-life insurance services. OP was also accused of offering non-life insurance services below cost price.

The Finnish Competition and Consumer Authority (FCCA) closed the case on 11 February 2019. The FCCA concluded that OP Financial Group had complied with competition laws and that OP's bonus scheme does not violate the Finnish Competition Act. The FCCA also found that OP's operations are not conducive to damaging the non-life insurance market.



Anja, 82, pays her bills on a tablet

“Having to go to the bank used to be such a hassle.”

Anja Santala-Rosala is an experienced OP-mobile user. She has even memorised her mobile key and no longer needs a key code list. Anja discovered OP-mobile approximately three years ago, around the same time as she got her first tablet.

Anja has noticed that the banking habits of older people vary considerably. She would like to see more people of her generation do their banking online.

For the full story (in Finnish), visit [OP Media](#).

Photo: Matias Honkamaa

We are a responsible employer and actor

Corporate responsibility is an integral part of OP's strategy and every OP employee's daily work, decisions and activities.

Corporate responsibility management

Corporate responsibility at OP stems from our mission and joint values and is supported by our cooperative business model. Our business must promote the well-being, security and sustainable prosperity of our customers and operating region. OP aims to be a forerunner in corporate responsibility in the financial sector. Our Code of Business Ethics contains OP Financial Group's corporate responsibility and environmental principles, which all those employed by OP Financial Group must observe, regardless of their role, position or location. The Code is supplemented by more detailed rules and guidelines.

OP Financial Group's corporate governance practices also largely cover actions related to corporate responsibility management. The main management approaches are defined in OP Financial Group's Corporate Governance Principles. Our business is guided by good banking and insurance practices. We comply with all applicable laws, standards and regulations and uphold the principles of honesty

and fairness. OP's Risk Management and Compliance organisations also oversee risks and compliance related to corporate responsibility. The organisations operate independently of the business divisions.

OP Financial Group's corporate responsibility actions and targets are guided and co-ordinated by our Corporate Responsibility Programme, which was revised in 2019. OP's reporting practices are based on the GRI Standards (Core) and the UN Global Compact initiative, and we are working towards compliance with the IIRC framework. OP Financial Group's sustainability reporting mainly follows the same rules as the Group's financial reporting. Any restrictions and deviations from the rules are reported next to the applicable data and in the GRI Content Index.

OP is committed to complying not only with all applicable laws and regulations but also with a number of international business standards. OP joined the UN Global Compact initiative in 2011 and made a commitment to upholding its ten principles on human rights, labour standards, environmental friendliness and anti-corruption. The Global Compact principles have also been incorporated

into OP's contracts with its suppliers. In addition, the principles of the Global Compact feature in our online personnel training courses on the OP Code of Conduct and corporate responsibility. OP constantly tracks and reviews the effectiveness of its corporate responsibility efforts and participates in a wide range of corporate responsibility networks. OP Financial Group was among the first adopters of the Principles for Responsible Banking created by the UN Environment Programme Finance Initiative (UNEP FI) in the autumn of 2019, and we have also signed the Collective Commitment to Climate Action, which compels us to align our lending with the principles of low-carbon economy.

We actively follow the development of the OECD Guidelines for Multinational Enterprises in respect of the financial sector. The OECD Guidelines consist of voluntary corporate responsibility principles and standards, as well as instructions for applying legislation to international business operations.

OP responds to the annual CDP survey, which is designed to collect information from companies on the effect of climate change on their business and actions they have taken to combat climate change and reduce greenhouse gas emissions. In 2019, OP

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We support the UN Global Compact initiative and promote human rights, labour standards, environmental protection and anti-corruption.

Timo Ritakallio,
President and Group
Chief Executive Officer

scored an A- on the survey's four-step scale (A-D). An A score means that a company has reached leadership level in the field of environmental management. OP Asset Management has signed CDP's investor initiatives for climate change, water security and deforestation.

Corporate responsibility organisation

OP Financial Group's corporate responsibility policy, Corporate Responsibility Programme and annual CR report are confirmed by the central cooperative's Board of Directors as of 2020. The Executive Management Team's Corporate Responsibility Committee prepares OP Financial Group's Corporate Responsibility Programme for the Board's approval and tracks progress against the agreed targets. The Corporate Responsibility Committee compiles reports on the implementation of the Corporate Responsibility Programme annually to enable the Board of Directors to review the programme and its progress. OP Cooperative's Supervisory Council reviews the CR Programme regularly and follows its implementation. The person responsible for corporate responsibility in respect of Group Executive Management is OP's Chief Communications and Public Affairs Officer.

Corporate responsibility features regularly on the agendas of not only the Board of Directors and the Executive Management Team but also the management teams of individual business divisions. Daily corporate responsibility routines and the implementation of the Corporate Responsibility Programme are coordinated by business divisions' corporate responsibility working groups. OP Financial Group's corporate responsibility policies and guidelines apply to all Group companies, including OP Corporate Bank, OP Mortgage Bank and OP cooperative banks. Leadership methods are subject to the same scrutiny as the Group's general leadership practices. Targets and operating principles are revised whenever the external environment changes. We also have procedures in place to allow our stakeholders to give us feedback on corporate responsibility issues.

Risk management and control

OP Financial Group and the companies included in the Group regularly analyse the risks involved in their respective businesses, including risks related to corruption, in accordance with our operational risk management procedures. Operational risk assessments are reviewed every year. The

risk assessments are based on the organisations' self-evaluations of operational risks and risk management. The process involves each organisation identifying and evaluating the most important risks associated with its operations. The identification of risks is facilitated by a Group-wide risk library, which lists a range of risks subdivided into seven different risk categories. The risk library makes it possible to link observations relating to corruption to risks relating to the abuse of insider information or positions of trust, values and various ethical principles, compliance with competition law, customer selection, conflicts of interest as well as bribery.

No new products, services, business models or systems are introduced until the associated risks and any changes in the risks have been assessed. Outsourcing and new partnerships are also subject to the same checks.

Regular risk reviews are held to keep the Executive Management Team and the Board of Directors informed of any significant risks that have materialised. Risk assessments are reviewed once a year to identify the most significant operational risks, including environmental, social and governance (ESG) risks. These risks are analysed and the most

significant phenomena brought to the attention of management. The effectiveness of the risk and capital adequacy management efforts of OP and its entities is evaluated on an annual basis. Internal audits are conducted each year to examine the status of internal controls and capital adequacy management.

Internal control covers all operations, including all OP Financial Group entities and sites. The nature and extent of operations and, whenever necessary, special characteristics related to international operations are taken into consideration in specifying internal controls. Internal control covers all organisational levels. Internal control in its most extensive form primarily takes place at the operational level, characterised by continuous processes and forming part of daily routines. Internal control is complemented by the opportunity of anyone employed by OP Financial Group to report through an independent channel if they suspect that rules or regulations have been violated (whistleblowing). Actions that contravene OP Financial Group's core values can also be reported.

OP Financial Group is a credit institution and as such supervised by the European Central Bank

(ECB). The Finnish Financial Supervisory Authority oversees OP Financial Group's investment firms and insurance companies in Finland as prescribed in legislation governing financial and insurance markets. OP Financial Group's operations in Estonia, Latvia and Lithuania are supervised by the national regulators of those countries where applicable.

OP Financial Group has Group-wide financial reporting and risk reporting procedures in place for tracking the attainment of business goals and financial targets, and these reports are regularly reviewed in senior management's meetings and in meetings of OP Cooperative's Board of Directors. The same principles apply to the management's monthly financial performance and risk reports. When preparing and examining the report, the management ascertains the accuracy and correctness of the financial results and reporting by analysing performance and risk exposure and any deviations from targets.

The central cooperative's Board of Directors supervises that the entire OP Financial Group is managed reliably, efficiently and in compliance with prudent business principles. The Board's Audit

Committee assists the Board in monitoring and evaluating the effectiveness of the financial reporting system, internal control, internal audit and risk management systems.

OP Risk Management Service supports the further development of customer security and risk management. The service enables all the staff of a company to improve occupational safety by conveniently reporting any shortcomings in safety and dangerous situations at work.

New governance structure for central cooperative

OP Financial Group's central cooperative (OP Cooperative) adopted a new three-tier governance structure as of the beginning of 2020, consisting of a Supervisory Council, a Board of Directors and the President and Group Chief Executive Officer. Instead of an internal Executive Board, the central cooperative now has a Board of Directors consisting of members who are not directors of the central cooperative itself. The Board is responsible for making decisions on behalf of the central cooperative on all issues except those of strategic importance for the whole of OP Financial Group that

have been specially mandated to the Supervisory Council in the central cooperative's bylaws. The Executive Management Team continues to support the President and Group Chief Executive Officer on an operational level. More detailed information about OP Financial Group's governance system in 2019 is available in [the Corporate Governance Statement 2019](#). The latest information about the new governance model can be found on OP Financial Group's [website](#).

Responsible procurement

OP's sourcing strives to ensure that all goods, services and rights that the Group acquires are, on the whole, cost-effective, of a high standard, reliable and ethical, and that suppliers are managed professionally and in the interests of OP Financial Group and its customers. Our Supplier Code of Conduct is binding on all of the Group's service providers, suppliers and partners. Responsible sourcing practices can promote responsibility among thousands of OP's contractual partners. OP is a significant purchaser of goods and services. In 2019, the combined purchase volume of goods, services, rights and the claims settlement partner network amounted to approximately EUR 1,800 million,

and suppliers numbered more than 22,000. On top of this, OP Financial Group's individual business divisions take care of their own funding and investment-related acquisitions.

All purchases are made and orders placed on the basis of Group-level agreements negotiated by OP's sourcing or OP Financial Group's general procurement rules. Our Supplier Code of Conduct stipulates that all of OP's service providers, suppliers and contracting partners must pledge to uphold local laws, regulations and good business practices. Our suppliers must also observe OP Financial Group's values and the principles of responsible business. Our Supplier Code of Conduct lays down the minimum requirements that OP's suppliers must meet. In addition to enforcing our Supplier Code of Conduct, we have striven to identify the most important responsibility themes and criteria for each of the categories of goods we purchase, and apply service-specific or category-specific responsibility requirements where appropriate. For example, we stipulate that our suppliers must have international TCO Certification for certain kinds of IT hardware, such as monitors and desktops, that covers the entire life cycle of these devices.

Responsible procurement management is closely linked to supplier risk management as well as supplier management in general. We first evaluate suppliers' responsibility as part of our supplier approval process, which is our way of identifying suitable partners in general, and subsequently in connection with competitive tendering and at regular intervals in accordance with an operating model established with OP's sourcing. OP has a special audit plan for auditing suppliers. Any suspected violations of rules or regulations by suppliers can be reported to the Vice-President responsible for purchasing or to the appropriate procurement manager. We mostly hear about any discrimination experienced by customers through the authorities.

Most of OP's suppliers are based in Finland, and they mostly only provide services in Finland. OP can therefore usually control the corporate responsibility risks related to procurement through transparent and systematic supplier management. By working in close cooperation with our suppliers, we can promote responsibility across our entire supply network. Our category-specific responsible procurement objectives and criteria were revised in 2019, and responsibility is now our most important criterion for awarding certain kinds of contracts.

For example, OP recently put a contract for office supplies out to tender through our centralised office services with the specific aim of building a responsible operating model with a supplier who is able to produce the goods responsibly and enable user-friendly recycling of used supplies. Responsibility will feature on the agenda of our talks with all of our biggest suppliers in 2020.

Excellent employee experience is one of our strategic priorities

OP Financial Group wants to be an attractive employer. Excellent employee experience is one of OP Financial Group's five strategic priorities. Our goal is to have satisfied, motivated and competent employees who are capable of delivering the best customer experience.

OP's central cooperative has been in the process of transitioning to an agile and self-managed operating model since the autumn of 2018. One of the objectives of the new operating model is to improve our employee experience, and it is based on self-managed, multi-skilled teams. This gives the teams more influence over their own work and a sense of importance. Our new operating model is

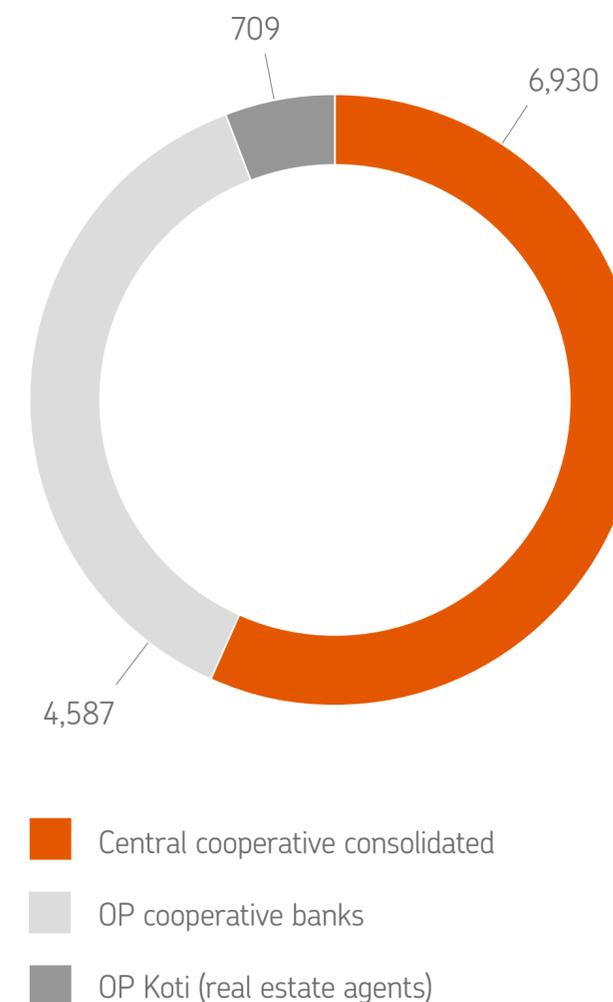
also designed to overcome the challenges of the transformation of work and to provide our employees with opportunities to learn new skills and grow.

OP Financial Group's organisations use centralised personnel surveys to measure employee experience on a yearly basis. Among the positive aspects mentioned by employees in the 2019 Pulse survey were the meaningfulness of their work, the ability to learn new skills and the central cooperative's new operating model. A strong team spirit is an asset, and we will continue to work towards better management and cooperation across the organisation.

We promote occupational well-being, health and safety

The aim of OP Financial Group's employee well-being policy is to increasingly support the physical fitness and labour market skills of older employees and those at risk of becoming unfit for work, through close and well-organised management of occupational health and safety and well-being at work. Well-being at work is ensured through close cooperation with our occupational health care and

Personnel by organisation



pension providers as well as other top experts. Key elements of our employee wellbeing policy include, among others, early intervention, occupational health care, initiatives to promote wellbeing at work, rehabilitation, flexibility at work and diversity management.

Our top priority is to support our employees through transitions and to identify and reduce harmful levels of work-related stress. To achieve this, we have, for example, trained our managers to focus on fitness for work and employees' wellbeing. We have expanded our network of wellbeing ambassadors, and each team has its own ambassador to look after the team's wellbeing on a daily basis. OP has conducted an extensive survey and interviews to study the effectiveness of our fitness and wellbeing management efforts, and to find new ways to improve the associated human resources processes. In 2019, sickness absences accounted for 3.4 per cent of regular working hours. Sickness absences have remained at the same level throughout the 2010s. We have also introduced a new indicator called the 'health rate' (percentage of personnel with no sickness absences), which was 44 per cent in 2019.

Occupational safety at OP is based on prevention and systematic procedures. Responsibility for occupational safety lies specifically with the employer. OP takes safety into account in everything related to personnel and working conditions. Group-level procedures have been agreed for threatening situations, which the various organisations of OP Financial Group implement locally in accordance with their needs. Procedures in the event of serious threats have been agreed in terms of aftercare arrangements and protecting personnel. All new customer service staff have the procedures explained to them, and refresher training is provided annually. All high-risk incidents are entered into the operational risk management system and reported to the Executive Management Team at regular intervals.

We promote equal opportunities and diversity

OP Financial Group sees diversity as an asset and guarantees equal opportunities and rights as well as fair treatment for all its employees. Employees are treated equally with regard to, for example, pay, recruitment and career advancement. We aim to ensure that OP Financial Group's human resources are sufficiently diverse in terms of competence,

experience, gender and age to meet the strategic goals and requirements of our business. We monitor the distribution of personnel in various job categories by factors such as gender, pay and age on an annual basis. Diversity is fostered by ensuring that candidates have a wide range of knowledge, skills and experience, and that various regions, both genders, and all age groups are represented on OP's governing bodies.

In respect of executive positions, we aim to have both genders represented at a ratio of 60/40 per cent. At the end of 2019, men held 74 per cent and women 26 per cent of OP executive positions. Diversity in executive positions is a non-financial indicator used in OP Financial Group's interim reports to measure the percentage of OP Financial Group's executive positions that are held by women. The indicator covers individuals in executive positions within the central cooperative as well as Managing Directors of OP cooperative banks. OP Financial Group's Executive Management Team consisted of three women and five men in 2019. OP Financial Group's aim is to plan the composition of its governing bodies taking into account the value added by each individual in terms of, for example, diversity. At the end of 2019, men held 61 per

cent and women 39 per cent of the seats on OP Financial Group's governing bodies.

OP has a zero-tolerance policy on discrimination. Our principles for the prevention of discrimination and the protection of human rights are based on, for example, the UN Global Compact, UNPRI and ILO's Declaration on Fundamental Principles and Rights at Work. No cases of discrimination were reported at OP in 2019.

We provide opportunities for personal development

OP Financial Group offers all employee groups a variety of ways to develop their competencies. OP Financial Group's personnel development efforts are based on an understanding of the effects of progress and changes in the nature of work on individuals' jobs, procedures and competence requirements.

OP Financial Group implements its strategy and annual plans through yearly employee performance reviews. The reviews are an important element of performance management, and they cover target-setting, competence development and progress

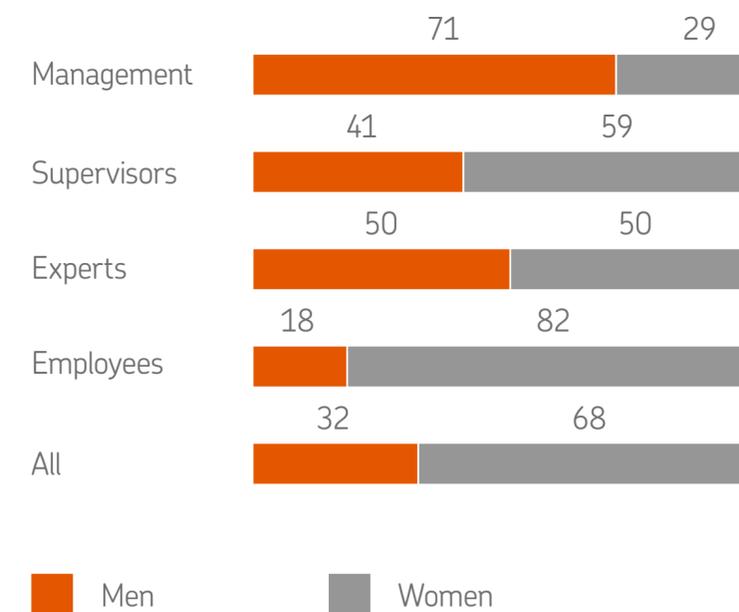
tracking. All members of OP's personnel both in Finland and abroad are subject to annual performance and career development reviews.

The Finnish Act on Cooperation within Undertakings also compels us to draw up personnel and training plans for those companies in OP Financial Group that regularly have more than 20 employees. The training plans must include an assessment of the occupational skills of the entire personnel, changes taking place in occupational skills-based requirements, and the causes of such changes, in addition to an annual plan based on this assessment for each personnel group or for employee groups categorised by some other appropriate criterion. In 2019, OP Financial Group spent an average of 17 hours per person on training.

We promote youth employment

Every year, we provide a range of exciting summer job and traineeship opportunities for young people wishing to take the first steps on their career. Our professionals helped a total of more than 500 summer workers and 44 Kiitorata trainees from various parts of Finland to grow and challenge themselves in this manner in 2019.

Workforce by personnel group and gender, %



Our Summer jobs paid for by OP campaign gives teens aged 15–17 an opportunity to get acquainted with the labour market, by working for non-profit associations across the country. Associations can hire young people to work for them for a period of two weeks in the summer, with OP paying their wages. In 2019, we donated almost EUR 700,000 towards youth employment through

the campaign and gave 1,752 young people a job with a non-profit association for two weeks.

Freedom of association and collective agreements

OP Financial Group is a unionised employer. The Group companies observe three different collective agreements: the collective agreement for the finance industry in our banking business, the collective agreement for the insurance industry in our insurance business, and the collective agreement for the medical services industry at Pohjola Hospital. The agreements contain provisions on, among other things, working hours, holidays, notice periods, occupational health and safety, and the rights and responsibilities of employee representatives and occupational health and safety representatives. In Finland, 91 per cent of OP Financial Group's personnel are covered by universally binding collective agreements. No binding collective agreements exist in the sector in the Baltic countries. At OP Financial Group, the percentage of the total workforce represented in health and safety committees is 92 per cent of the Group's personnel. The central cooperative has its own health and safety committee, as do all our banks with more than 20 employees.

Labour-management relations at OP Financial Group

OP Financial Group observes all applicable local laws. The most important piece of legislation governing the relationship between employers and employees and/or employee representatives in Finland is the Finnish Act on Cooperation within Undertakings (334/2007). The employer has a legal obligation to furnish the employees' representatives with a written proposal five days before the start of any cooperation negotiations or restructuring measures.

There are three cooperation groups at the OP Financial Group level and at OP's central cooperative: OP Financial Group's cooperation team, the OP central cooperative's cooperation committee, and the OP central cooperative's employer/employee cooperation team. These groups work to promote cooperation between the employer and employees and/or their representatives in all of the organisations of OP Financial Group in accordance with the Act on Cooperation within Undertakings and strive to create more opportunities for employees to have a say in decisions that affect them. At OP Financial Group, employee representation on the governing bodies of companies that belong to the central co-

operative is arranged by nominating employee representatives to serve on OP Cooperative's Supervisory Council for a term of three years at a time.

OP Financial Group consults with its employees through a cooperation group that convenes on a quarterly basis. The group discusses OP Financial Group's finances and performance, along with other current issues concerning the entire Group. All Group companies have their own cooperation procedures that comply with local laws.

The 2019 organisational reform of our central cooperative saw us not only satisfying our obligations under the Act on Cooperation within Undertakings and the Finnish Employment Contracts Act but also giving our employees access to personal coaching and advice through our career centre. We also ran courses to help our employees to adapt to the changes and improve their job-hunting skills. Managers were given training in supporting, managing and implementing reforms. All those who were made redundant are also entitled to financial support and have access to services aimed at increasing their employability.

We helped to find jobs for a total of

2,300

young people and students.



How to use agile processes to plan daily routines and special occasions

Agile business processes make work easier and more enjoyable. OP is in the process of transitioning to a new operating model. Agile processes are not only useful at work but can also be applied to daily routines in the home or, for example, party-planning. OP's Agile Coach, Product Owner and Designer talk about the best ways of operating in various occasions.

For the full story (in Finnish), visit [OP Media](#).

GRI indicators and TCFD disclosures

Our reporting principles

This report is based on the Core option of the GRI (Global Reporting Initiative) Standards and covers the material aspects from OP's perspective. These are listed in our disclosures on management approach, and comparisons to the GRI Standards can be found in the GRI Content Index. The numerical data relating to the GRI Standards have been assured by an independent third party, KPMG Oy Ab.

The report also includes Global Compact disclosures. The GRI Content Index explains which GRI indicators we have used to measure our performance in upholding the principles on human rights, labour standards, environmental friendliness and anti-corruption.

Our annual report takes account of the International Integrated Reporting Council (IIRC) Framework. OP Financial Group's corporate responsibility reporting mainly follows the same rules as the Group's financial reporting. Any restrictions and deviations from the rules are reported next to the applicable data and in the GRI Content Index.

Emissions

OP calculates emissions as CO2 equivalents in accordance with the Greenhouse Gas (GHG) Protocol. OP's own operations are not subject to emissions trading rules.

- Scope 1 emissions: fossil fuels used to power stand-by generators; emission factors as per Ecoinvent 3.3 / Bionova.
- Scope 2 location-based: country-specific average emission factors used for electricity; emission factors as per Statistics Finland's 2018 Finnish electricity production figures and 2018 district heating statistics, Ecoinvent 3.3 / Bionova and the IEA's 2019 district heating and electricity figures (for countries other than Finland).
- Scope 2 market-based: purchased green electricity taken into account with the rest based on a residual mix; emission factors as per Ecoinvent 3.3 / Bionova as well as Helen Mix and Ecoinvent/Bionova with respect to green electricity.

- Scope 3:
 - Category 1 (Purchased products and services): emissions from paper consumption, customer newsletters and postage factored
 - Category 5 (Waste generated in operations): waste generated by the entire OP Financial Group on the basis of the waste generated in the central cooperative's operations,
 - Category 6 (Business travel): emissions from travel and hotel stays,
 - Category 7 (Employee commuting): emissions from the use of company cars, emission factors as per Ecoinvent 3.3 / Bionova,
 - Category 15 (Investments): emissions from the loan portfolio on the basis of the emissions reported for the biggest loans in the portfolio and home loans on the basis of an estimated percentage of the emissions attributable to all home loans in Finland.

Management approach and reporting on the material aspects

Theme in Corporate Responsibility Program	Material aspects	GRI Material aspects	Politics and commitments	Projects, programs and initiatives
We improve financial literacy in Finland	Promoting financial literacy	<ul style="list-style-type: none"> Economic performance Local communities 	<ul style="list-style-type: none"> Finance Finland's Good Banking Practice Finance Finland's Good Insurance Practice and General Principles of Insurance Business Code of Business Ethics 	<ul style="list-style-type: none"> Junior Achievement Finland's Pikkuyrittäjät and Uskalla Yrittää programmes Deaconess Foundation's Taloustaito project Economy and Youth TAT's Mun elämä, mun työ [My Life, My Work] tour Finland's financial literacy competition, Association for Teachers of History and Social Studies Local financial literacy programmes and business villages
We foster a sustainable economy	<p>Advocating sustainable financing and investing</p> <p>Mitigating and preparing for the effects of climate change</p> <p>Combatting the shadow economy, corruption and money laundering</p>	<ul style="list-style-type: none"> Ownership Emissions Energy Anti-corruption 	<ul style="list-style-type: none"> Code of Business Ethics UNEP FI PRB and Collective Commitment to Climate Action Montreal Pledge Global Compact TCFD CDP Climate Action 100+ UNPRI 	<ul style="list-style-type: none"> WWF Green Office system City of Helsinki's Climate Partners network

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Theme in Corporate Responsibility Program	Material aspects	GRI Material aspects	Politics and commitments	Projects, programs and initiatives
We support local vitality and communities	<ul style="list-style-type: none"> Supporting local communities and measures to boost vitality and wellbeing Preventing accidents and losses and improving safety Increasing diversity, equal opportunities and wellbeing at work 	<ul style="list-style-type: none"> Local communities Economic performance Indirect economic impacts Employment Occupational health and safety Training and education Non-discrimination 	<ul style="list-style-type: none"> OP Financial Group's Supplier Code of Conduct OP Financial Group's Principles of Good Leadership Gender Equality and Equity Plan Operating Model for the Management of Wellbeing at Work Remuneration Policy Competence Development Procedures Principles of Diversity 	<ul style="list-style-type: none"> Local programmes and partnerships Responsible summerjob -campaign
We use our information capital responsibly	<ul style="list-style-type: none"> Openness and transparency Privacy and data protection 	<ul style="list-style-type: none"> Anti-competitive behaviour Local communities Customer privacy 	<ul style="list-style-type: none"> Code of Business Ethics Ethical Principles of Artificial Intelligence 	

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GRI key figures

		2015	2016	2017	2018	2019	Notes
GRI 102 General Disclosures							
102-8	Total human resources, of whom	12,130	12,227	12,269	12,066	12,226	
	men	3,362	3,498	3,667	3,719	3,872	
	women	8,768	8,729	8,602	8,347	8,354	
	permanent staff	11,324	11,376	11,501	11,323	11,514	
	temporary staff	806	851	768	743	712	
	full-time staff	11,253	11,273	11,294	11,116	11,266	
	part-time staff	877	954	975	950	960	
	in Finland	11,695	11,787	11,847	11,963	12,118	
	outside of Finland	435	440	422	103	108	
	temporary agency workers	723	1,089	1,511	1,365	1,617	
102-38	Ratio of the annual fixed compensation for the organisation's highest-paid individual to the median annual fixed compensation for all employees	21	-	21	19	19	The ratio of the annual fixed compensation for the organisation's highest-paid individual to the median annual fixed compensation for all employees is reported for Finland only.
102-41	Percentage of total employees covered by collective bargaining agreements	90%	91%	91%	91%	91%	The figure is for Finland only. No binding collective agreements exist in the Baltic countries.
GRI 201 Economic performance							
201-1	Direct economic value generated and distributed						
	a) Revenues	2,808	2,910	3,010	2,916	2,983	
	Economic value distributed						
	b) Operating costs	574	640	762	837	842	
	c) Employee wages and benefits	781	762	758	516	781	
	d) Returns to owner-customers	195	206	217	226	249	
	e) Income tax	249	223	214	223	168	
	f) Donations and other community investments	2	6	2,3	2,8	2,1	
	Economic value retained	1,007	1,073	1,058	1,111	941	

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		2015	2016	2017	2018	2019	Notes
GRI 205 Anti-corruption							
205-2	Communication and training on anti-corruption policies and procedures						
	Personnel, central cooperative	80%	88%	89%	98%	96%	The figure is calculated differently as of 2019; the figures reported here are for the previous two years. The course is mandatory to take part every two years.
	Personnel, OP cooperative banks	-	-	-	83%	100%	
GRI 302 Energy							
	District heating, MWh	73,400	72,050	70,635	72,290	73,420	
	District cooling, MWh	2,670	5,360	5,140	4,630	3,420	
	Fuels, heating and stand-by generators, MWh	7,060	3,780	4,700	190	90	
	Electricity, MWh	59,230	57,040	62,110	56,970	59,910	
302-1	Energy consumption within the organisation, MWh	142,360	138,230	142,585	134,080	136,840	
302-3	Energy intensity, MWh per capita per year	11.7	11.3	11.6	11.1	11.2	
GRI 305 Emissions							
305-1	Scope 1: Direct greenhouse gas emissions, CO ₂ e-tons	5	3	48	48	23	
305-2	Scope 2: Energy indirect greenhouse gas emissions, market-based, CO ₂ e-tons	23,446	18,556	20,918	24,278	23,739	The figure is calculated differently as of 2019. The 2018 figure has been updated.
	Scope 2: Energy indirect greenhouse gas emissions, location-based, CO ₂ e-tons	27,178	26,088	25,259	23,282	22,431	
305-3	Scope 3: Other indirect greenhouse gas emissions, CO ₂ e-tons						
	Category 1: Purchased products and services, CO ₂ e-tons	2,508	2,612	2,034	1,285	1,861	
	Category 5: Waste generated in operations, CO ₂ e-tons	609	129	298	254	402	
	Category 6: Business travel, CO ₂ e-tons	2,622	3,841	3,712	3,541	3,763	
	Category 7: Employee commuting, CO ₂ e-tons	-	951	1,142	1,059	957	
	Category 15: Investments, CO ₂ e-tons	-	-	-	> 10 million	> 10 million	
305-4	Greenhouse gas emissions intensity, tonnes of CO ₂ equivalent per capita	1.93	1.52	1.70	2.02	1.94	Intensity = Scope 1 + Scope 2 (market-based) / OP Financial Group employees. The figure is calculated differently as of 2019. The 2018 figure has been updated.

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		2015	2016	2017	2018	2019	Notes
Effluents and waste							
	Recycling and reuse	-	601 t	580 t	559 t	625 t	The data only cover offices in Helsinki.
	Other use	-	87 t	93 t	108 t	172 t	
	Incineration (mass burn)	-	39 t	39 t	44 t	51 t	
	Disposal	-	0 t	1 t	1 t	0 t	
GRI 401 Employment							
401-1	New employee hires	1,015	1,236	1,345	1,721	1,789	
	Employee turnover	1,889	1,840	1,871	2,134	2,095	
	Total employee turnover, permanent staff	8.3%	7.9%	8.7%	11.6%	11.2%	Total employee turnover is reported for permanent staff only and excludes any business transfers.
	Voluntary employee turnover, permanent staff	3.8%	3.7%	4.8%	6.9%	6.6%	Voluntary employee turnover is reported for permanent staff only and includes employees who resigned.
401-3	Number of employees on parental leave	1,112	1,089	1,008	985	1,004	The figures are for Finland only and exclude OP Koti and employees on hourly wages.
	women	812	793	718	682	692	
	men	300	296	300	303	312	
	Number of employees retained after parental leave	577	629	594	560	569	The figures include Finland only and exclude OP Koti.
	women	298	354	315	271	284	
	men	279	275	279	289	285	
	Return to work after parental leave	97%	95%	95%	95%	93%	The figures include Finland only and exclude OP Koti.
	women	94%	93%	90%	91%	87%	
	men	100%	99%	100%	100%	99%	
	Retention rate after parental leave	91%	93%	92%	88%	89%	The figures include Finland only and exclude OP Koti.
	women	93%	94%	94%	90%	90%	
	men	87%	92%	90%	87%	88%	

OP in 2019

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On a lifelong journey in 2019

		2015	2016	2017	2018	2019	Notes
GRI 403 Occupational health and safety							
403-1	Percentage of total workforce represented in formal joint management – worker health and safety committees	87%	88%	89%	92%	92%	
403-2	Percentage of annual working days lost due to sickness absences	3.5%	3.5%	3.3%	3.3%	3.4%	The figures include Finland only and exclude OP Koti.
	women	4.1%	4.1%	4.0%	3.9%	4.0%	
	men	1.8%	1.8%	1.8%	1.9%	2.0%	
	Number of occupational accidents resulting in lost days	..	..	10	9	15	The figures include Finland.
	Injury rate (LTA1)	..	..	0.6	0.5	0.8	The figures include Finland.
	Work-related fatalities	0	0	0	0	0	
GRI 404 Training and education							
404-1	Average hours of training per year per employee	..	..	15	14	17	The figures include Finland.
	women	..	..	16	15	19	
	men	..	..	14	12	14	
404-3	Percentage of employees receiving regular performance and career development reviews	83%	100%	100%	100%	100%	

OP in 2019

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On a lifelong journey in 2019

		2015	2016	2017	2018	2019	Notes
GRI 405 Diversity and equal opportunity							
405-1	Diversity of governance bodies and employees						
	Human resources by gender						
	men	28%	29%	30%	31%	32%	
	women	72%	71%	70%	69%	68%	
	Human resources by age group						
	Under 30 years old	13%	13%	13%	15%	15%	
	30–49 years old	48%	48%	50%	50%	51%	
	Over 49 years old	39%	39%	37%	35%	34%	
	Human resources by employee category						
	Management	4%	4%	3%	3%	3%	
	Supervisors	9%	9%	10%	9%	8%	
	Experts	30%	30%	30%	31%	32%	
	Employees	57%	57%	57%	57%	56%	
	Average age of employees	43,8	43,6	43,4	43,0	42,6	
	Average length of service	14,4	14,0	13,4	13,7	11,1	
405-2	Ratio of basic salary and remuneration of women to men						The figures are for Finland only and exclude OP Koti and employees on hourly wages.
	Management	91%	94%	
	Supervisors and experts	87%	88%	
	Employees	106%	104%	

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GRI 102-8 Information on employees and other workers

OP Financial Group	Permanent staff	Temporary staff	Full-time staff	Part-time staff	Human resources, total	Temporary agency workers
Human resources, total	11,514	712	11,266	960	12,226	1,617
men	3,640	232	3,695	177	3,872	..
women	7,874	480	7,571	783	8,354	..
Personnel, central cooperative	6,627	303	6,542	388	6,930	1,613
Personnel, OP cooperative banks	4,207	380	4,101	486	4,587	4
Personnel, OP Koti	680	29	623	86	709	0
Finland	11,416	702	11,158	960	12,118	1,617
Estonia	32	3	35	0	35	0
Latvia	29	4	33	0	33	0
Lithuania	37	3	40	0	40	0

GRI 401-1 New employee hires by age group and gender

OP Financial Group	Under 30 years old	30–49 years old	Over 49 years old	Total
men	387	264	39	690
women	609	410	80	1,099
Total	996	674	119	1,789
Central cooperative				
men	267	232	26	525
women	383	317	42	742
Total	650	549	68	1,267
OP cooperative banks				
men	109	19	1	129
women	208	72	24	304
Total	317	91	25	433
OP Koti				
men	11	13	12	36
women	18	21	14	53
Total	29	34	26	89

GRI 401-1 Employee turnover by age group and gender

OP Financial Group	Under 30 years old	30–49 years old	Over 49 years old	Total
men	356	220	152	728
women	535	402	430	1,367
Total	891	622	582	2,095
Central cooperative				
men	196	157	77	430
women	294	228	160	682
Total	490	385	237	1,112
OP cooperative banks				
men	147	48	39	234
women	216	144	240	600
Total	363	192	279	834
OP Koti				
men	13	15	36	64
women	25	30	30	85
Total	38	45	66	149

OP in 2019

OP tomorrow

On a lifelong journey in 2019

405-1 Diversity of governance bodies and employees					
OP Financial Group, total	Under 30 years old	30–49 years old	Over 49 years old	Men	Women
Management	0%	43%	57%	71%	29%
Supervisors	2%	62%	36%	41%	59%
Experts	9%	60%	31%	50%	50%
Employees	22%	44%	34%	18%	82%
Total	15%	51%	34%	32%	68%
Central cooperative					
Management	0%	63%	37%	63%	37%
Supervisors	4%	71%	25%	45%	55%
Experts	9%	62%	29%	52%	48%
Employees	28%	49%	23%	21%	79%
Total	17%	57%	26%	38%	62%
OP cooperative banks					
Management	0%	32%	68%	77%	23%
Supervisors	1%	54%	44%	32%	68%
Experts	6%	56%	38%	39%	61%
Employees	19%	40%	41%	11%	89%
Total	14%	44%	42%	21%	79%
OP Koti					
Management	0%	29%	71%	62%	38%
Supervisors	2%	35%	63%	69%	31%
Experts	9%	30%	61%	43%	57%
Employees	10%	39%	51%	38%	62%
Total	9%	38%	53%	41%	59%

405-1 Diversity of governance bodies and employees; members of OP Financial Group's governing bodies by age group and gender		
	Men	Women
Under 30 years old	49%	51%
30–49 years old	47%	53%
Over 49 years old	34%	66%
Total	39%	61%

TCFD-referenced climate disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) is a body set up by the Financial Stability Board (FSB) which has drawn up recommendations for companies to report on the economic impacts of climate change on their business.

OP is working towards compliance with the TCFD's recommendations. The index below compares our operations against the TCFD framework. Perspectives on asset management are explored in more detail underneath the index.

Corporate governance	a) Describe the board's oversight of climate-related risks and opportunities.	<p>We are a responsible employer and actor OP Financial Group's 2019 Corporate Governance Statement, page 9</p> <p>OP Financial Group's Code of Business Ethics, which includes the Group's environmental policy, has been confirmed by the central cooperative's Supervisory Board. The Supervisory Board has also given its seal of approval to OP Financial Group's Corporate Responsibility Programme.</p>
	b) Describe management's role in assessing and managing climate-related risks and opportunities	<p>We are a responsible employer and actor We foster a sustainable economy OP Financial Group's 2019 Corporate Governance Statement, page 18 RI Transparency Review</p> <p>The responsibility for identifying and controlling ESG risks and opportunities lies with the management teams of individual business divisions.</p>
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>Non-financial information</p> <p>The effects of climate change are wide-ranging, and the phenomenon brings considerable social uncertainty. Together with our customers, we will build sustainable economy and support mitigating climate change and adapting to it. We develop products and services that encourage our customers to act in a responsible and environmentally friendly manner and take into account the effects of our operations on biodiversity. There are indirect risks involved in our investments and in our customers' business operations.</p>
	b) Describe the impact of climaterelated risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>Strategy</p> <p>We strive to educate our customers in order to enable them to invest more shrewdly. We take the risks associated with climate change into account in our own operations, such as lending and insuring. Climate change affects OP Asset Management's investment strategy through, for example, its three thematic responsible investment funds. OP Asset Management never invests actively or directly in coal mining companies or electricity producers that rely heavily on coal. The climate risks of OP Corporate Bank's customers can affect their profitability in the long term and therefore create a credit risk. We want to help the companies in which we invest to ensure the future of their business. We seek to identify our customers' most important climate risks, go through the risks with them, and help them to find new opportunities.</p>
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>OP has signed the UN Principles for Responsible Investment and Principles for Responsible Banking as well as the Collective Commitment to Climate Action. These commitments compel us to pursue portfolios that help to limit global warming to below 2°C. We have also carried out a scenario analysis of our equity funds.</p>

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Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks	We are a responsible employer and actor/Risks and risk management OP Financial Group and the companies included in the Group regularly analyse the risks involved in their respective businesses.
	b) Describe the organization's processes for managing climate-related risks.	We are a responsible employer and actor We foster a sustainable economy
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Responsible investment (We foster a sustainable economy)
Performance and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Corporate Responsibility Programme GRI key figures We strive to educate our customers in order to enable them to invest more shrewdly. We take the risks associated with climate change into account in our own operations, such as lending and insuring. Climate change affects OP Asset Management's investment strategy through, for example, its three thematic responsible investment funds. OP Asset Management never invests actively or directly in coal mining companies or electricity producers that rely heavily on coal. The climate risks of OP Corporate Bank's customers can affect their profitability in the long term and therefore create a credit risk. We want to help the companies in which we invest to ensure the future of their business. We seek to identify our customers' most important climate risks, go through the risks with them, and help them to find new opportunities.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	OP calculates its emissions in accordance with the GHG Protocol. GRI key figures
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Our aim is to have a positive carbon handprint by 2025. Read more: CR Programme

OP Asset Management's TCFD disclosures

Corporate Governance

OP Asset Management's responsible investment policy, including priorities relating to climate change, is confirmed by the Senior Management Team. The work of individual portfolio management teams is coordinated by OP Asset Management's Committee for Responsible Investment in accordance with the Senior Management Team's instructions.

Strategy

OP Asset Management has identified the short-term climate-related transition risks involved in listed shares and companies' debts, such as those relating to coal, energy transition and fossil fuel production, as well as any associated physical medium-term and long-term risks. There are also opportunities involved in mitigating and preparing for the effects of climate change. OP Fund Management has three climate-related thematic responsible investment funds.

OP intends to add more responsible investment products to its portfolio in the future. OP Asset Management's long-term goals include more and more transparent ESG reporting for customers.

Risk Management

In respect of investments, short-term and long-term climate risks are mostly managed by not investing actively or directly in mining companies or electricity producers that rely heavily on coal. We keep a close eye on the demand for other fossil fuels as well, and try to take the associated risks into account in our investment decisions. We also exclude companies that have violated international norms.

Tracking companies' climate performance is an integral part of portfolio management at OP Asset Management. Our portfolio managers and ESG experts have access to company-specific ESG analyses by independent service providers (MSCI, Sustainalytics), which also explain the most important climate change risks and opportunities of each company.

OP Asset Management strives to mitigate climate change risks by pursuing a negative screening policy and excluding companies that rely heavily on coal, as well as through active ownership and participation in international climate initiatives. We

also use positive screening to reward companies that are taking steps to prepare for climate change and to explore new potential sources of revenue.

OP Asset Management works in close cooperation with other investors through, for example, CDP's climate, water and deforestation initiatives, as well as the TCFD. It is also involved in the Climate Action 100+ investor initiative. OP Asset Management joined an international investor initiative focusing on plastics and circular economies at the beginning of 2019. The three-year programme is coordinated by Sustainalytics, and it seeks to combat the growing issue with ocean plastics. In addition, OP Fund Management backs AGM proposals aimed at combatting climate change in accordance with its ownership policy.

OP Property Management Ltd carries out energy efficiency audits on buildings before purchasing any new property. OP Property Management also explores the possibility of installing a renewable energy production system based on geothermal heat pumps or solar panels in connection with every renovation project and new development. At the

end of 2019, a total of 16 of our properties were equipped with geothermal heat pumps and 18 with solar panels.

Indicators and targets

OP Fund Management publishes carbon footprints for the equity and bond funds that it manages twice a year. Fund-specific corporate responsibility analyses are published for the majority of our equity and bond funds four times a year. These reports show not only the overall corporate responsibility score for the whole portfolio but also the percentage of the portfolio companies' net sales attributable to renewable energy, energy efficiency and green construction. Corporate responsibility analyses also include calculating each portfolio's overall corporate responsibility score.

Figures on the electricity, heating and water consumption, related CO₂ emissions and renewable energy production are published annually for all property investments managed directly by OP Property Management Ltd.

OP Asset Management commissioned an external service provider to study the climate risks of its direct equity and fixed income investments in 2019. Our investments (listed shares and companies' debts) were found to carry a lower climate risk than the globally diversified reference portfolio, thanks to our negative screening strategy, the fact that most of our portfolio companies are based in the Nordic countries and in Europe, and the percentage of renewable energy contributing to our portfolio companies' net sales. According to the study, our portfolio companies' emissions are also expected to be lower in the future.

Our investment portfolio is heavy with Russian and Finnish energy and industrial companies, which increases our carbon dioxide emissions and environmental costs. Our portfolio companies' CO₂e reporting could also be better: only 53 per cent of OP Asset Management's portfolio companies were found to have adequate procedures in place for reporting emissions. However, the reporting practices of the largest companies with the highest emissions were found to be considerably more comprehen-

sive than those of small companies with lower emissions.

Our investments were deemed to be less exposed to physical climate change risks than the reference portfolio: a total of 12 per cent of our portfolio companies are at 'not low risk', when the figure for the companies in the reference portfolio is 16 per cent. Our portfolio companies have been most frequently exposed to wildfires (5%), heatwaves (3%) and hurricanes (1.4%).

The provisional findings of the study are shown in the table below. OP Asset Management intends to publish a separate, more detailed TCFD report later in the spring at op.fi.

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	OP Asset Management's investments in listed shares and companies' debts ⁽¹⁾ as of 30 December 2019	Reference portfolio: S&P Global BMI as of 30 December 2019	Performance of OP Asset Management's investments relative to the reference portfolio
Number of investment instruments	Approximately 4,500	Approximately 11,800	
Number of companies	2,558	10,936	
Data coverage, %	89%	99%	
Carbon intensity (tCO ₂ e/MEUR) ⁽²⁾	288	306	6%
EBITDA risk arising from measures to mitigate climate change, % ⁽³⁾	8.55%	10.14%	16%
Contribution of fossil fuels to portfolio companies' net sales, % ⁽⁴⁾	1.36%	1.79%	24%
Contribution of coal-based energy production to portfolio companies' net sales, % ⁽⁴⁾	0.26%	0.52%	50%
Contribution of fossil fuel production to portfolio companies' net sales, % ⁽⁴⁾	0.56%	0.91%	38%
Contribution of renewable energy production to portfolio companies' net sales, % ⁽⁴⁾	0.38%	0.35%	8%

Data and analysis by Trucost/S&P Global.

(1) Investments in listed shares and companies' debts include funds managed by OP Fund Management, discretionary portfolios of institutional and private investors managed by OP Asset Management and OP Financial Group's insurance and pension providers' portfolios.

(2) Carbon intensity (tCO₂e/MEUR) is given as the weighted average of the carbon intensities of the companies included in the portfolio. Carbon intensity refers to a company's carbon footprint (tonnes of CO₂-equivalent emissions) relative to its net sales (million euros).

Carbon footprint is calculated taking into account the companies' Scope 1 and all Scope 2 greenhouse gas emissions (energy and all other direct suppliers' emissions).

(3) EBITDA risk refers to the combined loss of EBITDA in the event that the price of CO₂e emissions matches the Paris climate targets by 2030. This scenario is based on studies conducted by the OECD and the IEA.

(4) The effect of mining, coal-based energy, fossil fuels and renewable energy production on net sales is calculated as the weighted average of the exposure of all portfolio companies to each of these factors (sales in respect of each factor in EUR / net sales in EUR).

GRI Content Index

The report is GRI Standards core. All standards: version 2016.

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
GRI 102 General Disclosures				
Organizational profile				
102-1	Name of the organization	OP Financial Group		
102-2	Activities, brands, products, and services	OP Year 2019: OP Financial Group in brief		
102-3	Location of headquarters	Helsinki		
102-4	Location of operations	OP Financial Group's 2019 Annual Report and Financial Statements: Note 45		
102-5	Ownership and legal form	OP Financial Group's 2019 Annual Report and Financial Statements: Note 45		
102-6	Markets served	OP Year 2019: OP Financial Group in brief; OP Financial Group's 2019 Annual Report and Financial Statements: Note 45		
102-7	Scale of the organization	OP Year 2019: OP Financial Group in brief; OP Financial Group's 2019 Annual Report and Financial Statements		
102-8	Information on employees and other workers	OP Year 2019: We are a responsible employer and actor; GRI key figures		X
102-9	Supply chain	OP Year 2019: How we create value		
102-10	Significant changes to the organization and its supply chain	OP Financial Group's 2019 Annual Report and Financial Statements: Changes in OP Financial Group's structure		
102-11	Precautionary Principle or approach	OP Financial Group's 2019 Annual Report and Financial Statements: Note 2: OP Financial Group's risk management and capital adequacy management principles		
102-12	External initiatives	OP Year 2019: We are a responsible employer and actor		
102-13	Membership of associations	OP Year 2019: We are a responsible employer and actor		
102-14	Statement from senior decision-maker	OP Year 2019: Review by the President and Group Chief Executive Officer		
Ethics and integrity				
102-16	Values, principles, standards and norms of behaviour	OP Year 2019: OP Financial Group in brief; How we create value		X
Governance				
102-18	Governance structure	OP Financial Group's 2019 Corporate Governance Statement: Supervisory Board and its committees; OP Year 2019: We are a responsible employer and actor		
102-38	Annual total compensation ratio	OP Year 2019: GRI key figures		

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Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
Stakeholder engagement				
102-40	List of stakeholder groups	OP Year 2019: We updated our Corporate Responsibility Programme; www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement		
102-41	Collective bargaining agreements	OP Year 2019: GRI key figures		X
102-42	Identifying and selecting stakeholders	OP Year 2019: We are a responsible employer and actor; www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement		
102-43	Approach to stakeholder engagement	OP Year 2019: We are a responsible employer and actor; www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement		
102-44	Key topics and concerns raised	OP Year 2019: We updated our Corporate Responsibility Programme; Review by the President and Group Chief Executive Officer		
Reporting practice				
102-45	Entities included in the consolidated financial statements	OP Financial Group's 2019 Annual Report and Financial Statements: Note 45		
102-46	Defining report content and topic Boundaries	OP Year 2019: Our reporting principles		
102-47	List of material topics	OP Year 2019: We updated our Corporate Responsibility Programme		
102-48	Restatements of information	No restatements		
102-49	Changes in reporting	No restatements		
102-50	Reporting period	1.1.-31.12.2019		
102-51	Date of most recent report	26.2.2019		
102-52	Reporting cycle	Annual		
102-53	Contact point for questions regarding the report	https://www.op.fi/op-financial-group/corporate-responsibility/contact-information		
102-54	Claims of reporting in accordance with the GRI Standards	OP Year 2019: Our reporting principles		
102-55	GRI content index	OP Year 2019: GRI Content Index		
102-56	External assurance	OP Year 2019: Independent assurance report		

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Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
Topic specific content: Topic specific content is reported regarding aspects identified as material.				
Economic impacts				
103-1	Explanation of the material topic and its boundary	OP Year 2019: We updated our Corporate Responsibility Programme; Our reporting principles; We are a responsible employer and actor; Management approach and reporting on the material aspects		
103-2	The management approach and its components	OP Financial Group's 2019 Annual Report and Financial Statements; OP Year 2019: We improve financial literacy in Finland; We support local vitality and communities; We foster a sustainable economy; We are a responsible employer and actor		
103-3	Evaluation of the management approach	OP Year 2019: We are a responsible employer and actor		
GRI 201 Economic Performance				
201-1	Direct economic value generated and distributed	OP Year 2019: GRI key figures; We support local vitality and communities; OP Financial Group's 2019 Annual Report and Financial Statements: Note 46		
201-3	Defined benefit plan obligations and other retirement plans	OP Financial Group's 2019 Annual Report and Financial Statements: Note 34 and 47		
GRI 203 Indirect Economic Impacts				
203-2	Significant indirect economic impacts	OP Year 2019: We support local vitality and communities; We improve financial literacy in Finland	Reported impacts include OP cooperative banks' local impacts and donations to the public good. For calculating significant indirect economic impacts, section b is not applicable to OP.	
OP1	Number of attendees on financial literacy courses	OP Year 2019: We improve financial literacy in Finland		
OP2	Number of attendees on digital training courses	OP Year 2019: We improve financial literacy in Finland		
GRI 205 Anti-corruption				
205-1	Operations assessed for risks related to corruption	OP Year 2019: We are a responsible employer and actor. In 2019, risk assessments were made in all business units. No significant corruption-related risks were identified.	The number of risk analyses was not reported.	X
205-2	Communication and training about anti-corruption policies and procedures	OP Year 2019: GRI key figures; We are a responsible employer and actor	Some of the information is unavailable (a, c, e, d). We are looking into the possibility of more extensive reporting.	X
205-3	Confirmed incidents of corruption and actions taken	No cases in 2019.		X

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Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
GRI 206 Anti-competitive behavior				
206-1	Legal actions for anti-competitive behavior; anti-trust; and monopoly practices	Late in 2015, OP were asked to respond to allegations that it were engaged in monopoly practices. According to a competitor, OP had a monopoly in retail banking services and was abusing this position by combining retail banking services with non-life insurance services. OP was also accused of offering non-life insurance services below cost price. The Finnish Competition and Consumer Authority (FCCA) closed the case on 11 February 2019. The FCCA concluded that OP Financial Group had complied with competition laws and that OP's bonus scheme does not violate the Finnish Competition Act. The FCCA also found that OP's operations are not conducive to damaging the non-life insurance market.		
Environmental impacts				
103-1	Explanation of the material topic and its boundary	OP Year 2019: Management approach and reporting on the material aspects; We updated our Corporate Responsibility Programme; We foster sustainable economy; We are a responsible employer and actor; TCFD		
103-2	The management approach and its components	OP Year 2019: We foster a sustainable economy; We are a responsible employer and actor; TCFD; Management approach and reporting on the material aspects		
103-3	Evaluation of the management approach	OP Year 2019: We are a responsible employer and actor		
GRI 302 Energy				
302-1	Energy consumption within the organization	OP Year 2019: GRI key figures		X
302-3	Energy intensity	OP Year 2019: GRI key figures		
302-4	Reduction of energy consumption	OP Year 2019: We foster a sustainable economy	More detailed reporting of reduction measures is not available. We are looking into the possibility of more extensive reporting. Reporting requirement b is irrelevant for OP Financial Group.	X

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Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
GRI 305 Emissions				
305-1	Direct (Scope 1) GHG emissions	OP Year 2019: GRI key figures		X
305-2	Energy indirect (Scope 2) GHG emissions	OP Year 2019: GRI key figures		X
305-3	Other indirect (Scope 3) GHG emissions	OP Year 2019: GRI key figures		X
305-4	GHG emissions intensity	OP Year 2019: GRI key figures		X
305-5	Reduction of GHG emissions	OP Year 2019: We foster a sustainable economy; TCFD	More detailed reporting of reduction measures is not available. We are looking into the possibility of more extensive reporting. Reporting requirement b is irrelevant for OP Financial Group.	X
Social impacts				
103-1	Explanation of the material topic and its boundary	OP Year 2019: We updated our Corporate Responsibility Programme; We are a responsible employer and actor		
103-2	The management approach and its components	OP Year 2019: Management approach and reporting on the material aspects; We are a responsible employer and actor; We use our information capital responsibly; We improve financial literacy in Finland; We support local vitality and communities		
103-3	Evaluation of the management approach	OP Year 2019: We are a responsible employer and actor		
GRI 401 Employment				
401-1	New employee hires and employee turnover	OP Year 2019: GRI key figures		X
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	OP Year 2019: GRI key figures	We take out Comprehensive Health Insurance for all employees of the OP central cooperative and associates with contracts of more than six (6) months to supplement occupational health care and cover medical treatment expenses.	
401-3	Parental leave	OP Year 2019: GRI key figures		X

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Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
GRI 402 Labor/Management Relations				
402-1	Minimum notice periods regarding operational changes	OP Year 2019: We are a responsible employer and actor		X
GRI 403 Occupational Health and Safety				
403-1	Workers representation in formal joint management–worker health and safety committees	OP Year 2019: GRI key figures; We are a responsible employer and actor		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	OP Year 2019: GRI key figures	Disclosures include sickness absences, occupational accidents, injury rate and work-related fatalities in Finland.	
GRI 404 Training and Education				
404-1	Average hours of training per year per employee	OP Year 2019: GRI key figures	Reported only by gender.	
404-2	Programs for upgrading employee skills and transition assistance programs	OP Year 2019: We are a responsible employer and actor		X
404-3	Percentage of employees receiving regular performance and career development reviews	OP Year 2019: We are a responsible employer and actor		X
GRI 405 Diversity and Equal Opportunity				
405-1	Diversity of governance bodies and employees	OP Year 2019: GRI key figures		X
405-2	Ratio of basic salary and remuneration of women to men	OP Year 2019: GRI key figures		X
GRI 406 Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken	No cases in 2019.		X
GRI 413 Local communities				
FS14	Initiatives to improve access to financial services for disadvantaged people	OP Year 2019: We improve financial literacy in Finland		
GRI 415 Public Policy				
415-1	Political contributions	OP Financial Group does not support political parties.		X

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Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
GRI 418 Customer privacy				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	OP Year 2019: We use our information capital responsibly		
GRI 419 Compliance				
419-1	Non-compliance with laws and regulations in the social and economic area	No cases in 2019.		
Active ownership				
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	OP Year 2019: We foster a sustainable economy		

Independent Assurance Report to the Management of OP Cooperative

This document is an English translation of the Finnish assurance report.

We were engaged by the Management of OP Cooperative to provide limited assurance on OP Financial Group's numerical corporate responsibility information presented in OP Financial Group's annual report "OP Year 2019" (hereafter "Corporate Responsibility Information") for the year ended Dec 31, 2019. The Corporate Responsibility Information subject to assurance consists of the GRI Standards data and OP Financial Group's own indicators OP1 "Number of attendees on financial literacy courses" and OP2 "Number of attendees on digital training courses" listed in the GRI Index in OP Financial Group's annual report "OP Year 2019".

Management's responsibilities

The Management of OP Cooperative is responsible for the preparation and presentation of the Corporate Responsibility Information in accordance with the reporting criteria, i.e. *GRI Sustainability Report-*

ing Standards, and the information and assertions contained within it; for determining OP Cooperative's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board IAASB. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Corporate

Responsibility Information is free from material misstatement.

The firm applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants IESBA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Corporate Responsibility Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included for example:

- Interviews with relevant staff responsible for providing the information in the Corporate Responsibility Information;
- An assessment of the Corporate Responsibility Information's conformity with the principles of the *GRI Sustainability Reporting Standards* for defining content and reporting quality;
- An assessment of data management processes, information systems and working methods used to gather and consolidate the presented Corporate Responsibility Information, and a review of related internal documents;
- Testing of data accuracy and completeness through samples from information systems and original numerical information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore, fraud, error and non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Corporate Responsibility Information of OP Financial Group for the year ended December 31, 2019 is not presented, in all material respects, in accordance with the reporting criteria *GRI Sustainability Reporting Standards*.

Helsinki, 26 February 2020

KPMG Oy Ab

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APA

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