

# OP Financial Group's Year 2021

Together through time



# Content

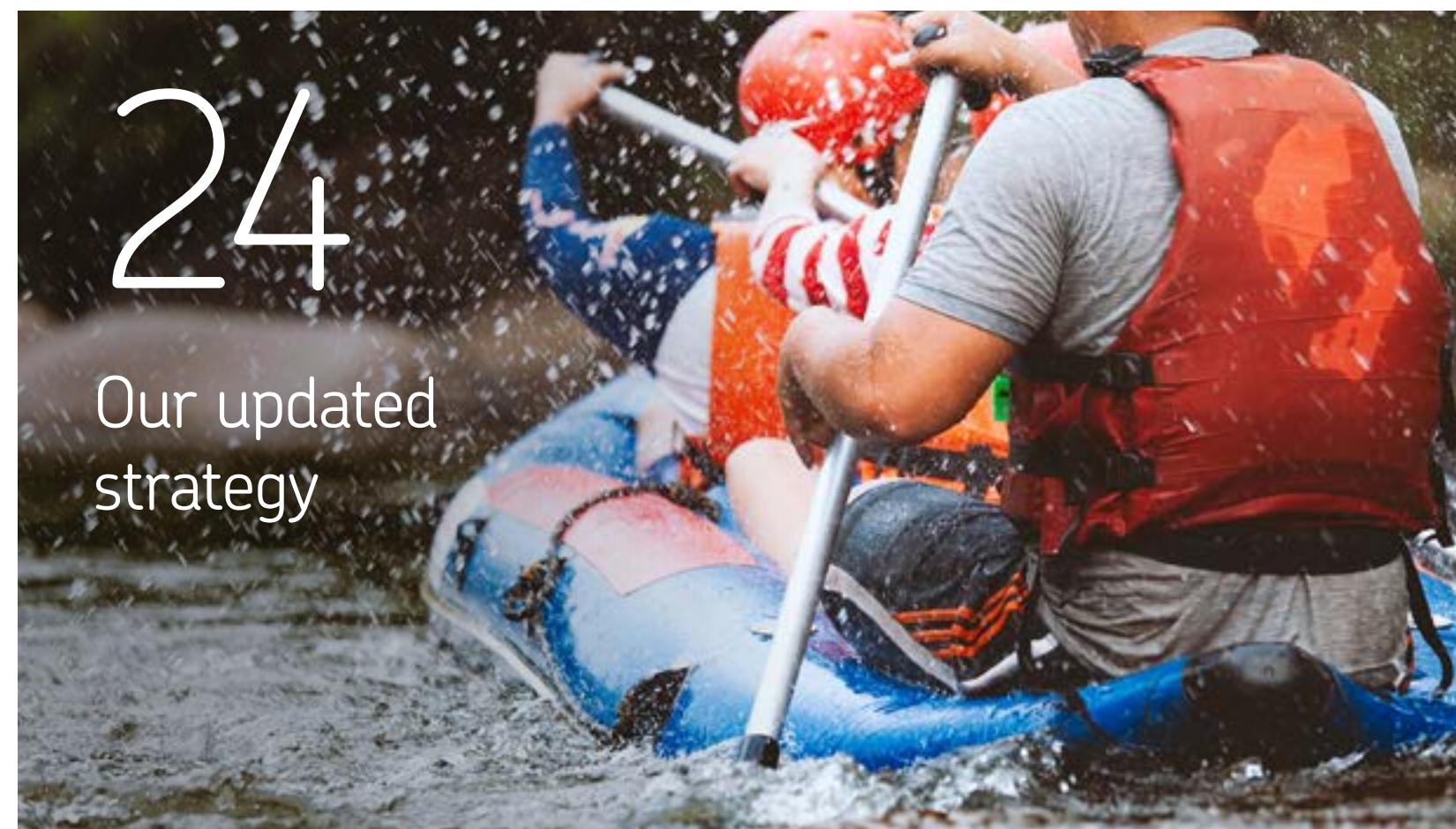
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sustainable  
economy

OP Financial Group's Year 2021 describes how the Group executed its mission and strategy in 2021. It summarises key facts about the businesses, strategy, history and corporate responsibility efforts of OP Financial Group, which is celebrating its 120th anniversary. The review includes sustainability reporting compliant with the GRI Standards and forms part of OP Financial Group's annual reporting, which includes the Financial Statements, Reports by the Boards of Directors and Corporate Governance Statements of the Group, OP Corporate Bank plc and OP Mortgage Bank, OP Financial Group's Capital Adequacy and Risk Management Report, the Remuneration Report and Remuneration Policy for Governing Bodies, and OP Financial Group's Data Balance Sheet. The reports are available at [vuosi.op.fi/en/2021](https://vuosi.op.fi/en/2021).

OP Financial Group's reports 2021:  
[Report by the Board of Directors and Financial Statements](#)  
[Capital Adequacy and Risk Management Report](#)  
[Corporate Governance Statement](#)  
[Remuneration Report for Governing Bodies](#)  
[Remuneration Policy for Governing Bodies](#)  
[Data Balance Sheet](#)

# Year 2021

This section describes the year 2021 at OP Financial Group. It summarises the highlights of 2021 and key figures and ratios concerning the Group, its businesses and corporate responsibility.



# OP Financial Group in brief

OP Financial Group, which is owned by its customers, is Finland's largest financial services group. Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region.



2 million owner-customers

121 OP cooperative banks

Central cooperative

Retail Banking

Corporate Banking

Insurance

13,000 OP Financial Group employees

Earnings before tax



- Retail Banking
- Corporate Banking
- Insurance

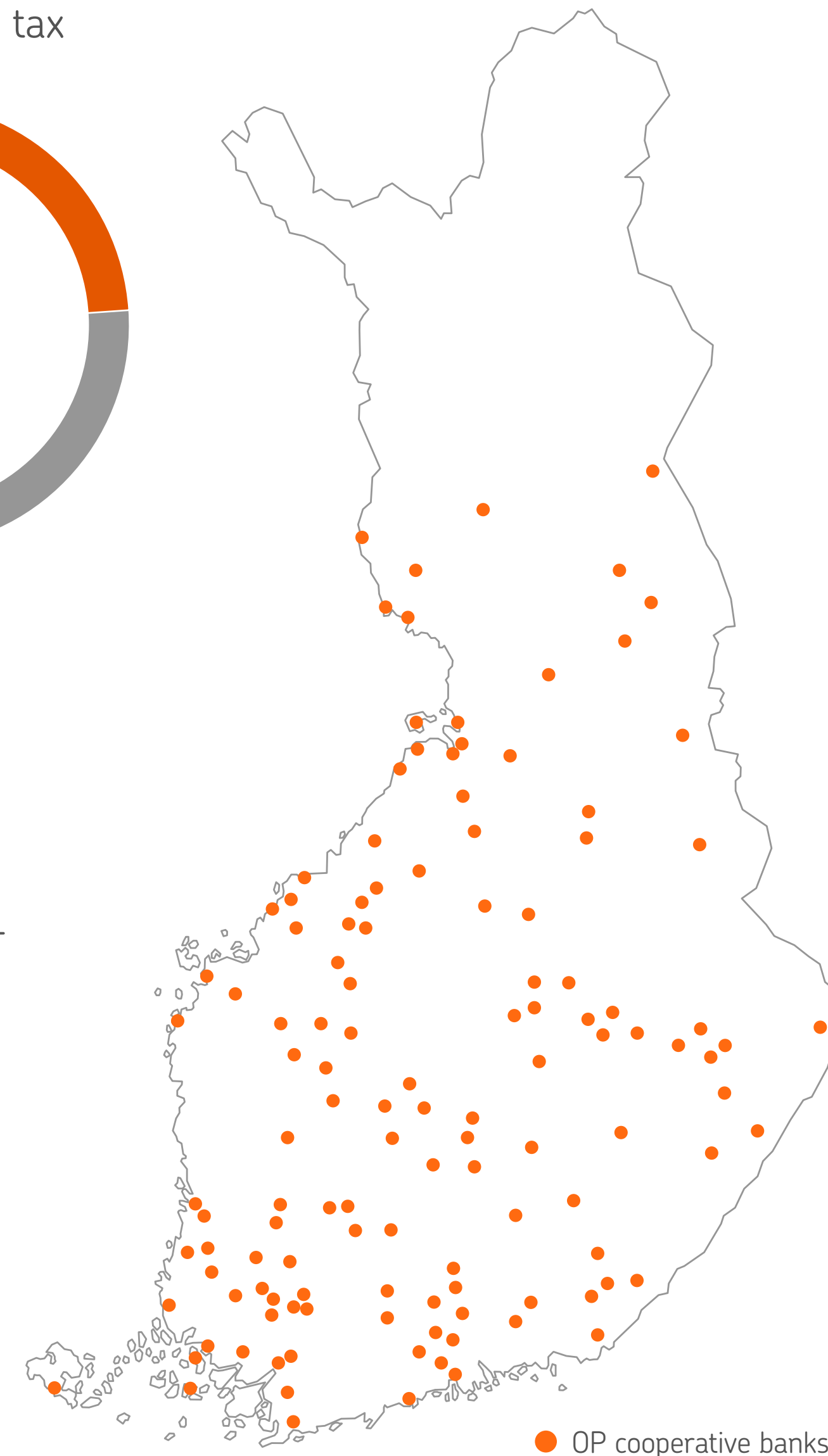
OP Financial Group EBT

+44%

OP Financial Group balance sheet

174.1

€ billion



OP Financial Group's vision is to be the leading and most appealing financial services group in Finland.



More than

1.3

million active users on OP Financial Group's mobile channels

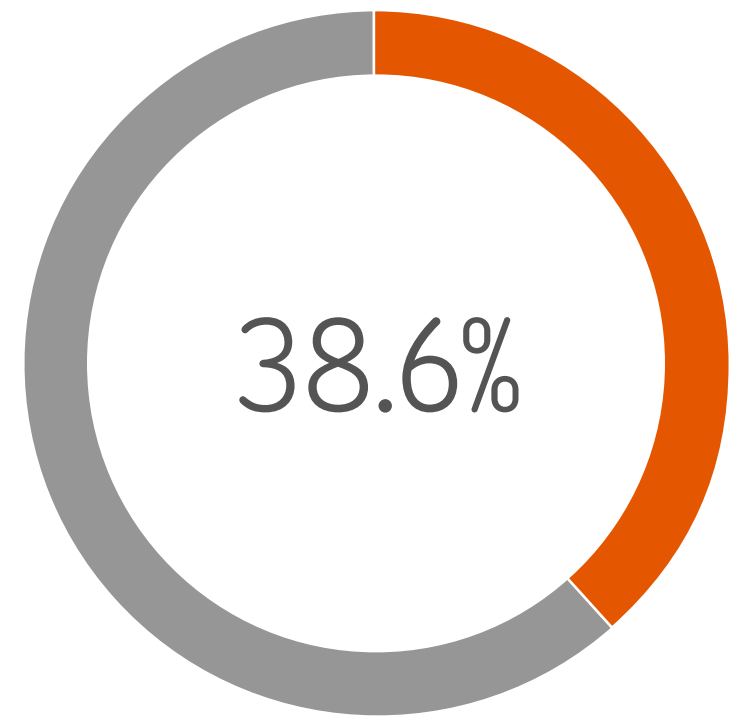
502

+20%

million logins on OP-mobile and OP Business mobile in 2021

## Retail Banking

Market share in home loans



Earnings before tax  
**304** € million

Loan portfolio  
**71.0** € billion

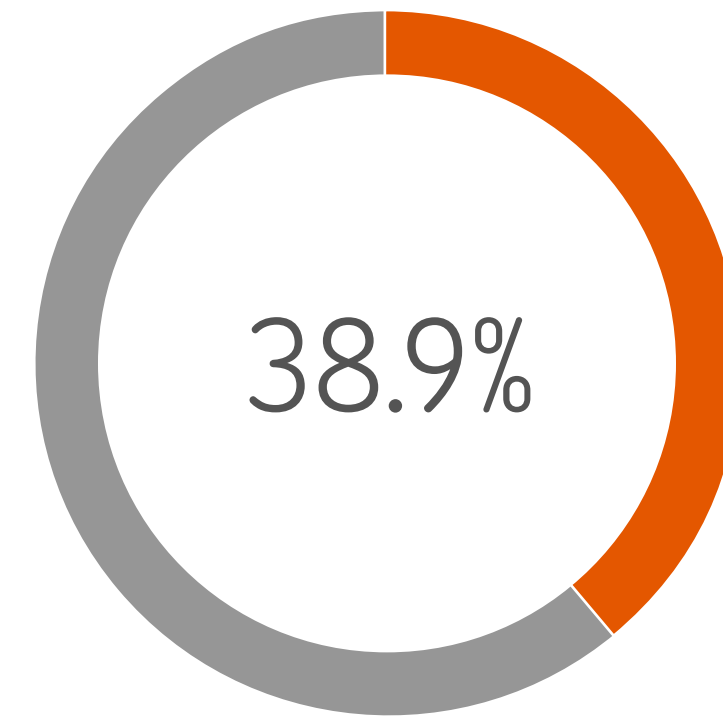
Deposit portfolio  
**62.2** € billion

- The Retail Banking business segment covers banking for personal and SME customers. It includes OP Financial Group member cooperative banks, OP Retail Customers plc, OP Mortgage Bank and Pivo Wallet Oy.
- We want to be a reliable financial partner that provides the best experience for our customers both locally and digitally.
- We support our customers in managing their finances and help them to make sustainable choices throughout their lives.

Market shares: Bank of Finland, Finance Finland.

## Corporate Banking

Market share in corporate loans



Earnings before tax  
**474** € million

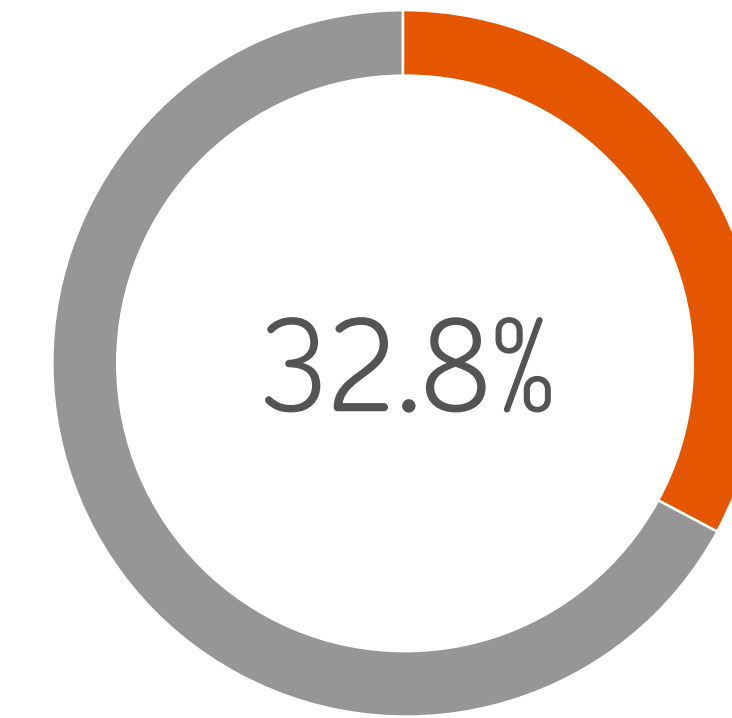
Loan portfolio  
**25.7** € billion

Assets under management  
**82.3** € billion

- OP Financial Group's Corporate Banking segment consists of banking and asset management services for corporate and institutional customers. It comprises OP Corporate Bank plc's banking, OP Asset Management Ltd, OP Fund Management Company Ltd, OP Custody Ltd and OP Real Estate Asset Management Ltd.
- Through long-term cooperation, we support our customers' success, growth and internationalisation.
- We are forerunners in sustainable finance and investment in Finland. As a partner for companies, we also seek to foster a sustainable economy.

## Insurance

Market share in non-life insurance



Earnings before tax  
**504** € million

Insurance premium revenue  
**1,556** € billion

Unit-linked insurance assets  
**13.1** € billion

- The Insurance segment comprises Pohjola Insurance, OP Life Assurance Company and Pohjola Hospital.\*
- Pohjola Insurance aims to ensure that our customers have versatile and comprehensive insurance cover. We work as a risk management partner, helping our customers to manage and anticipate risks.
- OP Life Assurance Company provides life insurance services and services for saving through insurance as well as pension solutions for businesses. Its mission is to prompt and help customers to prepare for their own and their families' future.

\* Pohjola Hospital became part of Pihlajalinna on 1 February 2022.

# Review by the President and Group Chief Executive Officer

OP Financial Group has been promoting its customers' financial success, security and wellbeing, and fostering the growth of the Finnish economy, for 120 years. While our mission has remained unchanged for decades, our rapidly changing operating environment requires us to reshape our strategy continuously. Updated in 2021, our strategy embeds the corporate responsibility and ESG perspectives even more firmly in our business.

Our goal is to be the leading and most appealing financial services group in Finland. We have made successful strategic choices in the right direction in a rapidly changing operating environment: our customer business made strong progress in all our customer segments, and our earnings were at an excellent level throughout the year. Our record-high earnings prove that our strategic focus on our core business – banking and insurance – is delivering results.

While the Covid-19 pandemic continued to cause a variety of uncertainties, the Finnish economy remained on its recovery and growth path, as expected. Our customers' repayment capacity remained good as reflected by the year-on-year decrease in impairment loss on receivables. Our customers were also particularly active in the capital market, and

demand for investment services was high. While 2021 was also a very lively year in the home loan market, the peak season began to level off towards the end of the year.

## Value for customers

Our customers are increasingly using digital services, and the Covid-19 pandemic has further accelerated this change. We launched several new digital services that further improve the customer experience, such as the OP service for Apple Pay mobile payments, the equity savings account on OP-mobile and a multi-bank feature for corporate customers which uses third-party banking interfaces.

We updated our owner-customer membership to improve the customer and benefit experience of our

”

Our record-high earnings prove that our strategic focus on our core business is delivering results.

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



more than two million owner-customers. We clarified our benefits package and the related communications, and improved our service to make it run even more smoothly for owner-customers using our banking and insurance services.

### Role of corporate responsibility emphasised

Growing regulatory requirements require new operating practices in the financial sector. In our updated strategy, responsible business plays an even bigger role than before. We are stepping up our commitment to corporate responsibility by embedding it in our investment and lending processes, and growing the share of responsible products and services in our offering. Besides regulatory authorities, our customers expect us to promote positive change by providing products that support sustainable development and enable them to make responsible choices. For example, customers' interest in responsible investment products has grown. In 2021, the mutual fund that attracted the highest number of new unitholders was OP-Climate.

### Continuing efforts to build long-term competitiveness

Due to low interest rates and increasing regulatory requirements, we must continuously improve our operational efficiency and build our long-term competitiveness. We have succeeded in broadening our income base in line with our strategy, while keeping



In our updated strategy, responsible business plays an even bigger role than before.

our costs under control. Over the last three years, we have considerably simplified our central cooperative consolidated's structure and focused on our core business.

In 2021, more merger projects were implemented between OP cooperative banks than at any other time this century. A major merger project was launched in the Uusimaa region when Helsinki Area Cooperative Bank, Itä-Uudenmaan Osuuspankki and Uudenmaan Osuuspankki decided to merge to form a single, more competitive bank offering even better services, with the main goal of improving the customer experience in Finland's key growth area.

### Self-managed, future ways of working from multiple locations

OP Financial Group has been gradually transitioning to an agile operating model based on self-managed, multi-skilled teams. The aim is to improve the employee experience, customer experience and productivity, while simplifying responsibilities and decision-making. During the Covid-19 pandemic, ways of working have undergone a change, and

remote working has been used extensively in jobs where such practices are possible. In autumn 2021, we defined the principles of future ways of working, or hybrid work, in which customers' needs and business goals primarily guide the types and locations of work. In future, OP Financial Group will combine in-office and remote work while ensuring that work is smooth and productive, and securing employee wellbeing.

In 2021, our employee wellbeing activities focused on identifying and reducing excessive work-related stress in particular. We are regularly monitoring employee wellbeing and developing better ways of working with our personnel.

### Together through time

In 2022, we are celebrating the 120th anniversary of OP Financial Group. We have contributed to our customers' wellbeing and wealth building, and fostered the growth of the Finnish economy, for 120 years. As Finland's leading financial services group in terms of market share, we want to continue building a sustainable future and responsible business operations with our customers – together through time.

Our warm thanks to our customers for trusting in us, and to our personnel and governing bodies for their fruitful and successful work together.

### Timo Ritakallio

President and Group Chief Executive Officer,  
OP Financial Group

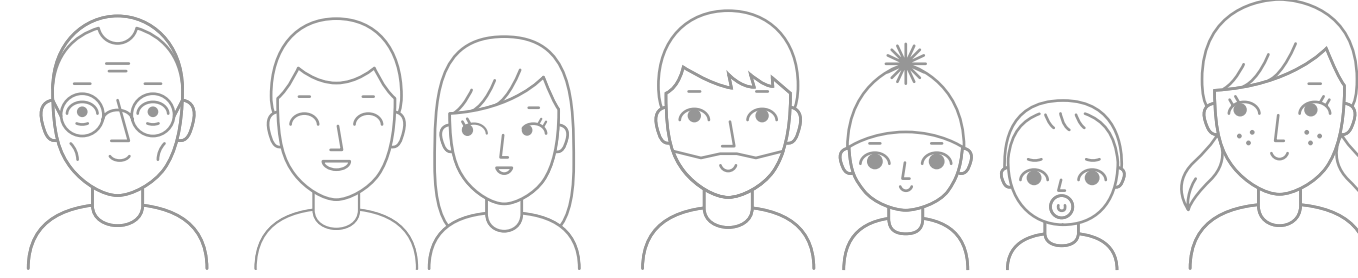
# Key figures and ratios 2021

2.0

million owner-customers

210

OP bonuses accrued to owner-customers, million €



3.6

million banking customers

1.6

million non-life insurance customers

0.4

million life insurance customers

+3.5%

Loan portfolio growth

+6.6%

Deposit portfolio growth

0.16%

Ratio of impairment loss on receivables to loan and guarantee portfolio

+10%

Net interest income

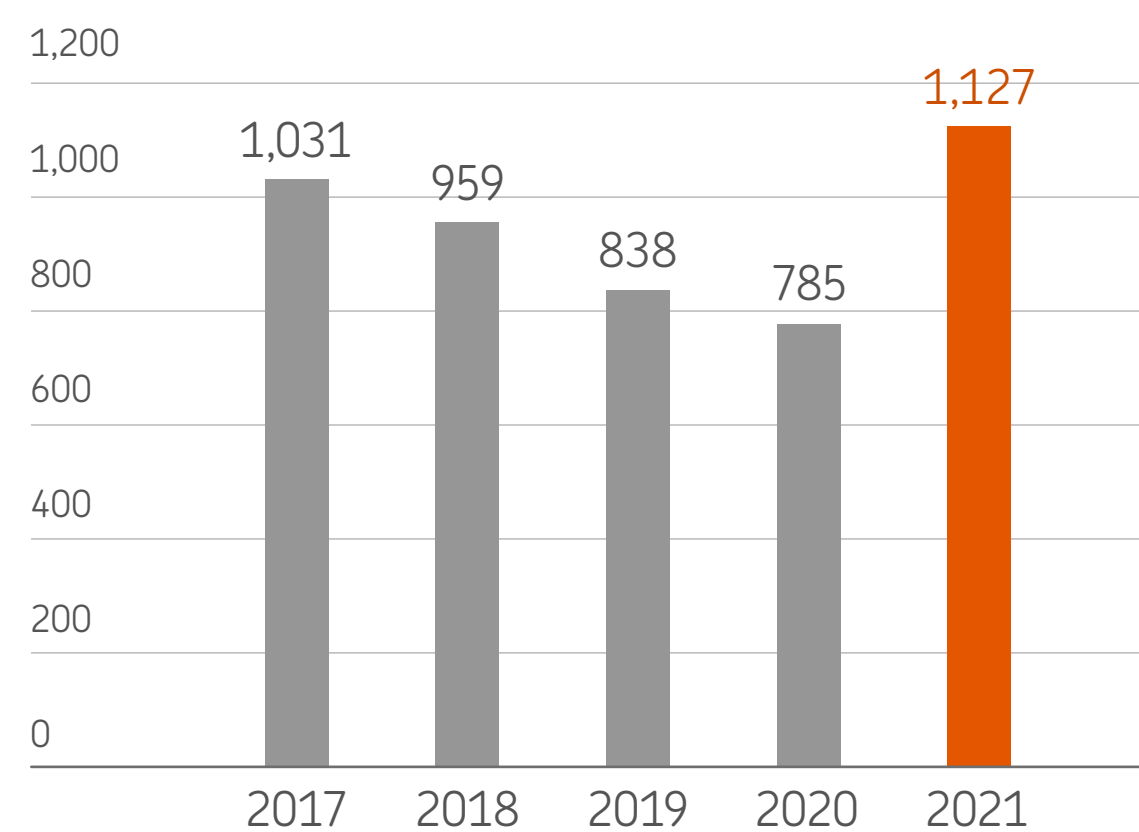
+30%

Net insurance income

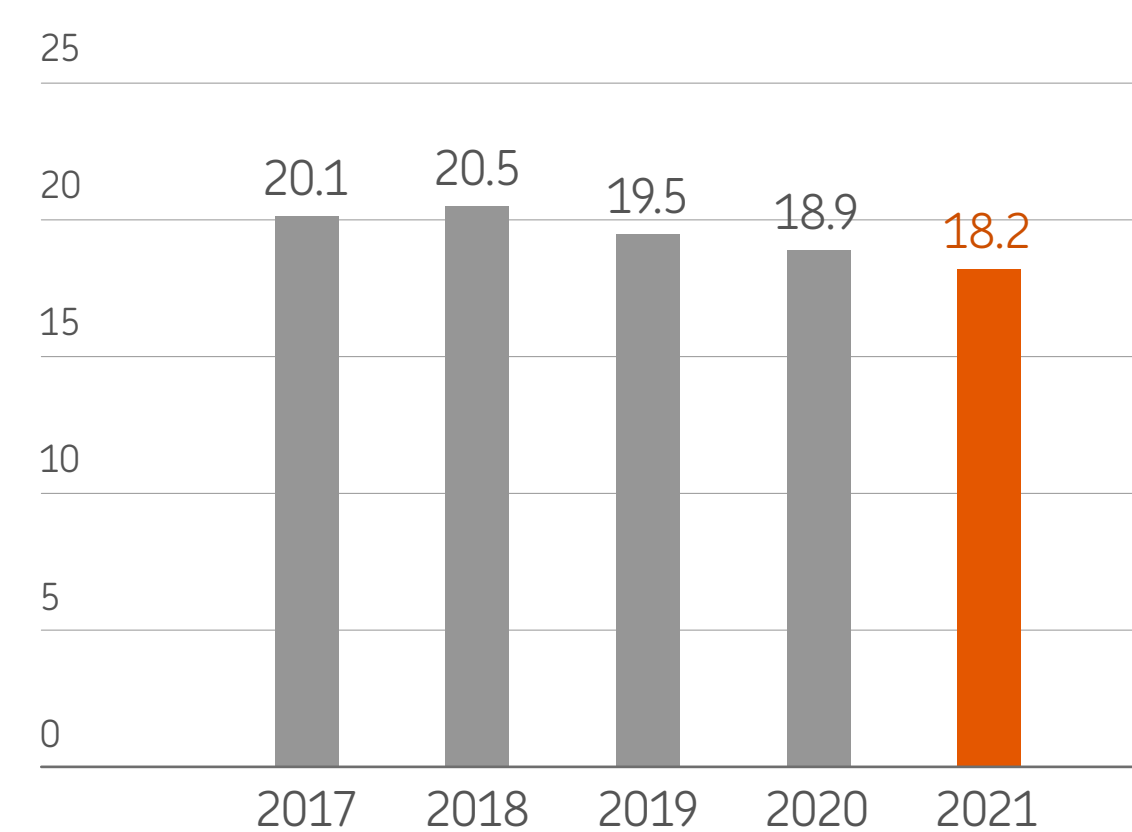
+11%

Net commissions and fees

Earnings before tax, € million



Common Equity Tier 1 ratio (CET1), %





+99%

Green loans, sustainability-linked loans and credit limits granted

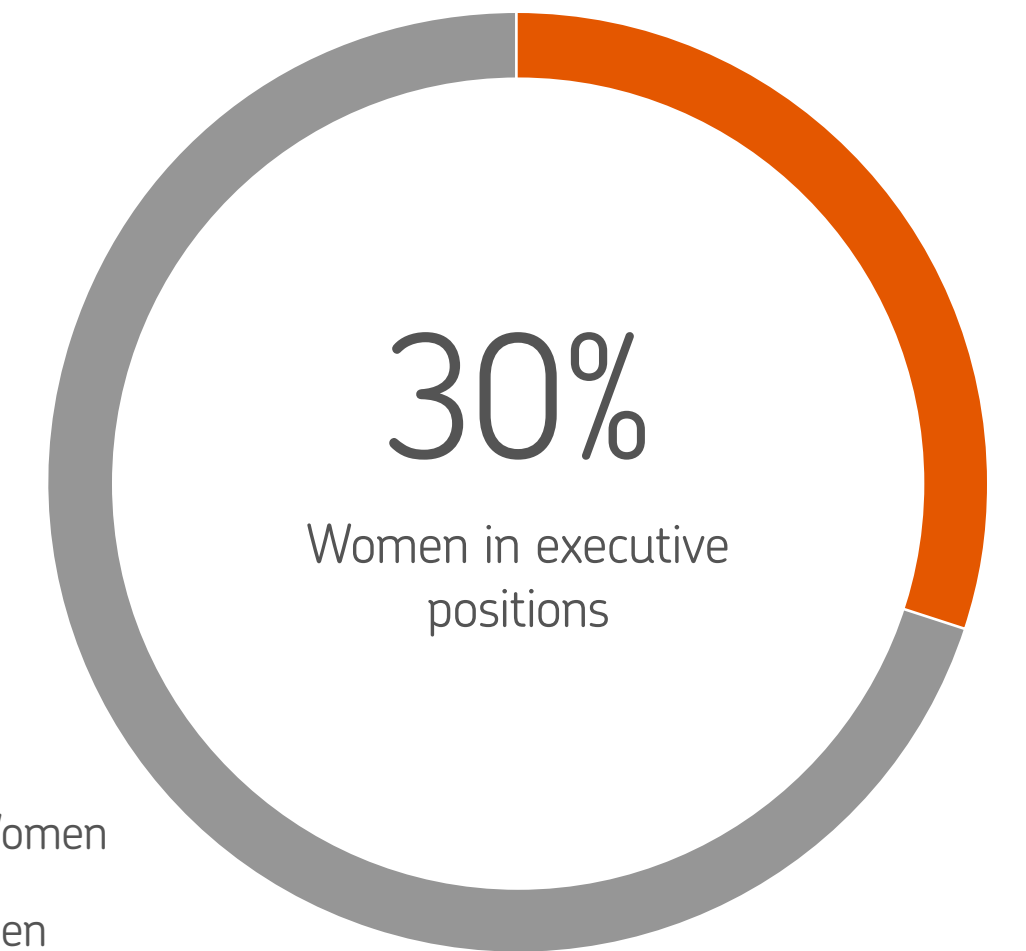
8.8

Assets managed in responsible investment funds, € billion

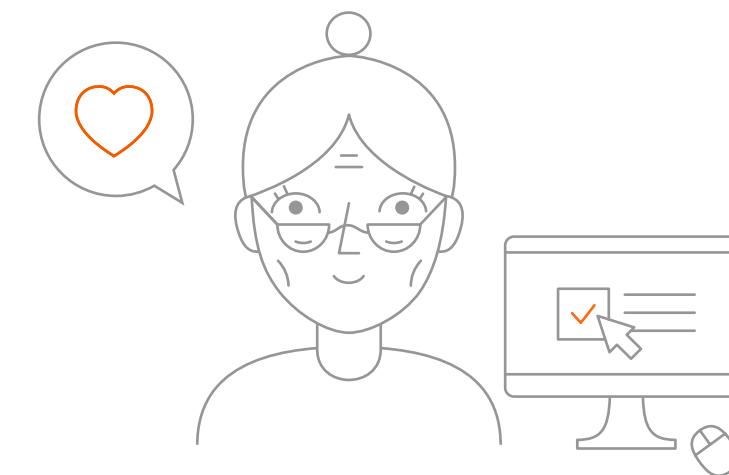
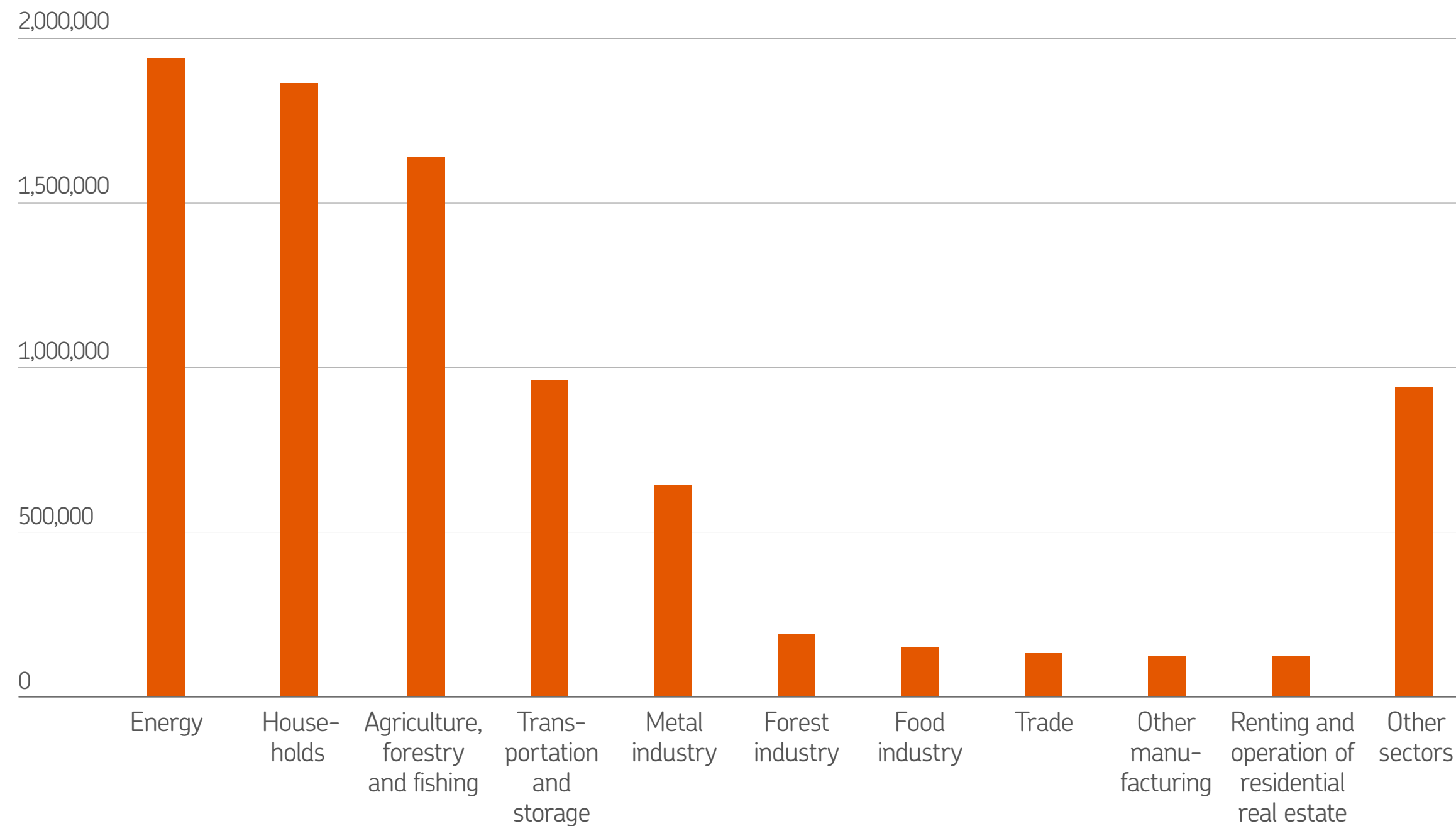


Over  
**39,000**

We improved financial literacy among children and young people



Emissions of exposures by sector, tonnes, CO<sub>2</sub>e



Over  
**8,400**

We taught digital skills to older people



**36%**

Share of renewable energy in total electricity consumption

# Highlights 2021



## A record year for home loans

2021 was a very lively year in the housing market. New home loans issued to customers were 18.5% higher in total value than a year ago. Home and other property sales brokered by OP Koti real estate agents grew by almost 10%.



## Versatile mobile payment services

In March, OP introduced the Apple Pay service for customers in Finland, enabling use of smart devices from Apple to pay for purchases. Customers quickly adopted the service.

In June, OP Financial Group's Pivo, Danske Bank's MobilePay and the Norwegian Vipps announced plans for a new mobile payment platform combining mobile wallets, used by 11 million Nordic customers, to create one of Europe's leading mobile payment services. The goal is to provide consumers, merchants and distributors with an unrivalled mobile payment experience. The plan is subject to approval by the authorities.

## Investment in mutual funds showed strong growth

In February, OP Financial Group passed the one-million-unitholder milestone. OP's mutual funds attracted 187,000 new unitholders and around 180,000 new agreements were made on a systematic investment in 2021. In August, we passed the milestone of 500,000 active agreements on direct, systematic investment in mutual funds.

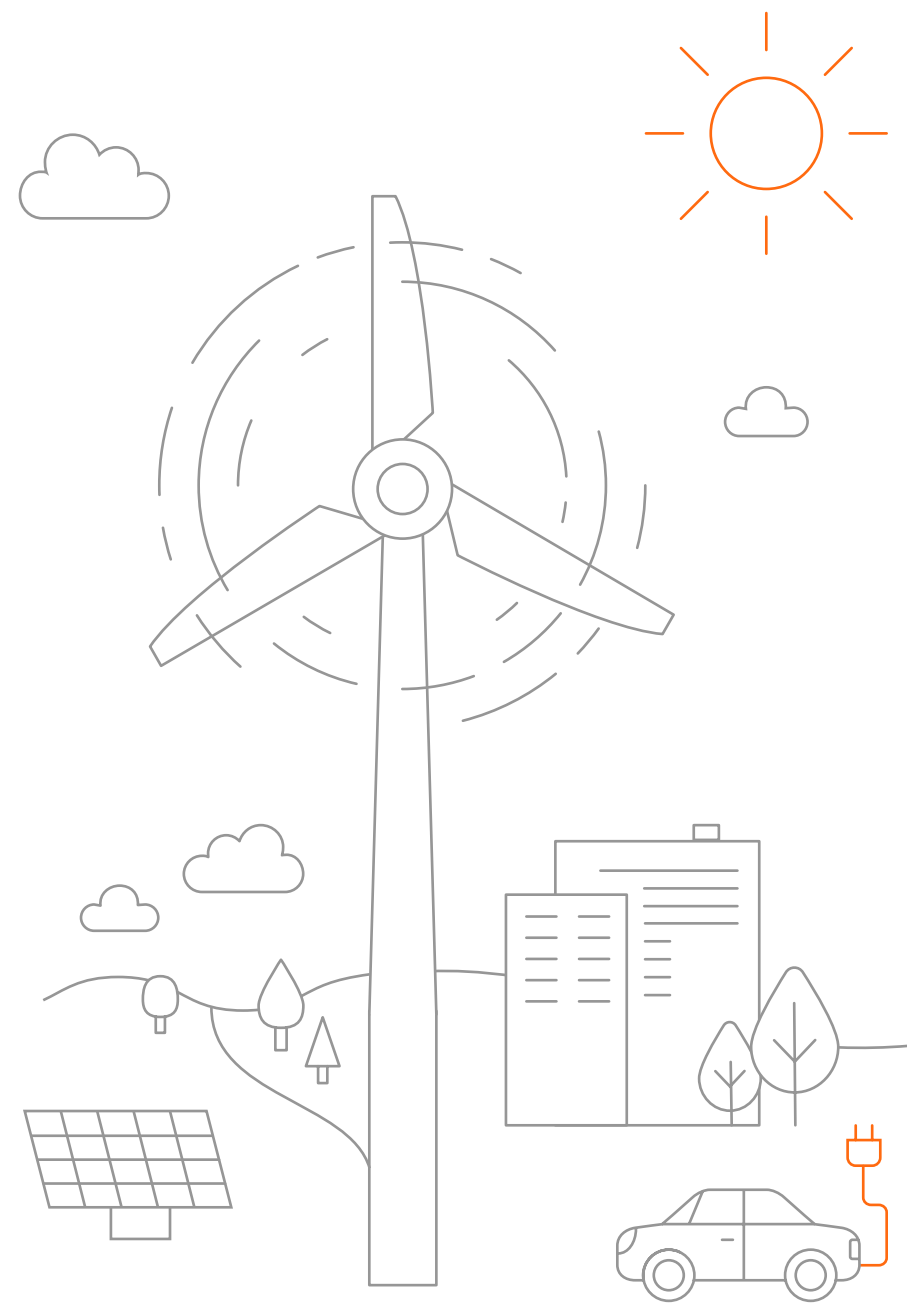
Customers' interest grew in responsible investment products: the number of unitholders in OP-Climate, our most popular fund, had grown by 85% by the end of the year. Trading in equities was also record-high. In October, we introduced the equity savings account on OP-mobile.

**187,000**

New unitholders in OP funds in 2021

**+85%**

Increase in the number of unitholders in OP-Climate fund in 2021



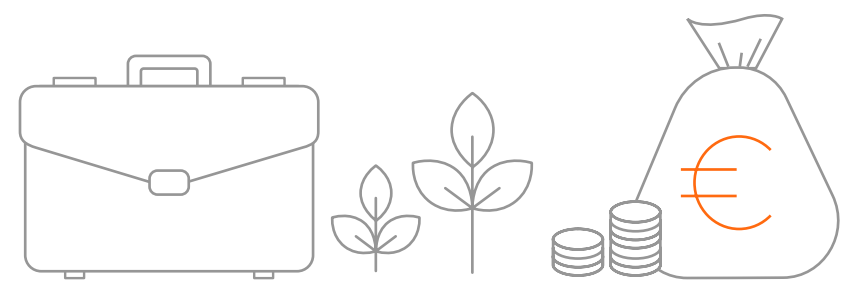
### OP Financial Group's strategy emphasises responsibility

The Supervisory Council of OP Financial Group's central cooperative confirmed the Group's updated strategy in August and selected the following strategic priorities: value for customers; profitable growth; efficient, high-quality operations; and highly skilled, motivated and satisfied personnel. In addition, responsible business was selected as a new strategic priority. Guided by growing stakeholder expectations and regulation, we are embedding corporate responsibility and ESG (Environmental, Social, Governance) perspectives even more firmly in our investment and lending processes.

Responsible products and services account for a continuously growing share of our offering. OP Corporate Bank's exposures from sustainable corporate finance doubled over the year, to 3 billion euros.

We will halve the emission intensity of our mutual funds by

# 2030



### OP Corporate Bank's corporate loan portfolios and OP's mutual funds to be carbon neutral by 2050

OP Corporate Bank is committed to ensuring that its corporate loan portfolios are carbon neutral by 2050. OP Asset Management and OP Fund Management Company have made the same commitment regarding the funds they manage. These companies will also tighten their stance on coal in their financing and investments.

In addition to this long-term target, we are creating a roadmap for major reductions in emissions before 2050, especially in Finland, our main corporate financing market. We will halve the greenhouse gas emission intensity of our mutual funds by 2030.

### Towards a clearer structure in the central cooperative consolidated

Pohjola Insurance Ltd, a subsidiary of OP Corporate Bank plc, was transferred to the direct ownership of OP Cooperative at the end of November. Simultaneously, OP-Services Ltd merged with OP Cooperative, and OP Corporate Bank plc sold OP Custody Ltd to OP Cooperative. In addition, OP Corporate Bank's Baltic subsidiaries underwent a cross-border merger with their parent company at the end of October. These procedures simplified the structure of OP Financial Group's central cooperative consolidated and streamlined its management.

Pohjola Insurance will now focus on its core business and sell all shares of Pohjola Hospital Ltd to Pihlajalinna Terveys Oy, part of Pihlajalinna Group. Pohjola Hospital became part of Pihlajalinna on 1 February 2022.



### A new, strong OP cooperative bank will emerge in Uusimaa

The OP cooperative banks of Helsinki area, Uusimaa and Itä-Uusimaa decided to merge and form a single OP cooperative bank. The main goal of the merger to be finalised in 2022 is to improve the customer experience in Finland's key growth area. Merger projects between OP cooperative banks are continuously underway around Finland.

# Mission

OP Financial Group and its owner-customers have been building Finnish society for over 120 years. In this section, we will tell you more about the Group's history and impact on society and on the daily lives of our customers through time.



OP Financial Group's history:

# Together through time

OP Financial Group has been helping people to build their wealth and wellbeing, and building a sustainable future, for 120 years.



## Small loans for people with limited means

Osuuskassojen keskuslainarahasto Osakeyhtiö (Central Lending Fund of the Cooperative Societies Limited Company) was founded on 14 May 1902. The first local cooperative credit societies began lending in 1903. They offered loans to people living on limited means in the countryside, who had previously lacked access to banking services. These societies played a key role in providing Finland's largest demographic group with financing and education, which in turn enabled new life, wellbeing and growth.



## Financial skills and money boxes

Cooperative credit societies began to accept deposits from non-members in the 1920s. They provided education on the importance of saving and financial management, especially for children. Saving was organised in schools, where schoolchildren made small deposits in money boxes under guidance from their teachers.



## 1918

The cooperative credit society organisation worked towards reconciliation after the Civil War, being Finland's only cooperative to avoid political segregation. Cooperative credit societies supported crofters by issuing them with inexpensive loans. Suomi Mutual was the only Finnish life insurer to pay life insurance benefits to the families of those who died in battle on either side.



## Growing together

In the 1930s, the cooperative credit society organisation increased its market share of public deposits to around 10% and credit societies became the key credit institutions in rural areas. Established in 1891, Pohjola insurance company considerably expanded its operations in the 1920s and 1930s.



## War years

During the Winter War, which broke out in 1939, the cooperative credit societies and their central lending fund secured financial transactions. Not a single cooperative credit society collapsed, and everybody's funds remained safe. Women entered working life, as men left for the front: there was a rapid increase in the share of women managing cooperative credit societies.

## Professional skills and togetherness

In the 1950s, the number of personnel began to grow rapidly. Staff summer and winter parties were organised to strengthen the spirit of togetherness. Investments were made in personnel competencies through a training centre and other systematic training.



## From countryside to towns

As urbanisation accelerated in the 1950s, the focus of cooperative credit societies shifted from the countryside to towns. They began offering a broader range of services, nationally and internationally, and entered new sectors, such as real estate agency services.



## Recovery

Besides loss of lives, the war resulted in major territorial and financial losses. Cooperative credit societies played a key role in financing reconstruction. They intermediated almost 80% of war evacuee loans throughout the country, and almost 90% of reconstruction loans in Northern Finland. Cooperative credit societies doubled their market share within just a few years.



### From cooperative credit societies into general banks

In 1970, new banking laws changed cooperative credit societies into cooperative banks. A few years later, cooperative banks accepted the approach, adopted in practice, of acting as general banks by serving all population groups equally with a broad range of services.



### Forerunner in electronic services

In 1996, OP launched OP eServices. This was the first online bank in Europe and the second in the world. By 2001, OP eServices was the most popular channel for paying bills.



### Upswing

In the 1980s, bank funding was decontrolled and the nature of the banking business changed as a result of deregulation. OP Fund Management Company Ltd was established and introduced its first mutual funds in 1987. In 1989, OKO Bank plc went public by listing its shares on the Helsinki Stock Exchange.



### Through the recession

In the early 1990s, banking businesses in Finland entered a period of unprecedented crisis. Despite difficulties, OP Bank Group survived the crisis years without assistance. OP Financial Group's role as a supporter of its customers and society at large has always been pivotal during crises. As early as 1991, the Group became the largest banking group in Finland.



### Strong growth

The 2000s was a period of strong growth and greater prosperity for Finland. During the decade, OP Financial Group strengthened its role as a national wealth creator. OP Bank Group became Pohjola Group plc's largest shareholder. The transaction, which was of historical significance for OP Bank Group, was its largest ever and extended its operations to non-life insurance. As a result, the Group became the leading financial services group in Finland.



### Corporate banking services in the Baltics

In 2011–2013, OP Corporate Bank established offices in Estonia, Latvia and Lithuania.

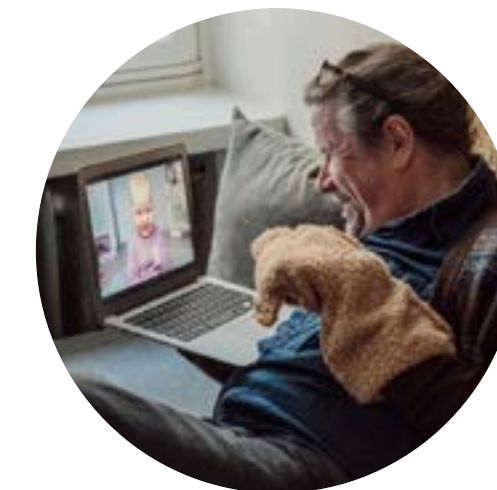
### Towards a sustainable future

OP Financial Group is building a sustainable future and responsible business operations together with its customers.



### Through the Covid-19 crisis

During the coronavirus pandemic in 2020–2021, OP Financial Group granted free-of-charge repayment holidays to its customers, supported the health and safety of its personnel, and secured the smooth running of critical services under exceptional circumstances.



### Back to roots

In 2014, OP returned to its roots as a financial services group wholly owned by its customers, when Pohjola shares were delisted from the Helsinki Stock Exchange.

# Financial services group owned by its customers

OP Financial Group is owned by over two million owner-customers of OP cooperative banks, who benefit from the joint success of the Group. Our aim is not to maximise profits for our owners, but to provide our owner-customers with high-quality services as competitively and efficiently as possible.

OP Financial Group's operations have been guided by its values and mission for 120 years. At the beginning of the 20th century, cooperative credit societies provided financing for people living on limited means in rural areas, who had previously lacked access to banking services. Members had joint and several liability for the loans issued by the cooperative credit society and equal decision-making powers regarding its affairs.

Even today, OP Financial Group acts in the best interests of the broader-based community. The Group will not pursue any targets set by itself or individual actors if such targets conflict with the long-term prosperity of the operating region. Our customer's interests lie at the heart of our operations. We use our business profit for the benefit of owner-customers in the form of loyalty benefits and other financial benefits, and for the maintenance and further development of service capabilities.

Anyone can become an owner-customer by paying a member cooperative contribution to their OP cooperative bank. This contribution provides access to a range of benefits and the right to vote in the bank's Representative Assembly elections. For most OP cooperative banks, the member contribution is 100 euros, which is refunded if the customer wishes to end their ownership.

## Equal opportunity to influence

Owner-customers can have a say in OP cooperative banks' decision-making and operational development. One way of doing so is through their OP cooperative bank's governing body, on the basis of which they can promote businesses and prosperity in the region.

The Representative Assembly or Cooperative Meeting is an OP cooperative bank's highest



More than  
**40,000**

owner-customers presented their OP cooperative bank with ideas for responsibility actions

## Good deeds through time

OP Financial Group actively supports local vitality. We want to direct our support and actions to where they are most needed, particularly in the post-pandemic situation. In October, we organised the first online survey under the heading, Good deeds through time, to collect our owner-customers' proposals for corporate responsibility actions in their OP cooperative bank. We received more than 40,000 replies.

The themes of the online survey derived from OP Financial Group's corporate responsibility programme and were the same for all OP cooperative banks. Of the proposed themes, owner-customers gave

the most votes to supporting the employment and education of young people. The results reveal that owner-customers appreciate actions such as the summer jobs paid for by OP campaign. The campaign provided summer jobs for more than 1,600 young people in 2021.

Actions benefiting nature and the environment received the second highest number of votes from owner-customers. They also provided many concrete proposals for protecting local forests, waters and animals. The survey responses help OP cooperative banks to decide on their responsibility actions.

decision-making body, which consists of the bank's owner-customers. Based on the principle of one member, one vote, every owner-customer has the opportunity to run as a candidate and vote in their bank's Representative Assembly election. The Representative Assembly is an important link between customers and the bank. It forwards the wishes and development proposals of owner-customers to the bank. On the other hand, the Representative Assembly provides members with the latest information on matters such as the bank's services.

In November 2021, a total of 55 OP cooperative banks held Representative Assembly elections, in which 1.4 million owner-customers had the right to vote. Over 1,800 members out of more than 4,300 candidates were elected to Representative Assemblies for the following four years.

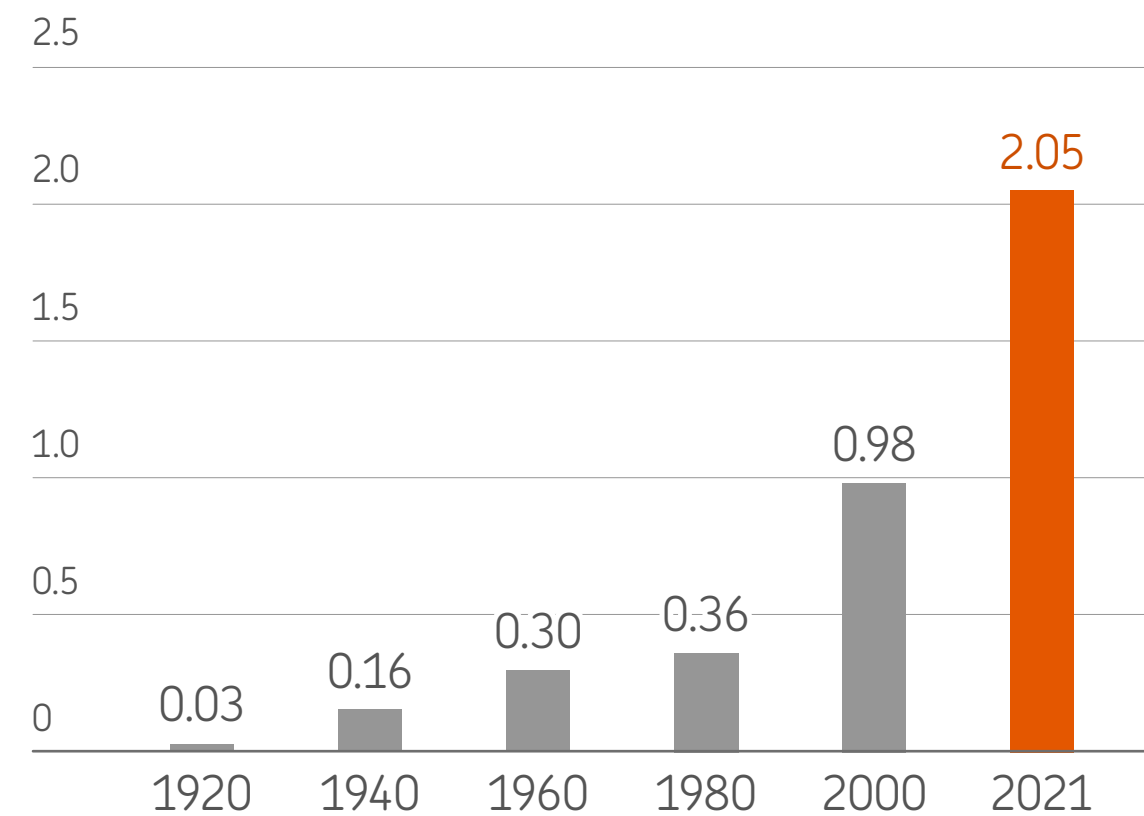
### Benefits throughout life

A significant part of OP Financial Group's business profit is returned to owner-customers as OP bonuses that they earn from items such as loans, investments and insurance. OP bonuses are used to pay service charges and insurance premiums, for example.

In 2021, we communicated actively on the benefits of being an owner-customer and highlighted those benefits more clearly on OP-mobile. Besides OP bonuses, owner-customers get discounts on their daily banking, insurance, savings and investment services.

Owner-customers can also buy, sell and switch units in most OP funds with no transaction costs. As

Owner-customers, million



of the beginning of 2021, owner-customers received new benefits in equity investments as well as a free-of-charge equity and market analysis. Since November 2021, we have been providing owner-customers with a free-of-charge equity savings account.

A total of 107 million euros (119) in OP bonuses were used to pay for banking and wealth management services, and 112 million euros (130) to pay non-life insurance premiums in 2021. Since 1999, we have granted a total of over 3 billion euros in OP bonuses to owner-customers.

In 2021, our owner-customers earned a total of 210 million euros (255) in OP bonuses. Non-life insurance loyalty discounts amounted to 58 million euros (66). Owner-customers benefited by 57 million euros (27) from the reduced price of Retail

Banking's daily services package. They also bought, sold and switched units in most mutual funds without separate charges. The value of this benefit amounted to 7 million euros (6).

In November, we launched the new Owner Plus service for owner-customers who use a broad range of our banking and insurance services. The service guarantees smoother interaction and optimal support for customers' finances. Owner Plus customers get a dedicated contact person at their OP cooperative bank, quick customer service on chat or by phone, and fast processing of secured loans.

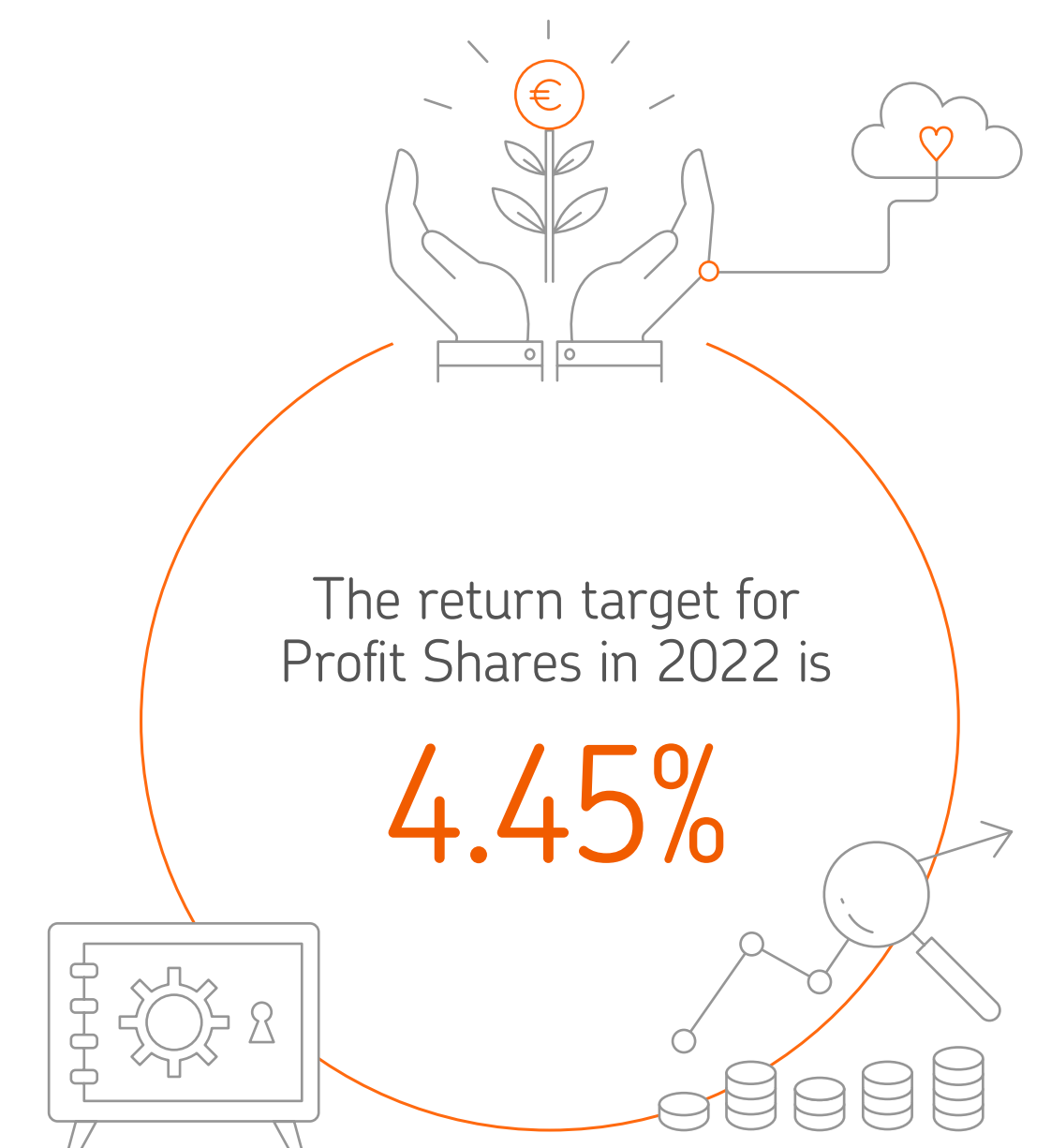
### Profit Shares – an investment in an OP cooperative bank

Owner-customers can invest in Profit Shares, which are long-term equity contributions made to their local OP cooperative banks. Each year, we seek the best, most competitive interest rate possible for Profit Shares. The Representative Assembly or Annual Cooperative Meeting decides retrospectively on the interest payable for each calendar year. The minimum investment is 100 euros and the maximum is set by each OP cooperative bank.

If the profit distribution criteria are fulfilled, interest is paid for each year in June of the following year. In its profit distribution for 2019 and 2020, OP Financial Group complied with the recommendation of the European Central Bank that expired on 30 September 2021. Based on the recommendation, the Group paid interest for 2019 to holders of Profit Shares on 8 February 2021. The amount

of interest totalled 97 million euros based on the original return target of 3.25%. The interest payable on Profit Shares for 2020 totalled 95 million euros, based on the original return target of 3.25%. It was paid to Profit Share holders on 4 October 2021. In the future, OP Financial Group will return to its normal profit distribution schedule for the payment of interest on Profit Shares.

In honour of its 120th anniversary, OP Financial Group has increased the return target for Profit Shares held by owner-customers by 1.20 percentage points. This means that the return target for 2022 stands at 4.45%.





# How we create value

OP Financial Group was created at the beginning of the 20th century to fulfil the needs of the surrounding community. Since then, we have joined forces to create wellbeing and foundations for growth in Finland.

OP Financial Group creates value for its customers, stakeholders and operating region on many levels. We provide competitive products and services while ensuring our profitability and capital base. In accordance with our mission, we promote the sustainable prosperity, security 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, through thick and thin.

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 key resources consist of highly skilled, motivated and satisfied employees; continuously developed services and systems; high-quality data (in other words, our data capital); economic capital; and the 'trust capital' we have built on our strong values and close stakeholder relations. We have been using a systematic, long-term approach to build and foster these resources for decades.

Everything we do is aimed at adding value for our customers. Our efficient, responsible and high-quality operations are supported by a self-managed operating culture combined with a strong risk management and compliance culture. Our key outputs form the basis of wellbeing and competencies for our personnel and an excellent customer experience, strengthen our capital base and reputation, and foster a sustainable economy and regional vitality.

## Value chain – OP as part of society

OP Financial Group influences society on a broad front. The financial sector plays a key role in economic prosperity, both directly and indirectly. We provide fundamentally important basic services and opportunities for citizens, companies and organisations. We finance sustainable growth and enable wealth creation. We ensure smooth cash and payment services, prevent and provide protection against losses and promote a responsible economy.



## Value for customers and the operating region for more than 120 years

The first cooperative credit societies brought concrete help and value to the surrounding rural community. For many people living on limited means, a small loan offered by the credit society was the only possible source of funding. A loan from the credit society meant tools, seed, cows and cowsheds, new cultivation areas and a dwelling.

Right from the start, we have created wellbeing and security, enabled growth and grown together with Finland.

Responsibility has been at the core of our values, mission and existence throughout the decades. We are owned by our customers, who trust us through thick and thin.

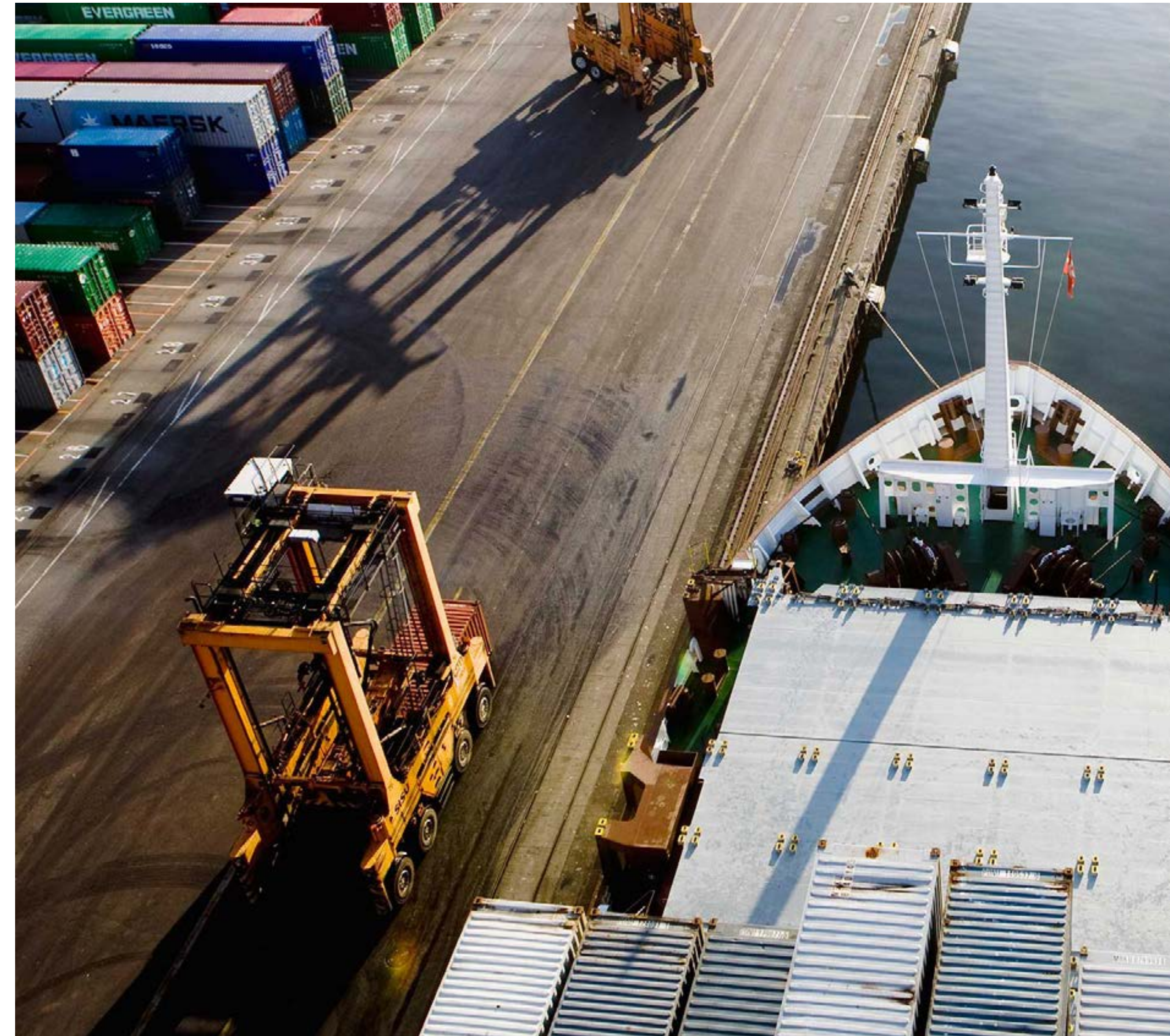
Our commitment will not waver with the tides or times. Together, we are building a sustainable future and responsible business operations.

Even during the Covid-19 crisis, we have managed to ensure the availability of our services deemed critical to society.

We act on our corporate responsibility principles throughout the value chain. A strong capital base and effective risk management enable us to continue our operations, even during potential crisis situations. OP Financial Group's centralised procurement is in charge of procuring key 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, our Code of Business Ethics and any applicable legislation and international agreements.

OP Financial Group 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, acting as a partner and advisor even when times are challenging. We foster a sustainable economy by means such as financing sustainable business, developing green financing products and strengthening responsible investment practices. We join forces with our customers to find responsible solutions for developing business operations and enabling a more sustainable future. OP Financial Group has regional economic impacts around Finland, and indirect impacts on the vitality of both the local and national economy.

” According to a study published by ETLA Economic Research in spring 2021, OP Financial Group ranks first among the companies directly contributing to Finland's gross domestic product. In 2019, the value added to the Finnish economy by OP Financial Group was almost EUR 1.7 billion.



# Value creation model

## Our most important assets

Highly skilled, motivated and satisfied personnel (13,079)

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

## Strategic priorities



Strong culture of risk management and compliance

## Outputs and impacts



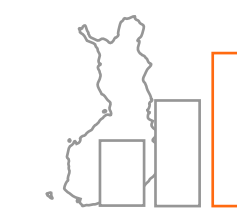
- The most attractive employer in the financial sector (Universum 2021)
- Employee training: 13 hours/person
- Diversity: proportion of women in executive positions 30%
- Employee turnover: 8.6%



- Customer experience: service encounter NPS 61, brand NPS 21
- Product and service development expenditures: €294 million
- Customer contacts on OP-mobile and OP Business mobile: 502 million



- CET1 ratio: 18.2%
- Return on equity (excluding OP bonuses): 7.8%
- Interest paid on owner-customer investments: €95 million
- One of the biggest taxpayers in Finland: income tax €224 million



- More than 2 million owner-customers
- New OP bonuses accrued to owner-customers: €210 million
- Thriving local communities: regional impacts
- Promoting sustainable economy: sustainability-linked loans, green loans and credit limits granted €3,036 million

# Building Finland together

As Finland's largest financial services group, we maintain an open and continuous dialogue with various stakeholders, supported by our long tradition of cooperative values and operating principles. Through this dialogue, one of the main principles and goals of our stakeholder engagement is to identify areas of development in the corporate responsibility work of OP Financial Group.

Above all, our stakeholders expect openness and reliability from us. For them, we want to be a partner consistent with our core values, and a reliable player. We are in regular dialogue with our external stakeholders through a Stakeholder Forum, which includes representatives of labour market organisations, think tanks, political parties, universities and non-governmental organisations.



# Strategy and business

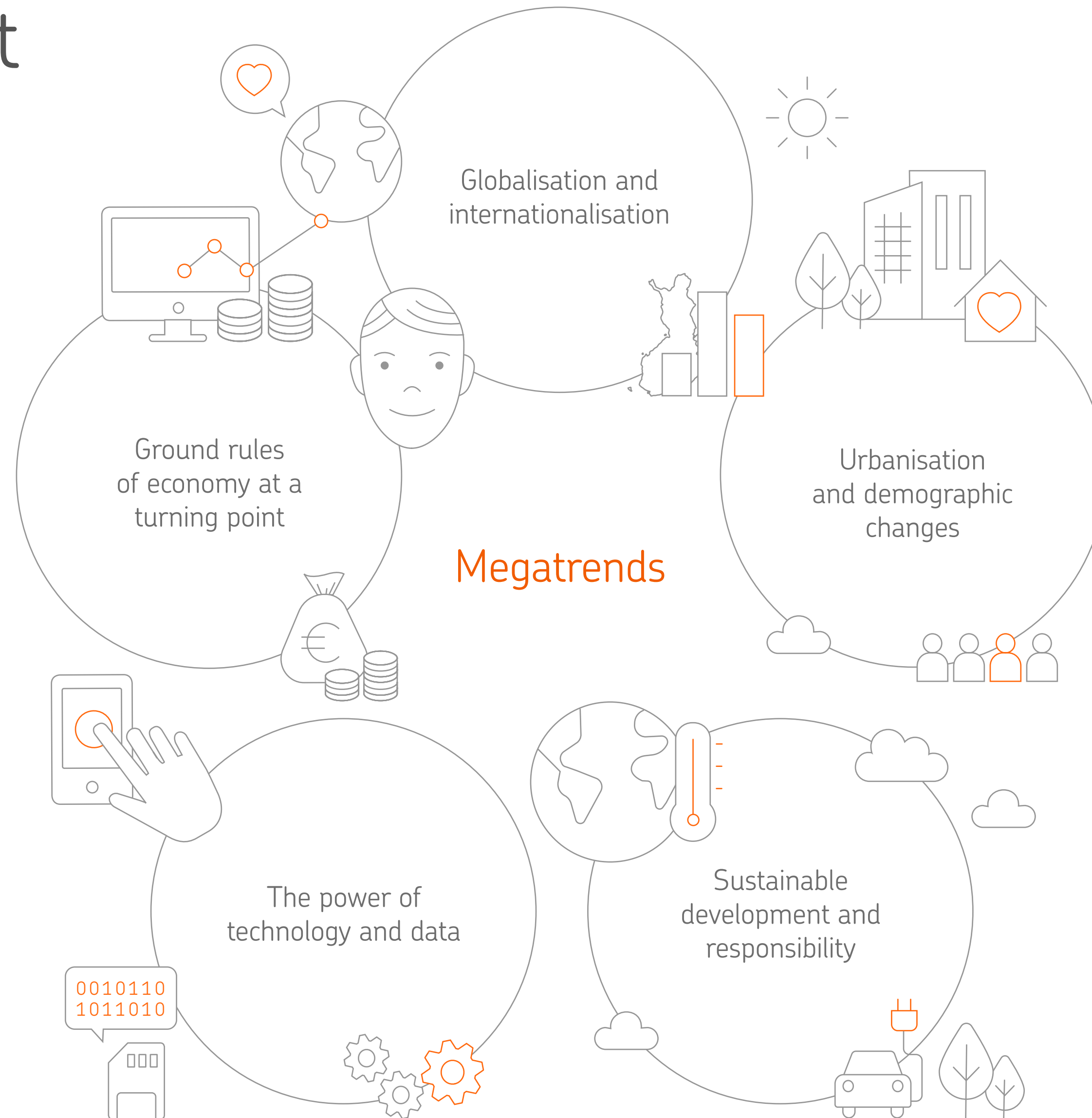
OP Financial Group's vision is to be the leading and most appealing financial services group in Finland. In this section, we will tell you more about the Group's strategy, its implementation, and our strategic priorities in our changing business environment. We will also describe the year 2021 in our business divisions, and their goals, targets and corporate responsibility work.



# Business environment

OP Financial Group analyses the financial sector's business environment as part of its ongoing strategy process. The megatrends underlying our strategy reflect our outlook on the phenomena and change drivers that will affect the daily lives, circumstances and future of OP Financial Group and its customers.

The business environment of the 2020s includes a range of factors creating pressure for change. Megatrends, such as migration, urbanisation and ageing of the population will continue to affect our customer segments. Our customers are continuing their rapid move to digital channels, as the business environment of banks is subjected to increasing regulation. Responsibility and sustainable development are becoming increasingly important. We must take careful note of the continuous changes in the economic outlook, competitive environment, customer behaviour, technology and regulation.



## Year 2021

- Covid-19 pandemic continues, record-high number of infections at year's end
- Consumers increase their use of digital services
- Inflation accelerates worldwide
- Sustainable development and the green transition begin to change the economic ground rules
- Migration from growth centres to commuter municipalities increases as urbanisation continues
- Both customers and regulation set higher corporate responsibility requirements
- Regulation governing technology giants and data use are tightened in Europe and elsewhere

The long-term effects of the Covid-19 pandemic are strongly shaping the financial sector's business environment. The transition to digital services has accelerated, and the effects of Covid-19 on consumer values and spending will materialise in the years to come.

Predicting the pace of change is difficult – it may be faster or slower than we expect, and the direction of change may take us by surprise.

### Globalisation and internationalisation

Globalisation is shaping the financial sector's business environment. Although the Finnish financial market is mainly dominated by domestic and Nordic companies, the digital services of international companies reach across national frontiers. The EU's competition policy, which aims to harmonise regulation, facilitates new companies' entry into the Finnish market, while creating opportunities for Finnish businesses to seek growth in the international market.

Economies, capital and people are intrinsically interconnected in our globalised world. The coronavirus was first detected in China, but spread fast around the world as people travelled. Tough decisions, such as restricting free travel, were needed to impede the spread of the virus. Many companies experienced difficulties as global production chains were disrupted. New virus variants developed in different parts of the world in 2021, and their geographical containment has been extremely

challenging. Rising domestic and foreign policy tensions within the EU and beyond have also been causes of concern.

### Urbanisation and demographic changes

Urbanisation and population ageing are transforming the structures of our society. Population is increasingly concentrated in growth poles, and Finland is no exception. The Covid-19 pandemic is challenging players in the financial sector to develop even more seamless and user-friendly digital services, which both the old and young can use regardless of time and place. As a responsible player, OP Financial Group is committed to serving all its customers throughout Finland.

It is still too early to assess the long-term effects of the Covid-19 pandemic. However, phenomena such as long Covid and increasing mental problems may pose challenges to public health and the resilience of the national economy. Remote and hybrid work has become an established part of working life. This has increased demand for more spacious homes in commuter towns.

### Sustainable development and corporate responsibility

Sustainable development involves taking account of people, the economy and the environment to ensure that present and future generations can live a good life. Promotion of sustainable development,

stakeholder expectations and greater regulation are challenging businesses to revise their strategies and take better account of their ESG impacts on the environment, society and corporate governance. Sustainability investments may also bring new business opportunities and competitive edge.

Growing regulatory requirements call for new operating practices and are increasing reporting obligations. Financial sector practices are particularly affected by the regulatory framework for sustainable finance and the authorities' expectations regarding sustainability risk management. Reliable and comparable data on matters such as climate impact is important for financial sector operators, since it creates a foundation for developing e.g. sustainable investment products and managing credit risk.

### The power of technology and data

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. Services based on data utilisation enable, for example, smart anticipation of customer needs and smart targeting of services. Data collected from a service may also enable new earnings for the service's provider or lead to the launch of completely free services for consumers. Since customers own their data, they will ultimately decide how and on what terms it can be used. Stakeholders and regulation require companies to use data responsibly and

transparently. Restrictions on movement resulting from the Covid-19 pandemic have further accelerated the transfer of customers and services to digital channels.

### The ground rules of the economy are at a turning point

Digitalisation and the emergence of the platform economy have revolutionised the world. The dynamics of a real-time global economy that runs 24/7 has led to profound changes in economic ground rules. Growing interdependencies, changes in global economic power relations and mounting international tensions are increasing the risks faced by the financial industry. Growth in the popularity of cryptocurrencies is challenging traditional financial paradigms, with even central banks laying down plans for digital currencies.

Low interest rates are challenging banks' and insurance companies' traditional earnings models. In 2021, accelerating inflation changed expectations of future interest rate developments, at least momentarily, which is increasing concerns about future economic performance.

# Strategy

Our mission, core values, vision and strategic priorities form a cohesive whole. Our mission and core values guide our operations and choices, and give meaning to our work. Our vision provides us with a general direction. To achieve our vision, we continuously monitor our business environment and focus on our strategic priorities.

OP Financial Group's mission is to promote the sustainable prosperity, security and wellbeing of its owner-customers and operating region. This mission has remained almost unchanged since our early years, providing a foundation and meaning for our work. Our core values – people first, responsibility, and succeeding together – guide our daily work.

## OP Financial Group's strategy process

We regularly and systematically assess our business environment and operating model, so that we can make and implement new strategic choices whenever needed. A successful strategy process is based on sufficient alternative assumptions about the direction the world might take.

As part of OP Financial Group's strategy work, we draw up various scenarios for developments in our business environment. We monitor the realisation of these scenarios and identify trends for which the

Group needs to prepare. This enables us to ensure that we prosper, no matter how the business environment evolves.

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

## Our vision gives us a direction

Our vision describes the long-term direction we have chosen: our goal is to be the leading and most appealing financial services group in Finland.

Whatever changes occur in the world, realising our vision will require solid finances and a strong market position. We aim to be the number one choice for our customers and partners. We want to be an attractive employer for which people want to work. We are a responsible player, innovator and forerunner in the financial sector.

## Progress of our strategy in 2021

Our strategic priorities define the tangible steps we will take to achieve the goal set by our vision. At the outset of 2021, these priorities were best customer experience; more benefit for owner-customers; excellent employee experience; faster growth in income than in expenses; and more efficient, higher quality operations.



Our continuous strategy process helps us to meet our owner-customers' changing needs and expectations.





# OP Financial Group's strategy



Globalisation and internationalisation

Urbanisation and demographic changes

Sustainable development and corporate responsibility

The power of technology and data

Ground rules of economy at a turning point



### Best customer experience

At OP Financial Group, ‘best customer experience’ means quick and easy access to personal and professional services. Owned by our customers, we are a trusted financial and risk management partner, regardless of the business cycle. In 2021, we continued to make the use of our services easier for customers. Strong fluctuations in demand have sometimes challenged our service capabilities, but we have responded to customer needs by implementing digital solutions and growing our skilled workforce.

Digital services and payments are increasingly important for our customers. It is now possible to become an OP customer completely online. We are continuously developing digital customer onboarding to make it even smoother.

Use of cash has declined markedly in recent years and the Covid-19 pandemic has accelerated our customers’ shift to non-cash payment. We launched OP Apple Pay, which was rapidly adopted by our customers, in March. In the summer, we announced our plan to further strengthen our mobile payment services through a joint mobile payment platform provided by OP Financial Group’s Pivo, the Danish MobilePay and the Norwegian Vipps.

### More benefit for owner-customers

As part of our changes to owner-customer membership, we clarified our benefits package and the related communications. We launched the Owner Plus

service for OP cooperative bank owner-customers who use a wide range of our banking and insurance services. The Owner Plus service will further improve our customer experience and service accessibility through various channels. In early 2021, we also introduced new owner-customer benefits in our savings and investment services. We are focusing on providing more benefit for owner-customers.

### Excellent employee experience

OP Financial Group has been gradually transitioning towards an agile operating model based on self-managed multi-skilled teams. The aim is to improve the employee experience, customer experience and productivity, while simplifying responsibilities and decision-making. Responsibility and trust are the bedrocks of our work and the framework of our ways of working.

Instead of managing individuals, our management focuses on enabling excellent team performance and removing obstacles. Employee competence development, and learning and continuous improvement at work, form an integral part of successful employee performance. 80% of those working in self-managed teams feel that multi-skilled teams are taking more responsibility for their work and that cooperation and interaction have improved. Our personnel are inspired by the agile method, which is now used extensively in the central cooperative and several OP cooperative banks.

Changing practices and continuous transformation of the business environment require fast

reactions. In 2021, our approach to hybrid work combined in-office and remote practices, with the location and type of work primarily being based on customers’ needs and our business goals. Work planning is guided by teams and their mutual cooperation.

Stress and uncertainty have emerged as the pandemic has worn on, affecting wellbeing at work, but our employees have given positive feedback on our flexible ways of working, hybrid work and broad opportunities to work remotely. We have provided employees with additional support and tools for managing stress, as well as ensuring their health and safety.

### Faster growth in income than in expenses

Due to low interest rates and increasing regulatory requirements, we must continuously improve our operational efficiency. By doing so, we will maintain our profitability and solid capital base. Only through profitable business can we fulfil our mission.

Our revenues have grown faster than expenses, in line with our strategic targets. In 2021, income from our customer business grew by 14% and expenses were kept under control. We have improved our operational efficiency by focusing on our core business, and developing and simplifying our processes.

### More efficient, higher quality operations

Efficient processes and the data we use lay the foundation for productivity growth and high-quality risk management. We renew and improve our processes both in terms of work methods and technology. Our core system reforms are progressing as planned, improving the customer experience and the smoothness, efficiency and quality of work, and enabling quicker, more agile development going forward. Robotics and automation have raised the efficiency and productivity of our customer service.

In line with our strategy, we have considerably simplified our central cooperative consolidated's structure over the last three years and focused on banking and insurance – our core business. Pohjola Insurance has sold its hospital business and will

now focus on non-life insurance – its core business. Pohjola Insurance Ltd, a subsidiary of OP Corporate Bank plc, was transferred under the direct ownership of OP Cooperative in 2021. These arrangements were made to simplify the structure and governance of the central cooperative consolidated and clarify its management.

### Strategic priorities for the next few years

We review our strategic choices and their implementation at regular intervals, changing our direction if necessary. Updated in autumn 2021, our strategy sets five strategic priorities for the next few years: value for customers; profitable growth; efficient, high-quality operations; responsible business and highly skilled, motivated and satisfied personnel.

A strong culture of risk management and compliance forms the basis of everything we do. Effective risk management involves identifying customer needs, meeting their expectations, pricing risk correctly and engaging in careful risk management. Our compliance operations aim to ensure that OP Financial Group retains the trust of customers, markets, supervisory authorities and stakeholders. We ensure regulatory compliance by managing compliance risks, providing our personnel with instructions and training, and giving our business divisions guidance on the right procedures.

### Value for customers

We are a trusted partner in our customers' lives: we create value for them by providing unbeatably smooth services through all our channels. We help our customers to prosper by providing carefully considered and correctly dimensioned solutions, which fosters OP Financial Group's overall success. As mobile services grow in popularity, our new services are primarily for mobile channels. OP-mobile has long been our customers' preferred banking and insurance channel. Around 70% of OP-mobile's 1.3 million active users log in on a daily basis. In OP Business mobile, the number of active users grew by 34% year on year.

Owner-customers making wide use of our banking and insurance services will continue to make the most of the services they use and the resulting convenience in everyday life. We will continue

to develop owner-customer membership, further clarify our communications, and refine our benefits package.

### Profitable growth

We aim to grow, particularly in asset and wealth management, non-life and life insurance and retail banking, focusing on growth centres. We want to continue to help people build their wealth and prepare for the future. Growth in our savings and investment services is supported by customers' growing interest in investing. We aim to be a trusted partner for our customers by providing an extensive range of products and services that covers all their banking and insurance needs throughout their lives.

### Efficient, high-quality operations

We will improve the quality and efficiency of our operations by further upgrading our core systems and streamlining our processes. In addition, we will develop and simplify our range of products and services while meeting customers' needs. We aim to sell a growing number of products and services digitally. By improving the quality and usability of data, we will produce high-quality and easy-to-use banking and insurance services, build insight about customer needs, and develop the services of the future. AI-assisted robotics will make our services faster and smoother to use and become even more scalable in various channels and services.

### OP Financial Group's strategic long-term targets

	31 Dec 2021	31 Dec 2020	Target 2025
Return on equity (ROE excluding OP bonuses), %	7.8	6.6	8.0
CET1 ratio, %	18.2	18.9	At least CET1 requirement + 4 pps
Brand recommendations, NPS (Net Promoter Score, personal and corporate customers)	Banking: 27 Insurance: 16	Banking: 29 Insurance: 17	Banking: 30 Insurance: 20
Credit rating	AA-/Aa3	AA-/Aa3	At least at the level of AA-/Aa3



We will respond to changes in customer behaviour by developing our service network and Group structure to meet the criteria of the OP cooperative bank of the future. The OP cooperative bank of the future must be able to fulfil OP Financial Group's mission in the long term, meeting criteria for the quality and scope of services, and securing resources and the profitability of operations. Merger projects are underway between OP cooperative banks around Finland. This is a natural continuum of the decline in the number of OP cooperative banks underway for several decades. There were 121 OP cooperative banks in Finland at the end of 2021.

#### Responsible business

We have a long history of acting responsibly, guided by our mission and strong core values. Our responsibility work is based on the themes of our Corporate Responsibility Programme: we foster a sustainable economy, support local vitality and community spirit, improve financial literacy in Finland, and use our information capital responsibly. The entire financial sector is being shaped by higher ESG expectations among customers, regulation on sustainable finance, and supervisory requirements. We have responded by selecting responsible business as a strategic priority for OP Financial Group.

We will step up our corporate responsibility with measures such as integrating responsibility with our investment and lending processes, and growing the share of responsible products and services in our offering. Our responsibility work is customer-driven:

we provide financing, insurance and investment services, and develop our services and products, to help our stakeholders make the sustainability transition. We will stand together with our customers as they face change and help them to build a sustainable tomorrow, together through time.

#### Highly skilled, motivated and satisfied personnel

We aim to improve our operations and employee experience by continuously strengthening our way of working based on self-managed teams. Promotion of an agile culture and continuous improvement require management based on clear objectives, smooth cooperation across organisations, trust, responsibility and a determined attitude towards learning together. We will help our personnel to develop competencies that enable success, while flexibly focusing our competencies on changing business needs. The principles of hybrid work will allow us to create productive, future ways of working in diverse ways from multiple locations.

# Corporate responsibility programme

Based on our vision, we want to be a reliable and responsible expert, and a forerunner and innovator in the financial sector.

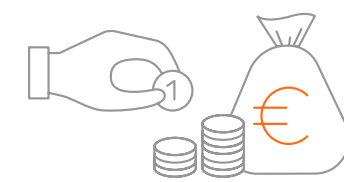
Our corporate responsibility work is guided by our corporate responsibility programme, which is based on megatrends in the business environment and a materiality analysis to identify key aspects of corporate responsibility for OP Financial Group and its stakeholders.

OP Financial Group has made a commitment to pursue the UN Sustainable Development Goals (SDGs). We have identified the SDGs with the most relevance to OP Financial Group and incorporated and described them in our corporate responsibility programme.

OP Financial Group's CR programme is framed around four key themes and commitments, which guide our actions toward the programme goals.

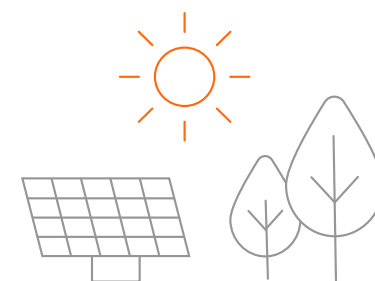
The CR programme's progress in 2021 is described in more detail on the following page.

## The key themes of OP Financial Group's CR programme



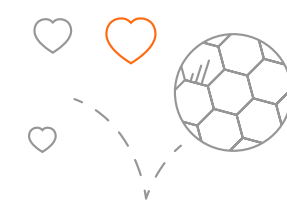
### We improve financial literacy in Finland

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



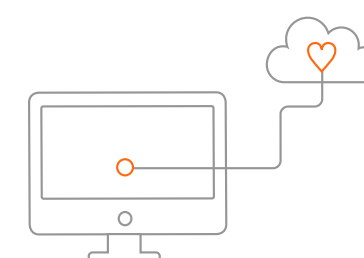
### We foster a sustainable economy

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



### We support local vitality and community spirit

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.



# Implementation of OP Financial Group's Corporate Responsibility Programme in 2021

SDG	Target	Metric	2021	2020
	<b>We improve financial literacy in Finland</b>			
	We are the leading financial literacy coach in our sector.	Children and youth encountered as part of financial skills projects organised with our partners	over 39,000	52,000
	We advise our customers and help seniors to manage their personal finances digitally.	Customers encountered at digital literacy events	over 8,400	4,500
	<b>We foster a sustainable economy</b>			
	We provide financing products that support sustainable development.	Issued sustainability-linked loans, green loans and credit limits, million €	3,036	1,523
	We are the most preferred partner in responsible investment products, counselling and reporting.	Assets managed in responsible investment funds, billion €	8.8	4.9
	Our own operations will be carbon neutral by 2025, and we help our customers in reducing their emissions.	Direct emissions (scope 1 and 2), tonnes CO <sub>2</sub> e	25,485*	17,922
	<b>We support local vitality and community spirit</b>			
	We are our sector's leading promoter of physical activities in Finland through our partnerships with sports clubs and federations.	Number of people in Finland reached through sports clubs	304,000	289,000
	We increase the diversity of our personnel and take account of equality issues in everything we do.	Percentage of women in executive positions at least 40%	30%	28%
	<b>We use our information capital responsibly</b>			
	Our privacy protection policies are in order.	Completion percentage of the online course on data protection, mandatory for all employees	91%	100%

\* The calculation method was changed in 2021.

# Retail Banking

The Retail Banking segment provides banking services for personal and SME customers at OP cooperative banks and the central cooperative consolidated.

OP is Finland's leading provider of home and corporate loans. We aim to provide the best customer experience in the sector, both locally and digitally, and to be a reliable and flexible financial partner for owner-customers in any situation. Seeking financial prosperity for our owner-customers, we promote their personal financial management and success.

Services for personal customers include daily banking, loans, savings and investments, housing-related services, and a broad range of owner-customer benefits. We provide personal customer service through digital channels, by phone and from our comprehensive branch network across Finland. Our customers can engage in daily banking and make payments via various channels, regardless of time and place. We continuously develop our services to meet our customers' changing needs, OP-mobile is the main channel for our owner-customers' daily transactions: we had almost 1.3 million active OP-mobile users by the end of 2021.

Our products and services won multiple awards in 2021 and OP was – again – the highest-ranking

Finnish bank in The Banker's prestigious Bank of the Year competition.

## Comprehensive services for managing personal finances

In 2021, via OP-mobile, we were the first bank in Finland to provide customers with a digital assistant service for handling everyday financial matters themselves. We also revamped Money Box on OP-mobile, so that customers can now set savings targets and invest more extensively in OP's responsible investment funds.

In another first among Finnish banks, we introduced an SMS-based service, OP Account SMS, for our customers. This service is ideal for older people and anyone else who needs special support and does not use OP's digital channels. OP Account SMS enables customers to monitor their finances independently in real time.

Use of cash continued to decrease in 2021: in euro terms, our customers used around 15% less



In 2021 we strengthened the financial literacy of

**39,000**

children and young people

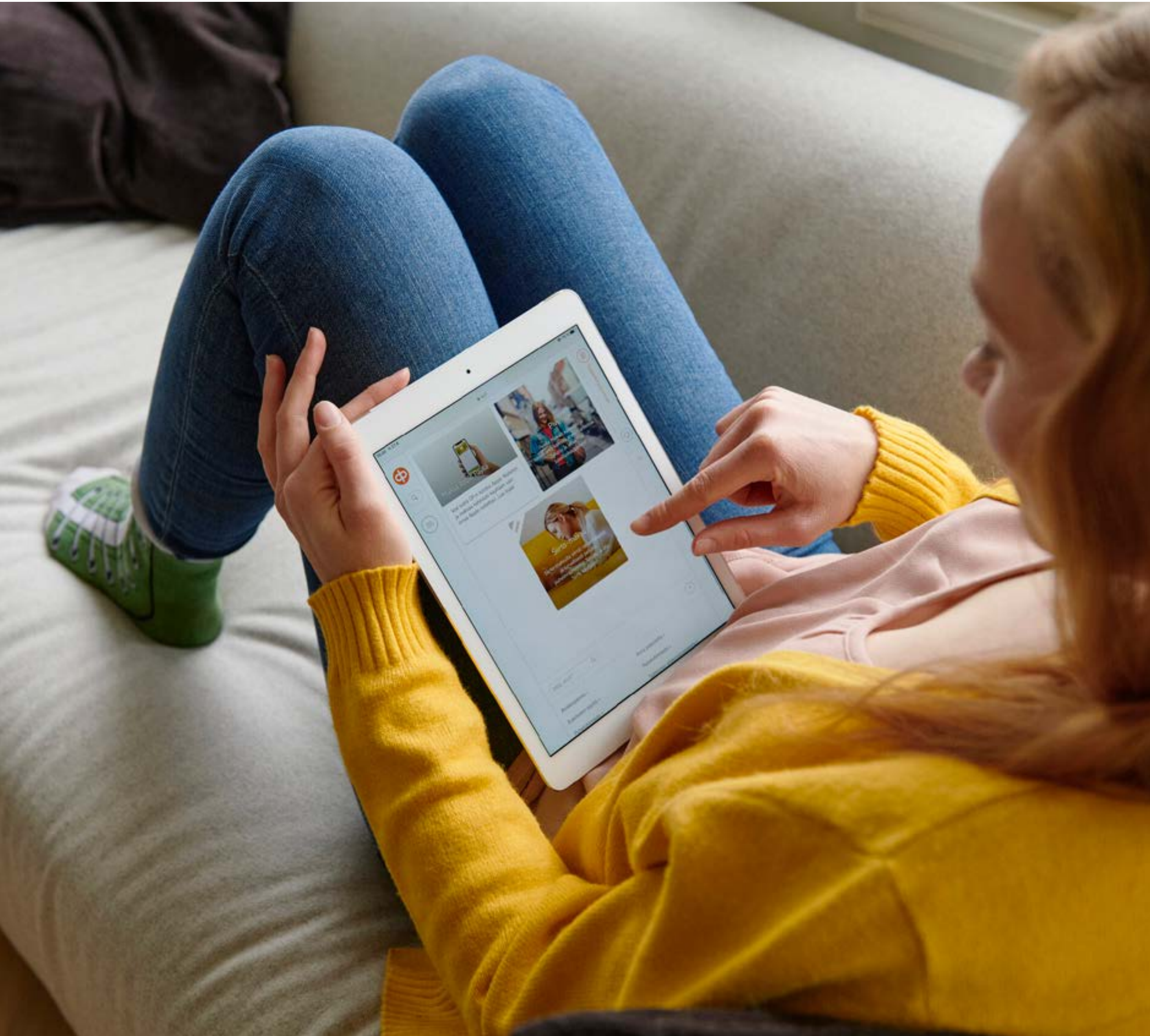
## Support in financial skills and personal money management through the centuries

Financial skills have always been a key part of OP Financial Group's corporate responsibility work. Increasing financial literacy and knowledge in the community was a key task of the first cooperative credit societies. As early as the 1920s, societies began to systematically teach school-children to save. Schools received money boxes in which children made small deposits under guidance from their teachers.

After the 1950s, banks encouraged saving by organising money box days, inviting children to bring their money boxes to a branch and empty them into a coin counter. In the 1970s, OP cooperative banks began giving customers Hippo money boxes. Several generations of children

have already been using these to save money.

In the 2020s, OP Financial Group is engaging in extensive financial literacy work as part of its Corporate Responsibility Programme and providing comprehensive services for managing personal finances, saving and investing. OP-mobile includes My financial balance, with which customers can track their spending, and digital Money Box, for saving in an account or even investing in mutual funds. In 2021, we strengthened the financial literacy of more than 39,000 children and young people, in cooperation with our partners. Read more about our financial literacy work in [We improve financial literacy in Finland](#).



cash than in the previous year. Meanwhile, their card purchases grew by 9.5% despite the prolonged Covid-19 pandemic, and more than 90% of this growth came from Finland. Travel outside Finland picked up in the autumn but use of cards abroad remained considerably below normal levels.

Contactless payments at in-store payment terminals accounted for around 70% of total payments, due to the impact of the Covid-19 pandemic and the launch of Apple Pay, which was very well received in early 2021. In online stores, card payments increased by a third year on year. We have focused on safe payments in particular – credit card company cover has grown for credit purchases using OP Visa Gold and OP Duo cards. In 2021, the number of Siirto payment users on OP’s mobile channels exceeded 1 million.

To further strengthen our mobile payment services, in June we announced that OP Financial Group’s Pivo, Danske Bank’s MobilePay and the Norwegian Vipps are planning a new, combined mobile payment platform. This platform would combine mobile wallets, used by 11 million Nordic customers, to create one of Europe’s leading mobile payment services. The merger of mobile wallets depends on approval by the relevant authorities.

### We are a financial partner for SMEs

As a long-term partner for small and mid-size enterprises, we promote the success of local businesses. We provide insight and solutions for starting and growing a business, and managing its finances at all

stages of its life cycle. Our corporate customers have access to comprehensive banking, financing, payment, investment and cash management services, as well as online and mobile services to ensure smooth transactions. For example, at the end of 2021, OP Business mobile had almost 60,000 users who made a total of 21 million logins during the year.

Our specialists help companies to run their daily business, make decisions and develop their operations. To support SMEs, we launched a new series of online sessions, Financial Coaching for Entrepreneurs, in spring 2021. During these sessions, entrepreneurs can discuss topical matters with OP Financial Group’s specialists and partners.





We provide new SMEs with a wide range of services and help people to start new businesses. OP Light Entrepreneur is Finland's leading service for self-employed persons. By the end of 2021, around 20,000 entrepreneurs were actively using the service, and more than 30,000 had used it to start a new business.

To boost the growth of SMEs, we offer a risk-sharing guarantee provided by the European Investment Fund (EIF). This credit guarantee helps

SMEs to obtain financing for faster growth and enables them to implement projects that are riskier than normal. The risk-sharing guarantee covers up to 80% of loan collateral.

### We help to make housing dreams come true

We want to help our customers realise their housing and everyday dreams as easily as possible, on a sound financial basis. To achieve this, we provide a wide range of services for 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. Most of our home loan applications come through digital channels. Our customers can discuss loans over the phone, in an online meeting, or face to face in a bank branch. Loan documents can even be signed electronically. A growing share of our home loan negotiations are held electronically.

OP Koti combines real estate agency and real estate management services into a single package at op-koti.fi, and provides high-quality services in more than 100 offices across Finland. Having been ranked as Finland's most reliable real estate agency for 11 years in a row (Finland Today survey 2021, Taloustutkimus Oy), OP Koti enables customers to sell or purchase homes digitally. This allows both seller and buyer to approve the contract of sale on the basis of online bank user identifiers. A sale can be completed anywhere, any time, with no need to visit a bank in person.

2021 was a very lively year on the housing market and a record year for OP home loans. Customers applied for more new home loans than in the preceding five years, while the amount of new home loans drawn down increased by 18.5% year on year. In 2021, an interest rate rise became somewhat more likely in the euro area. By the end of 2021, 29.6% of our personal customers' home loans were covered by interest rate protection.

The number of flats and houses brokered by OP Koti grew by 9.8% year on year. Due to the prolonged Covid-19 pandemic, customers became increasingly interested in more spacious homes, be they flats or terraced, detached or semi-detached houses.

The high season for holiday home purchases began early: the amount of loan applications filed in January doubled compared to the average for the previous five years. Growth in remote work due to the coronavirus pandemic led many people to dream of buying a holiday home as a second residence. In 2021, applications for holiday home loans increased by 8.1% in amount. OP Koti had a lively year for holiday home sales in the long term, but fell short of the record levels achieved in spring 2020.

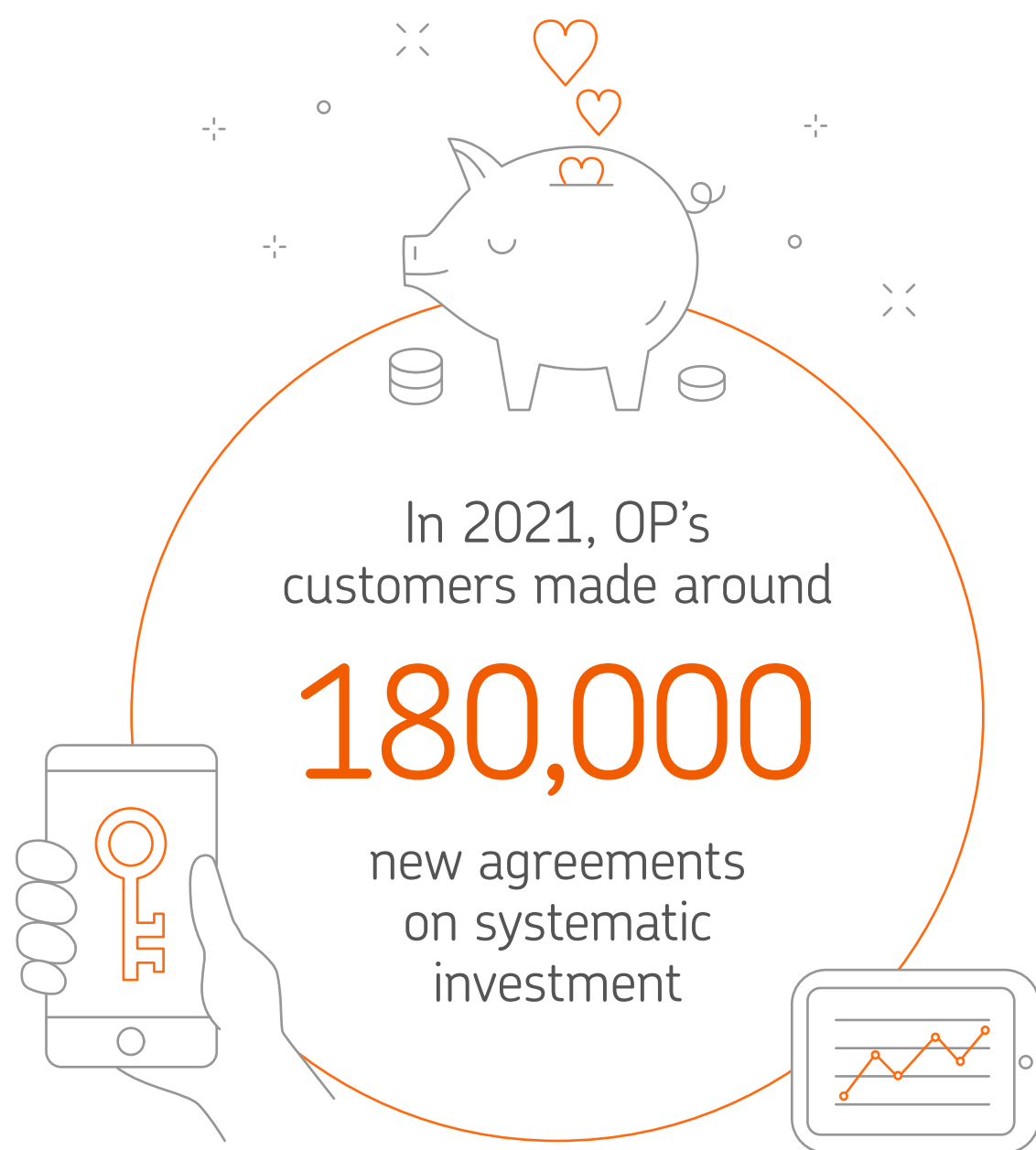
### We help people to build their wealth and prepare for the future

We provide our customers with a wide range of savings and investment services, including the customised and award-winning Private Banking service. In addition, we provide investment advice at our branches.

As the pandemic continues, households in Finland have become more active in saving and preparing financially for the future. In particular, 2021 was a record year in mutual fund investing. Customers made around 180,000 new agreements on systematic investment; around 600,000 systematic investment agreements are active monthly. Mutual funds registered in Finland attracted almost 410,000 new unitholders in 2021: around 46% of these, or 187,000 unitholders, chose OP's mutual funds. The number of fund unitholders in OP has increased by almost 50% in three years. In October, we introduced the equity savings account on OP-mobile.

Home-ownership still represents the lion's share of people's net assets in Finland, or half of their wealth on average and more than 75% of personal wealth in most cases.

Improving financial literacy is the key to promoting wealth-building and preparation for the future in Finland. Our customers can use the My financial balance service on OP-mobile to better understand the income and expenses that make up their personal finances. The service enables customers to monitor and change their spending habits, for example. In 2021, more than 230,000 customers actively used OP's My financial balance service to manage their personal finances.



# Corporate Banking

OP Financial Group's Corporate Banking segment provides banking and asset management services for corporate and institutional customers.

With long-term cooperation, we promote the success, growth and internalisation of our corporate customers, and foster our customers' sustainable economies. Finland, Estonia, Latvia and Lithuania form our home market.

## OP Corporate Bank is an everyday partner for corporations and institutions

OP Corporate Bank's services include financing, interest rate and currency hedging, payment services, management of cash flows and working capital, and asset management. Our great strength is our wide-reaching local service network in Finland. We also offer an extensive partner network and broad range of services meeting the international needs of corporate customers. We tailor our solutions to customers' needs and continuously improve our offering in various service channels to provide the best customer experience in the market. Customer satisfaction with OP Corporate Bank was excellent in 2021: NPS 90.5 (range -100 – +100).

OP Corporate Bank provides comprehensive debt and equity financing solutions based on our own

healthy balance sheets and the capital markets. Our capital market services enable all customer groups to hedge against market risks and trade in financial markets. Our working capital solutions streamline purchasing and sales, helping our customers to succeed in their liquidity and asset and liability management. We create options for the financing of consumers and companies in Finland and abroad, and provide solutions for online purchasing and payment.

Our account and limit solutions promote effective management of cash flows. We provide corporate and institutional customers with asset management services ranging from discretionary portfolio management to advisory asset management. Our service range includes modern risk reporting and portfolio analysis, and solutions for companies' liquidity management.

OP Financial Group recognises its role as the largest provider of corporate financing in Finland and takes this responsibility seriously. We want to support our customers' transition to a climate-friendly economy by developing diverse products for responsible investment and green finance.



## We help our customers to prepare for the impacts of climate change

The financial sector's role in curbing climate change is mainly based on financing and investment. Together with our customers, we want to enable the transition to a more sustainable future.

OP Corporate Bank is committed to becoming carbon neutral in its corporate loan portfolios, and OP Asset Management and OP Fund Management Company in their managed funds, by 2050. In addition to this long-term target, we are creating a roadmap for achieving major emission reductions before 2050, especially in Finland, our main market in corporate lending. We will halve the greenhouse gas emission intensity of our mutual funds by 2030.

Through our actions, we want to ensure that our corporate customers are prepared for the impact of climate change. We support companies shifting to low-carbon operations by providing them with green loans for climate and environmentally friendly projects, on better terms than normal loans.

OP Corporate Bank does not finance new coal power plants or coal mines, or companies that plan to build them. Neither do we finance new corporate customers with financial dependence of over 5% on coal as an energy source, measured in net sales. The only exceptions are corporate customers committed to making the

low-carbon economy transition, which present a concrete plan to withdraw from coal.

In asset management, we will stepwise tighten our coal-exclusion policy by the end of 2030.

Active ownership has always been integral to our responsible investment measures. We will further develop our engagement with companies in which we have holdings to push them even harder towards achieving our carbon neutrality goals.



## Solutions to support businesses

We offered 300 million euros in new financing to mid-size companies, in cooperation with the European Investment Bank (EIB). The EIB's support was enabled by the European Guarantee Fund's (EGF) guarantee programme, helping companies to make new investments and recover from the pandemic. OP Corporate Bank has solid experience of the Finnish corporate sector and acting as an intermediary for EIB financing in Finland.

In the summer, we were the first bank in Finland to provide corporate customers with the multi-bank feature for viewing their accounts and account transactions with other banks, and making payments from such accounts. This feature simplifies companies' daily business and cash flow management by providing a broader and more real-time view of their cash position. The multi-bank feature uses third-party banking interfaces opened after the implementation of the second payment services directive (PSD2) in 2019.

We want to be actively involved in converting Finnish properties to achieve carbon neutrality. Finland's largest residential property fund, OP-Rental Yield, will make all its properties net zero emission compliant by 2030. Energy efficiency is in the interests of both property investors and tenants.

We want to develop Finnish infrastructure on a long-term basis while keeping its ownership in domestic hands. The market's first Finnish evergreen infrastructure fund, OP Finland Infrastructure, raised a total of 158 million euros in commitments in its first round of funding.

”

As the first bank in Finland, OP enabled multi-banking for businesses.

# Insurance

The Insurance Customers segment comprises Pohjola Insurance, OP Life Assurance Company and Pohjola Hospital (until 1 February 2022).

Pohjola Insurance is Finland's leading non-life insurer and has a market share of 32.8% (2020). It provides a wide range of non-life insurance services for personal, corporate and institutional customers.

OP Life Assurance Company provides life insurance services and services for saving through insurance as well as pension solutions for businesses. In terms of premiums written, OP Life Assurance Company was the third largest company, with a market share of 17.6%. In terms of unit-linked insurance assets, it was the second largest company, with a market share of 26.9%.

Pohjola Hospital focuses on orthopaedics, or musculoskeletal disorders and injuries. In July, we announced that Pohjola Insurance would focus on non-life insurance and sell all shares of Pohjola Hospital to Pihlajalinna. The sale was finalised on 1 February 2022.

## We help to prevent losses and pay compensation if loss occurs

Pohjola Insurance wants to be a risk management partner for customers: we assess their potential

risks, help them to prevent losses, and ensure a smooth and efficient claims settlement process. We provide insurance solutions that meet customers' needs.

We ensure that customers are aware of their risks and that any loss or damage they suffer does not lead to insuperable financial or personal difficulties. We promote easy and safe daily lives by building the best possible package alongside each customer.

Our key insurance lines for personal customers include motor vehicle, home and other property policies, as well as personal insurance, such as accident and health policies, for home life and travel.

We provide corporate customers with extensive and diversified risk management services that help them to ensure undisrupted and secure business operations if problems occur. We safeguard business continuity, support employees' work ability and help to create a safe working environment.

The key insurable assets of corporations include entrepreneurs, their human resources, fixed and current assets, shipments, vehicles and the business itself. Additionally, we offer corporations



Almost  
**90%**

of claims arising from natural phenomena are related to storms

## Climate change has a significant impact on the non-life insurance business

Exceptional natural phenomena caused by climate change, such as storms and floods, are clearly reflected in the claims statistics of Pohjola Insurance. For example, the number of claims reported in June 2021 doubled from normal levels for a couple of weeks due to unusually violent storms. Our statistics indicate that the amount of loss or damage caused by natural phenomena has increased in general, but with considerable variation from year to year.

Around 5% of claims paid from personal customers' home insurance relate to natural phenomena. Almost 90% of claims arising from natural phenomena are related to storms and the

resulting property damage. The average amount claimed due to a natural phenomenon is around 2,000 euros.

The largest economic losses due to natural phenomena have been caused by storms. According to estimates, storms are unlikely to grow stronger in the Nordic countries, but rainfall will become heavier and the risk of floods will increase. Storms currently cause most, or 73%, of forest damage. A total of 16% of forest damage is caused by snow and 6% by insects.

Global destruction caused by climate change is reflected in the insurance business, through international corporations whose

operations are insured around the world. Climate change is also affecting the price and even the availability of reinsurance. In the long term, this will be reflected in the Finnish insurance market and insurance prices.



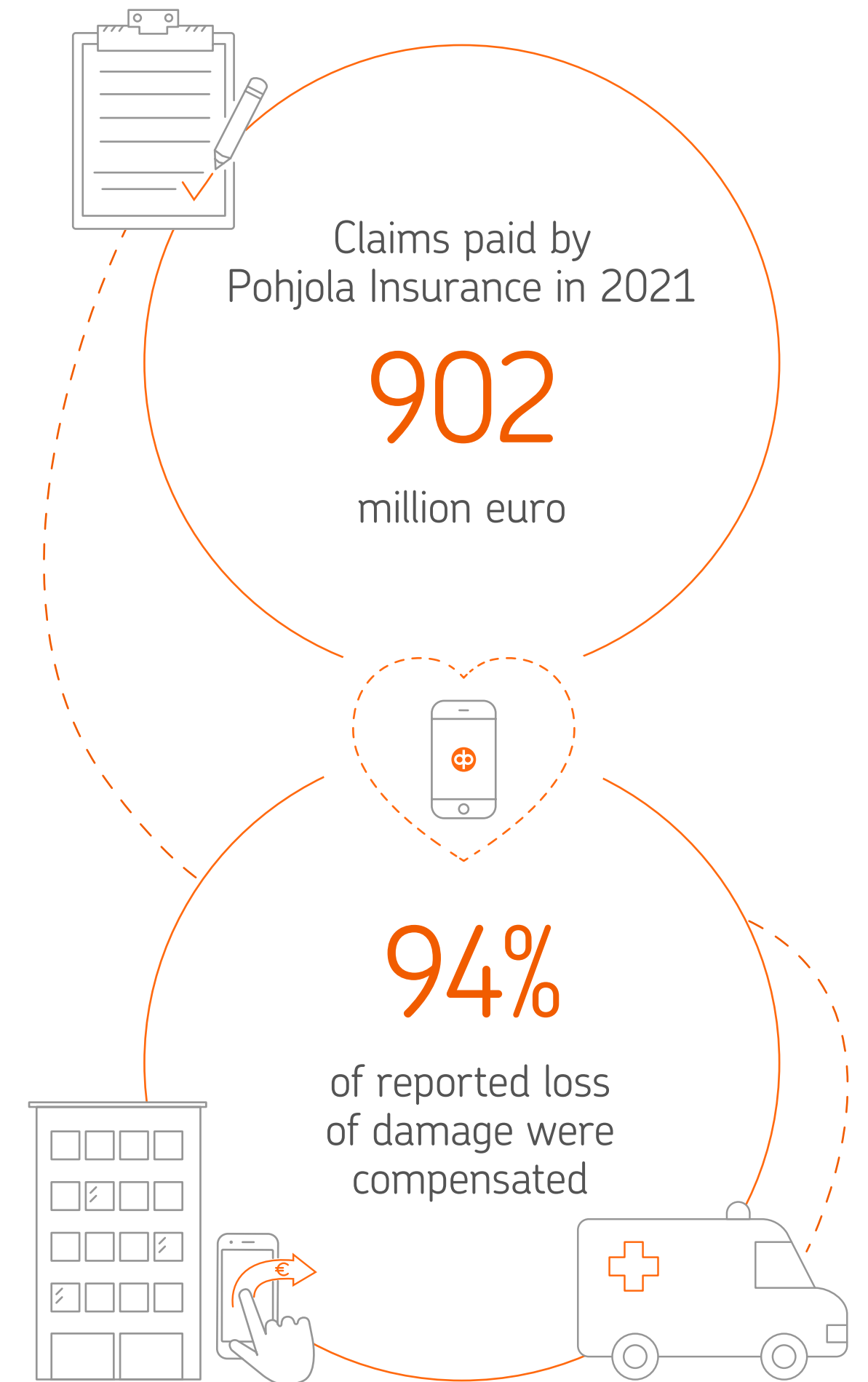
cyber-insurance against data damage, and liability insurance.

Our Pohjola Claim Help service provides a quick way of managing loss situations. The service provides customers with information in cases of loss or damage, the contact details of our partners, and advice on what each insurance covers. It is available on both OP-mobile and OP Business mobile.

### We pay more than 900 million euros per year in insurance compensation

In 2021, Pohjola Insurance paid 902 million euros in insurance compensation. Every year, we pay compensation in around 95% of all reported cases of loss or damage. Motor vehicle damage, personal injury and property damage claims each account for around a third of total claims. Restrictions imposed as a result of the Covid-19 pandemic continued to reduce claims significantly in 2021. However, the claims trend returned close to normal in the autumn.

Personal customers file around 51% of their loss reports online or on mobile. Pohjola Insurance has claims-service partnership agreements with firms representing over 20 industries, such as health-care service providers, car repair shops, eyeglass retailers, building renovation firms and household appliance retailers. With these partnerships, we can ensure a high-quality customer experience and claims services that are cost-efficient, consistently high quality and nearby for customers.



The Health Advisor service is available for Pohjola Insurance customers, free of charge, with the purpose of making diagnostics easier. Our Health Advisors also evaluate whether a customer's illness or injury is covered, and authorise our partner hospitals and clinics to bill Pohjola Insurance directly. Pohjola Insurance's Health Advisors assisted 170,000 customers in 2021. The Health Advisor service delivered an excellent customer experience in 2021: NPS 83 (on a scale of -100 – +100).

### Pohjola Insurance will upgrade its core systems in the coming years

Pohjola Insurance has launched its largest-ever information system project, with the aim of upgrading its systems over the next few years. The project covers systems related to sales and management of insurance policies, compensation, and the related support systems. This will enable fast-paced service and process changes to meet business and customer needs. In early 2021, occupational accident and occupational disease insurance was the first insurance line to be launched on the new platform.

### We promote traffic safety

Pohjola Insurance wants to help its customers to prevent accidents and injuries. We are working with partners to reduce the number of road accidents and change attitudes towards traffic safety.

We collaborate with the Finnish Driving Schools Association and around 20 practice tracks around

the country to encourage young people to drive safely. All drivers who complete track training as part of their car or motorcycle driving lessons are given a discount on their first year's comprehensive motor vehicle insurance. In April, we launched a campaign expanding the discount to those seeking a driving licence for a moped. Pohjola Insurance is also a co-sponsor of a crisis service for motorists.

In May, we published the brochure, Information on motor liability insurance, in easy English, the first insurance brochure of its kind by OP Financial Group and the second in Finland.

### OP Life Assurance Company helps customers to prepare for the future

OP Life Assurance Company provides a full range of term life insurance, savings and investment products and services. It also offers a wide range of supplementary pension and investment solutions for employee remuneration and companies' investment needs.

With term life insurance, our customers can secure their own and their families' livelihoods and ensure that loved ones are not burdened by loan repayments in the event of a death. Saving through insurance is an easy and flexible way of investing in funds and of building wealth in the long term. Pension solutions offered by OP Life Assurance Company to businesses are a way of rewarding personnel: they help to strengthen current commitment and create safety for the future by supplementing statutory pension cover.

OP Life Assurance Company's new, confirmed strategy implementation plan aims at strong growth in all product lines.

In June, term life insurance policies were included in Pohjola Insurance's prime customer benefits. Buying life insurance online became easier; our customers can now buy a joint cover policy online as well as through other channels. We also added new options for the amount of life insurance benefit. In 2021, we continued to develop our online services for saving through insurance, in features such as the use of services by minors and the investor profile.

### Pohjola Hospital gets customers back on track

Pohjola Hospital's core task is to provide first-rate diagnostics, treatment and rehabilitation for occupational accidents and sports or other injuries. Pohjola Hospital operates in five locations: Helsinki, Kuopio, Oulu, Tampere and Turku. It has succeeded in shortening a patient's stay on the clinical pathway significantly, which benefits employees, employers, society and non-life and pension insurers due to shorter absences and lowered costs, claims paid and loss of income. The NPS among Pohjola Hospital surgery patients has been excellent since the first hospital was opened, attaining 97 in 2021. Pohjola Hospital became part of Pihlajalinna on 1 February 2022.

### We promote physical activity

Promoting physical activity and exercise is an important element of Pohjola Insurance's and Pohjola Hospital's work. Through our extensive cooperation with sports federations, we encourage physical activity among children and young people by sponsoring low-threshold activities for them. We aim 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 providing guidance to sports clubs and coaches. More than 2,000 coaches training children and young people used the Sports Advisor service in 2021.

In addition, Pohjola Insurance, SuperPark and Hope ry inspired young people to become involved in physical activities: in October 2021, they gave families with limited means tickets, worth a total of around 50,000 euros, to SuperPark indoor activity centres.

# Corporate responsibility

Responsibility is one of OP Financial Group's core values and the foundation of everything we do. In this section, we will describe OP Financial Group's corporate responsibility work, ESG aspects and the implementation of our Corporate Responsibility Programme. We will also provide the related indicators based on the GRI (Global Reporting Initiative) Standards.



# Responsible player

Corporate responsibility is an integral part of OP Financial Group's strategy and each employee's daily work, decisions and activities. OP Financial Group aims to be a forerunner in corporate responsibility within its sector in Finland. Together with our customers, we are enabling a more sustainable future.

OP Financial Group's corporate responsibility work is based on our mission and core values. Being a Group owned by its customers, OP has a particular obligation and opportunity to act for the benefit of customers and the operating region, even when transformations in society and the economy create new needs and opportunities. The Code of Conduct includes OP Financial Group's corporate responsibility and environmental principles, which all those employed by OP Financial Group must observe. In addition, we have a number of more detailed policies and guidelines that help with putting the Code into practice. Partners of OP Financial Group are expected to comply with the Supplier Code of Conduct.

OP Financial Group's corporate governance practices cover most aspects of corporate responsibility management. The most important management approaches are laid down 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, upholding the principles of honesty and fairness. OP's Risk Management and Compliance organisations also oversee risks and compliance related to corporate responsibility. These organisations operate independently of the business divisions.

OP Financial Group's responsibility activities are guided by its Corporate Responsibility Programme.

## Corporate responsibility organisation

The Board of Directors of OP Cooperative (the central cooperative of OP Financial Group) approves the Corporate Responsibility Policy and CR Programme, and significant changes to them. The ESG Committee established by the Executive Management Team prepares OP Financial Group's CR Programme for the Board's approval, and tracks progress against the agreed targets. OP Cooperative's Supervisory Council regularly reviews the Group's CR Programme and monitors its implementation. In OP

Financial Group's executive management, the person responsible for corporate responsibility is the Executive Vice President of Banking Corporate and Institutional Customers.

Corporate responsibility features regularly on the agendas of not only the central cooperative's 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 enable stakeholders to give us feedback on corporate responsibility issues.

## Global commitments

OP Financial Group became a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI) in September 2019. The

Principles set out the banking industry's responsibility in shaping a sustainable future and aligning 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.

In addition, OP is among the 38 signatory banks of the Collective Commitment to Climate Action (CCCA). The initiative supports the transition to a net-zero carbon economy by 2050. OP Financial Group's fund and asset management companies were among the first such companies in Finland to sign the Principles for Responsible Investment (PRI) supported by the United Nations, and OP is a founding member of Finland's Sustainable Investment Forum (FINSIF). OP has also signed the Montreal Pledge, which encourages investors to report the carbon footprint of their investments. OP Asset Management is involved in the climate, water and deforestation initiatives of the CDP, in the CDP's Science-based Targets initiative and in the international initiative Climate Action 100+, in which investors influence those listed companies that are the world's largest greenhouse gas emitters.

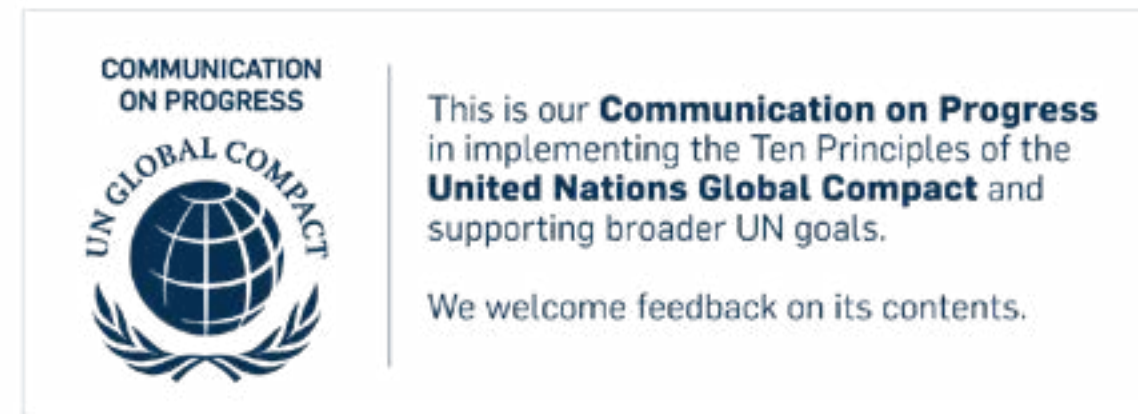
Pohjola Insurance committed to the UN Principles of Sustainable Insurance as of 1 January 2022.



## Risk management and control

At OP Financial Group, OP Cooperative’s Board of Directors is the most important decision-making body for duties related to risk management. The Risk Committee of the Board of Directors assists the Board in performing duties related to risk-taking and risk management. OP Cooperative’s Board of Directors ensures 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 Financial Group organisations regularly analyse operational risks involved in their respective businesses. Risk and control self-assessment is based on the organisations’ self-evaluations of operational risks and risk management. The process involves each organisation identifying and evaluating the most important operational risks associated with its operations. Risk identification is facilitated by a Group-wide operational risk library system that comprises the risk library, the cause and impact library, and the controls library. Environmental, social and corporate governance (ESG) perspectives are included in both the risk library and the cause and impact library. 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



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

assessment. Regular risk reviews are held to keep the Executive Management Team and the Board of Directors informed of any significant risks that have materialised. Group Executive Management is informed of significant phenomena identified and analysed in the assessments. The effectiveness of the risk and capital adequacy management efforts of OP Financial Group and its entities is evaluated on an annual basis. Internal audits are conducted annually to assess the status of internal controls and capital adequacy management.

Risks related to corruption are considered operational risks. Observations relating to corruption can be linked, for example, to the bribery and corruption risk through the risk library and to the intentional and/or criminal motive cause through the cause library.

Internal audit constitutes independent and objective assessment, verification and consulting activities with a view to generating added value to OP Financial Group and improving its operations. The central cooperative’s Internal Audit is responsible for the performance of Group-level, risk-based internal audit in all OP Financial Group entities. Internal Audit annually draws up an action plan based on the Internal Audit assessment of current risks and significant future risks associated with OP Financial Group’s operations. The action plan and its changes, if any, are discussed by OP Cooperative’s Executive Management Team and the Audit Committee of the Board of Directors and approved by OP Cooperative’s Board of Directors.

Internal control covers all organisational levels. Internal control in its most extensive form primarily takes place at the operational level, where internal control is a part of continuous processes and daily routines to ensure that operations conform to set objectives. Internal control in OP Financial Group includes a whistle-blowing channel for anonymous reports on suspected cases of fraud or violation of rules and regulations.

OP Financial Group as a credit institution is 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 to an applicable extent by the national regulators. OP Financial Group uses Group-wide financial reporting and risk reporting to monitor the achievement of business goals and financial targets, and these reports are regularly reviewed at the meetings of senior management and 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 the performance and risk exposure and any deviations from targets. External reporting is based, for example, on the International Financial Reporting (IFRS) Standards, the Finnish Limited Liability Companies Act, Act on Credit Institutions, Insurance Companies Act, Accounting Act, and the standards and regulations issued by the Financial Supervisory Authority. The auditor for OP Cooperative must be a firm of authorised public accountants certified by the Finnish Patent and Registration Office. More detailed information about OP Financial Group’s governance system in 2021 is available in the [2021 Corporate Governance Statement](#).

## TCFD-referenced climate disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) has drawn up recommendations on how companies should report on the economic impacts of climate change on their business.

Identifying and analysing drivers of change in the business environment forms part of the risk identification procedure. In the continuous risk identification process, Risk Management and representatives of internal stakeholders assess any risks – such as climate change and the ageing population – that might have a direct impact on OP Financial Group’s business activities in the short term and/or the business environment in the longer term, and thereby affect OP Financial Group’s business activities.

### 1. Governance

The Board of Directors of OP Cooperative monitors the impact of climate and environmental factors, as well as other risk factors, on our risk exposure. All business divisions and centres of excellence have begun integrating perspectives related to climate and environmental risks in all of OP Financial Group’s functions and processes. Such integration is supported by the risk management and corporate responsibility functions.

The Board of Directors supervises the management of climate and environmental matters by determining OP Financial Group’s strategic priorities and indicators and policies subject to monitoring,

including those related to climate and environmental risks. The Board of Directors also discusses ESG matters on a regular basis and receives training on ESG matters.

OP Financial Group has an ESG Committee tasked with supporting the management of ESG and other corporate responsibility matters. The ESG Committee established by the Executive Management Team monitors, controls and reports on the implementation of the corporate responsibility programme, prepares Group-level policy priorities and monitors corporate responsibility regulation.

### 2. Strategy

Responsible business is one of OP Financial Group’s strategic priorities. We take account of sustainable development and climate and environmental factors in everything we do. As a financier, insurer, investor and developer of services and products, we support our customers and other stakeholders in the sustainability transition of their businesses or other functions. We work with our customers to enable a more sustainable future.

OP Financial Group’s short-term (1–12 months) goal is to increase the proportion of responsible corporate lending, develop new, sustainable products and further specify the calculation of emissions from business operations. The Group’s medium-term (1–5 years) goal is to be carbon negative in its operations by 2025.

As our long-term goal (beyond 5 years), OP Corporate Bank is committed to becoming carbon

neutral in its corporate loan portfolios, and OP Asset Management and OP Fund Management Company in their managed funds, by 2050. In line with the UNEP FI Principles for Responsible Banking, OP Financial Group is committed to aligning its loan portfolio with the Paris Agreement. We will reduce emissions from our loan portfolios in accordance with the principles of the GHG protocol. Sector-specific emissions in our exposures portfolio are presented on [page 59](#).

We leverage the opportunities provided by climate and environmental perspectives in our product development. Green and sustainability-linked loans granted by OP Corporate Bank totalled 3,036 million euros at the end of 2021. OP Financial Group has issued three green bonds: OP Corporate Bank’s EUR 500 million green bond and the EUR 500 million senior non-preferred green bond issued in January 2022, as well as the EUR 700 million green covered bond issued by OP Mortgage Bank.

### 3. Risk management

From the risk management perspective, drivers of change in the business environment, such as changes related to climate and the environment, are not risks as such for a financial services provider, but are channelled into financial risks in the banking and insurance business through various impact chains. External change drivers may provide opportunities, but they can also jeopardise operating conditions in some industries. For example, climate change may improve the operating conditions and

competitiveness of Finnish agriculture, but weaken profitability in another sector due to changes in customer behaviour, lower collateral values in some areas and a higher than predicted growth in regulation-related costs. In credit institutions, the abovementioned impacts are reflected, either directly or indirectly, in risks such as credit, liquidity, market, reputational and operational risks. The Risk Committee of the Board of Directors oversees risk management, including that related to climate and environmental factors.

Climate and environmental risk factors can be divided into physical risks and transition risks. Physical risks include risks arising from extreme weather phenomena, such as floods and heatwaves, or from other environmental risk factors such as the scarcity or contamination of natural resources. Transition risks arise from new regulations, changes in customer behaviour or the adoption of new technology.

The sector to which financing is provided or investment made affects credit risk. Physical risks may affect the value of real property, including the value of collateral through buildings, for example. The transition to a low-carbon economy may affect, for example, the value of assets that are dependent on energy inefficient or fossil fuels.

Through changes in market expectations, climate and environmental risk factors may impact on both the market risks involved in OP Financial Group’s investment operations and the preferences of our investor clients. OP Financial Group attempts to reduce the impacts of liquidity risk by issuing green covered bonds.

Extreme weather phenomena may cause physical damage and, thus, operational risks in our business locations. Failure to fulfil the expectations of shareholders may cause reputational damage.

In its investments, OP Financial Group manages the impacts of short-term and long-term climate risk factors by screening and excluding coal-dependent mining and electricity companies from its active and direct investments. We also keep a close eye on demand for other fossil fuels, and try to take the associated risks into account in our investment decisions. We also screen and exclude companies that have been found guilty of violations of international standards. 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.

#### 4. Indicators and targets

OP Corporate Bank is committed to becoming carbon neutral in its corporate loan portfolios, and OP Asset Management with respect to the funds of OP Fund Management Company under its management, by 2050. We plan to substantially reduce our emissions even earlier, especially in Finland, our main market in corporate financing. We will halve the greenhouse gas emission intensity of our mutual funds by 2030.

OP Corporate Bank does not finance new coal power plants or coal mines, or companies that plan to build them. Neither does it finance new corporate customers with financial dependence of over 5% on coal as an energy source, measured in net sales. The only exceptions are corporate customers committed to making the low-carbon economy transition, which present a concrete plan to withdraw from coal.

Through our actions, we want to ensure that our corporate customers are prepared for the impact of climate change. We encourage companies' low-carbon operations by providing them with green loans for climate and environmentally friendly projects, on better terms than normal loans, while ensuring their debt-servicing capacity.

In asset management, we are committed to the stepwise tightening of our coal-exclusion policy, so that direct and active investments exclude business related to coal mining or coal power generation by the end of 2030.

Active ownership has always been integral to our responsible investment operations. We will further develop our corporate engagement and voting at shareholders' meetings to push even harder for the achievement of our carbon neutrality goals.

OP Fund Management Company publishes carbon footprint calculations for its managed equity and fixed income funds twice a year, and fund-specific ESG analyses for the majority of such funds four times a year. These analyses 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 buildings. Corporate responsibility analyses also include calculating each portfolio's overall corporate responsibility score.

#### Responsible procurement

OP Financial Group's procurement function aims to ensure that the services and products it purchases are cost efficient overall, of high quality, sustainable and regulation compliant. In cooperation with business divisions, centralised procurement is also tasked with overseeing OP cooperative banks and other stakeholders to ensure that the selected suppliers are managed professionally.

In 2021, the value of OP Financial Group's centralised purchases totalled approximately 2 billion euros. The Group had almost 20,000 suppliers of products and services. Most of the suppliers are based, and the services are provided, in Finland. In terms of purchase volumes, the largest purchase categories were Insurance claims services, ICT and Building management services. In addition, OP Financial Group's business divisions took care of their own funding and investment-related acquisitions.

#### Supplier Code of Conduct

Our Supplier Code of Conduct is binding on all suppliers and partners of OP Financial Group. The Code of Conduct is based on OP Financial Group's core values, corporate responsibility priorities and



Code of Business Ethics, as well as the principles of the UN Global Compact Initiative. We require that our product and service suppliers comply with local legislation, regulations of the authorities, and good business practices of their respective sectors. Suppliers must also ensure that any suppliers and subcontractors in their own supply chain observe the same principles. At the moment, around half of all purchases of OP Financial Group are made from suppliers who have undertaken to comply with our Supplier Code of Conduct. In 2022, we aim to further increase the number of suppliers complying with the Code of Conduct.

In addition to universal minimum requirements, we strive to identify the most important responsibility themes and criteria for each of the categories of goods we purchase and to apply service-specific or category-specific responsibility requirements. We perform an initial evaluation of suppliers' responsibilities in our supplier approval process as part of a broad suitability assessment of potential partners, and subsequently in connection with competitive tendering and at regular intervals in accordance with an operating model established alongside OP Financial Group's Procurement function.

We encourage supplier transparency and dialogue on operating instructions and the development of responsible business collaboration.

## Supplier audits as part of responsibility assessment

The Procurement function observes regulatory requirements applicable to OP Financial Group and ensures regulatory compliance in areas such as supplier contract updates and regulatory reporting. The purpose of supplier audits is to ensure that OP Supplier Requirements are implemented in practice, increase cooperation transparency and support suppliers in correcting any shortcomings. Besides the regulatory compliance of suppliers' business activities, the audits focus on matters related to employees' basic rights, human rights and environmental management. We performed audits on our major suppliers in 2021. The audits did not reveal any severe shortcomings. We will continue our supplier audits in 2022.

## Intensified cooperation with strategic ICT partners

In 2021, a major change in our supplier chain was the selection of our strategic ICT partners and the revision of cooperation models related to those partnerships. In future, we will create an even tighter partner ecosystem based on the OP operating model and shared practices, processes and tools. As part of this, we will also strengthen our culture of working as a single team and set goals for ensuring the diversity and equality of teams and for reducing the carbon footprint of services provided to OP.

During the Covid-19 pandemic, we have been in regular dialogue with strategic partners that supply OP Financial Group with application and maintenance work related to ICT services. With respect to country risks, we have monitored the situation in India in particular.

## Pohjola Insurance's claims services focus on responsible collaboration with partners

Pohjola Insurance's claims services focused on responsibility, and required it from their partner network. We continued active dialogue with our partners and ensured that responsibility is embedded in our supply chains. All our partners have approved our Supplier Code of Conduct.

In 2022, we will determine responsibility indicators with our partners. For example, as regards replacements, we will monitor the extent to which damaged property can be repaired and what proportion of discarded items is recycled.

## Aiming for a reduction in emissions from supply chains

Our aim is to join forces with our suppliers in order to actively reduce emissions in our supply chains. We will reduce the indirect greenhouse gas emissions throughout our sourcing operations. While the reported emissions from sourcing involve uncertainties, the results can help us to prioritise corporate

responsibility activities in the sourcing categories, products and suppliers that are most significant in terms of greenhouse gas emissions. Regarding greenhouse gas emissions, our most significant sourcing categories include insurance claims services (property claims, motor vehicle claims and health insurance services) and building management services, which include functions related to the construction and maintenance of buildings.

In 2022, we will continue our cooperation and dialogue with suppliers in order to achieve our responsibility goals in our supply chains.

# We foster a sustainable economy

We work together with our customers to build a sustainable economy and promote efforts to mitigate and adapt to the effects of climate change.

Greenhouse gas emissions from human activities have already caused major changes in our climate. Scientific research has proven that changes caused by climate warming are historically extensive, rapid and partly irreversible, and are having a widespread impact on our society.

OP Financial Group is committed to the Paris Agreement, which aims to hold the increase in the global average temperature well below 2°C above pre-industrial levels and to limit the rise in temperatures to 1.5°C above pre-industrial levels. OP Financial Group's objective is to build a sustainable economy together with its customers. While developing our business operations, we support mitigating climate change and adapting to it by, for instance, developing products and services that encourage our customers to act in a more sustainable manner. Besides climate aspects, we take account of other environmental impacts, such as biodiversity and social and governance perspectives.

OP Corporate Bank does not finance new coal power plants or mines, or companies that plan to build them, or provide finance for new corporate customers whose financial dependence on coal as an energy source is over 5 per cent, measured in net sales.

## Towards a carbon-negative OP Financial Group

OP Financial Group's goal is to be carbon neutral by 2025, which means not producing emissions from the energy and fuels that we use (Scope 1 and Scope 2). Emissions from OP Financial Group's own operations (Scope 1 and Scope 2) have decreased by approximately 27 per cent (i.e. 9,362 tn CO<sub>2</sub>e) since 2011 (2011: 34,847 tn CO<sub>2</sub>e). In 2021, direct and indirect emissions (Scope 1+2) totalled 25,485 CO<sub>2</sub>e tonnes (17,922). The figures for 2020 and 2021 are not comparable since the calculation method was further specified in 2021.

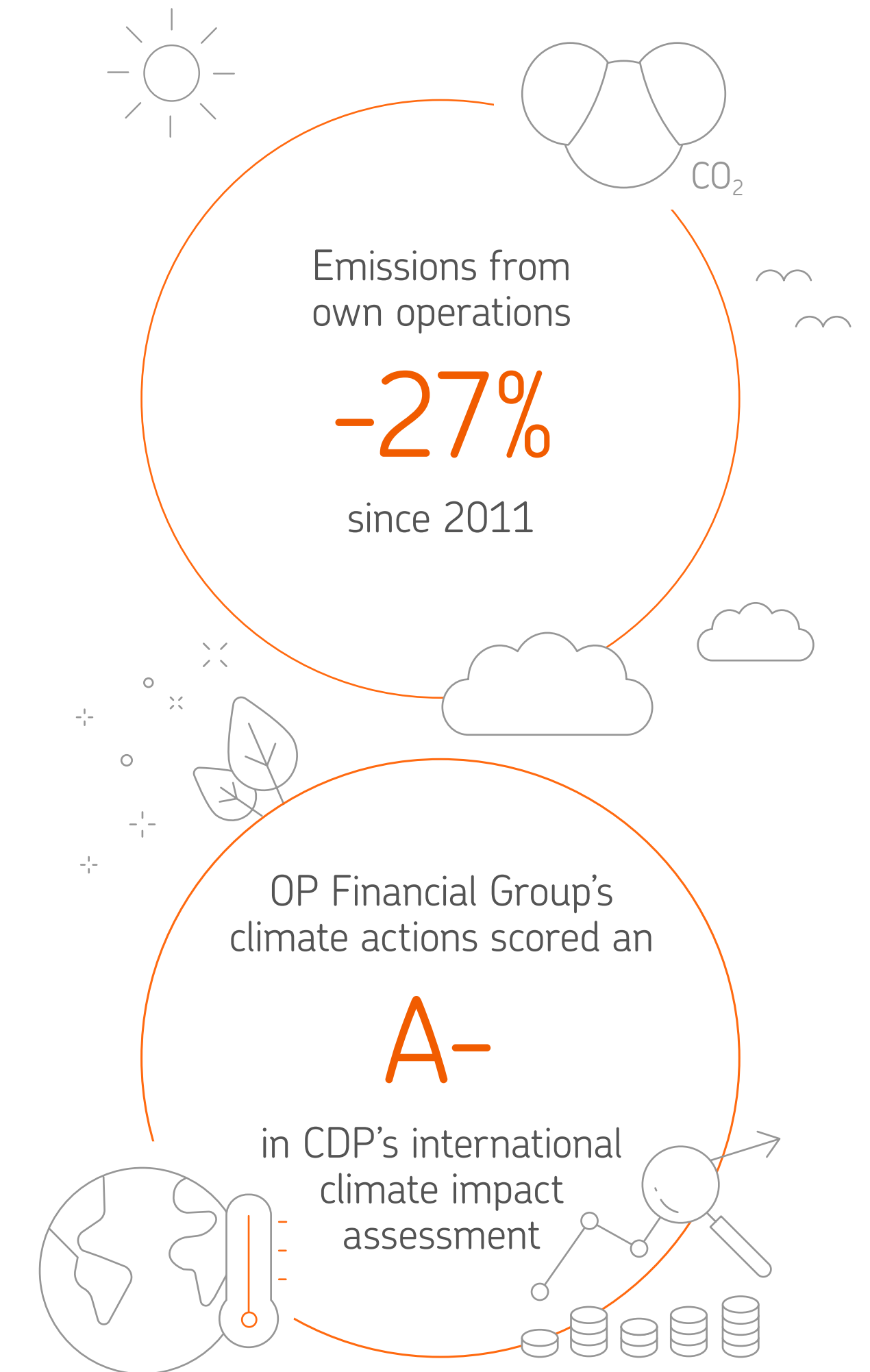
To cut emissions, OP Financial Group has increased the use of renewable energy and built solar power plants on the roofs of business premises. OP's Vallila offices have used renewable electricity since 2015 and zero-emission district heating since 2020. We strive to reduce emissions from our offices, generate and make use of renewable energy and promote low-emission transport. Renewable electrical energy accounted for 36 (41) per cent of OP Financial Group's total electricity consumption in 2021. Our new energy management system enables

us to rapidly address any deviations in our energy consumption and, thereby, identify faulty equipment or incorrect settings. In addition, the environmental management of OP Financial Group's offices is based on the WWF Green Office system.

## Our most significant climate impacts arise from our business operations

The biggest contributor to our other indirect (Scope 3) greenhouse gas emissions are our investments, in other words, the emission impact of our loan and investment portfolio. OP Corporate Bank is committed to ensuring that its corporate loan portfolios are carbon neutral by 2050. OP Asset Management and the funds that it manages jointly with OP Fund Management Company have made the same commitment. In addition to this long-term target, we are creating a roadmap for major reductions in emissions before 2050, especially in Finland, our main corporate financing market. We will halve the greenhouse gas emission intensity of our investments by 2030.

We calculate our emissions according to the GHG Protocol, taking account of emissions attributable to financing, funds and property investments, but leaving out emissions from, for example, project financing and other investments. We measure the carbon footprint of all OP funds. For further information, see [op.fi](https://www.op.fi).



Green bonds

OP Green Bond  
(issued in 2019)

€500 million

Green Covered Bond  
(issued in 2021)

€700 million

Senior non-preferred Green Bond  
(issued in 2022)

€500 million

Green finance

Green loans, sustainability-linked  
loans and credit limits

€3,036 million

Solutions for sustainable finance

We want to help our clients in transitioning to a climate-friendly economy. Our clients and investors are increasingly interested in sustainable finance, green finance, green lending and green bonds. From a bank's perspective, responsible investment and sustainable finance mean taking corporate responsibility into account and incorporating it into all investment and financing decisions. It also means 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.

In 2021, OP Corporate Bank was one of the most active arranger banks in the issuance of green bonds, participating in the issues of four large corporations.

OP Financial Group prepares an ESG (Environmental, Social, Governance) analysis of its corporate customers as part of assessing their creditworthiness. The new guidelines on loan origination and monitoring issued by the European Banking Authority require credit institutions to identify their customers' exposure to risks arising from environmental, social and governance factors, and to assess the appropriateness of customers' mitigation strategies for managing these themes.

In the ESG analysis, we assess the companies, schemes or projects seeking financing and group them into ESG industry categories based on their exposure to ESG factors typical of their industry.

The customer-specific ESG analysis process is guided by the ESG industry category, which determines the level of analysis required for new loan decisions. Climate change, biodiversity impact, circular economy, human resources, product liability and collective impact are among the most common themes covered in this analysis. The purpose of the analysis is to assess how well the companies have included essential ESG themes in their business models and how these themes will affect their business operations and potential.

OP Corporate Bank has developed two products based on the international framework for sustainable finance: green loans and sustainability-linked loans. Green loans are designed for corporate customers that can make a commitment to using the borrowed funds to promote specific projects, while sustainability-linked loans are for corporate customers that are prepared to pursue sustainability-based performance targets agreed with the lender. The marginal interest rate on sustainability-linked loans depends on the agreed targets. Our green loans and sustainability-linked loans are designed to encourage businesses to invest more in sustainability. At the end of 2021, total exposures from these loans and facilities stood at 3,036 million euros (1,523).

OP Corporate Bank issued its first green bond in 2019 and the second one in January 2022. Proceeds raised through the bonds are used to promote sustainable corporate finance. Eligible sectors to be funded include renewable energy, energy efficiency, green buildings, pollution prevention and monitoring (including sustainable water supply), sustainable

land use and clean transport. The annual Green Bond Report and other documents relating to green bonds are available on [OP Financial Group's debt investors pages](#). In March 2021, OP Mortgage Bank issued Finland's first green covered bond aimed at the funding of green buildings.

New responsible investment options

OP has four sustainability-themed mutual funds (OP-Sustainable World, OP-Climate, OP-Clean Water and OP-Low-carbon World), which have seen a 289 per cent rise in the number of investors over the last three years. In 2021, OP-Climate attracted the highest number of new unitholders among mutual funds registered in Finland.

In addition to theme funds, responsible investment funds include index funds and the OP-Target funds available on OP-mobile. Five index funds (OP-America Index, OP-Europe Index, OP-World Index, OP-Asia Index and OP-Nordic Countries Index) track an ESG index which places greater weight on companies that integrate ESG risks better than their peers. These funds do not invest in companies that have ties to the manufacture of controversial weapons or that have violated international standards. Target funds, too, place greater weight on companies that integrate ESG risks better than their peers, and target funds avoid investments in controversial sectors. Assets under management invested through responsible investment funds totalled 8.8 billion euros (4.9) at the end of 2021.



All forests supported by the OP-Forest Owner Fund are PEFC certified, in addition to which around 30 per cent are FSC certified. OP controlled around 110,000 hectares of woodland in Finland in 2021, which makes it the fifth largest forest owner in the country.

OP Financial Group takes extensive account of climate change in its investment operations. OP Asset Management and OP Fund Management Company are committed to becoming carbon neutral in their managed funds by 2050. In addition, we will halve the greenhouse gas emission intensity of our mutual funds by 2030. OP Asset Management never invests actively or directly in mining or electricity companies that rely heavily on coal. We will stepwise tighten our coal-exclusion policy in such a way that, by the end of 2030, our direct and active investments exclude business related to coal mining or coal power generation.

Pohjola Insurance continuously tracks 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.

### Active ownership

OP Financial Group manages customers' assets worth 111.8 billion euros (89.3). OP's asset management policy is based on the Principles for Responsible Investment. OP is an active owner that encourages its investee companies to do business

responsibly and its partners to pursue responsible investment.

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 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 voting instructions for 312 foreign AGMs in 2021. OP Fund Management implements its ownership policy by actively participating in the AGMs of companies listed in Finland. Its representatives attended AGMs of 47 Finnish companies during the year.

At the end of 2021, the OP funds managed by OP Asset Management held shares representing 93 (80) companies listed in Finland, of which 32 (36) per cent were engaged by OP Asset Management to discuss environmental and corporate responsibility issues during the year.

### Responsible investment strategies

Responsible investing is promoted through a range of sustainable investment methods. These include incorporating sustainability perspectives in investment decisions, keeping up with international standards, active ownership including voting and engagement,

negative screening and positive thematic investing. Portfolio managers making investment decisions have access to an in-house ESG analysis tool.

We use negative screening in all funds making active and direct investments, to exclude manufacturers of controversial weapons and certain producers and users of coal as well as companies that have been found guilty of violations of international standards and disregard external influence. Sustainability-themed funds and target funds apply screening and exclusion of sectors such as tobacco and fossil energy on an even more extensive basis.

We expect our active and direct investment instruments to conform with international standards such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises. If we find out that a company in which we are investing is suspected of violating international standards, we urge them to address the situation. An exception to this is companies which we own only through index funds. In index funds (excluding OP-Finland Index), companies that violate international norms are automatically excluded from the index based on the index methodology. If this does not produce the desired effect, the Committee for Responsible Investment may decide to sell the investment.

OP Financial Group's responsible investment priorities are confirmed by OP Asset Management's Senior Management Team. These priorities form the basis for the decisions of OP's ESG experts and the Committee for Responsible Investment.

## Property investment

In 2021, OP Real Estate Asset Management Ltd was the fourth largest property investor in Finland, measured by the market value of its direct property investments, which amounted to around 4.2 billion euros. This included more than 6,200 rental apartments and 157 nursing and commercial properties, which OP Real Estate Asset Management managed through its funds at the end of 2021. In addition, through its funds the company held 110,000 hectares of forest, 98 rented plots and 86 indirect property investments.

Consideration of responsibility issues and analysis of factors related to the environment, social responsibility and good governance (ESG) have been integrated with all operations and investment decisions of OP Real Estate Asset Management. OP Financial Group's Principles for Responsible Real Estate Investment take account of the UN Sustainable Development Goals. In 2021, OP Real Estate Asset Management Ltd participated for the first time in the Global Real Estate Sustainability Benchmark (GRESB) reporting with two of its funds. Three properties achieved the LEED Gold certification, increasing the number of LEED and BREEAM certified properties to 18 in 2021. In addition, all our forests are PEFC certified, and some are also FSC certified. Our corporate responsibility programme for forest investments aims to expand carbon sinks and protect and promote biodiversity.

OP Real Estate Asset Management Ltd is committed to promoting carbon neutrality in its property investment operations. Its responsibility targets include carbon neutral energy by 2030 and carbon neutral construction by 2050. In 2021, properties managed by OP Real Estate Asset Management Ltd were equipped with 40 solar power plants and 25 geothermal heating plants. Properties managed by OP Real Estate Asset Management have used renewable electricity since 2020. In autumn 2021, the company signed the Net Zero Asset Managers initiative. In 2020, we joined the Net Zero Carbon Buildings commitment. OP Real Estate Asset Management Ltd will publish its corporate responsibility review in spring 2022.



In 2021, OP Real Estate Asset Management Ltd was the fourth largest property investor in Finland, measured by the market value of its direct property investments.



# We support local vitality and community spirit

Supporting local vitality and communities has been a key part of OP Financial Group’s mission and responsibility since the foundation of the first cooperative credit societies. We have been an active part of Finnish communities at both local and national level for over 120 years.

Even today, we support local vitality by financing businesses around Finland. Thanks to our long-term knowledge of our local operating region, we can provide finance to households and businesses on a long-term basis regardless of economic changes. OP cooperative banks act for the benefit of the local community, fostering wellbeing and economic development in the area. Our local and national partnerships are a key aspect of corporate responsibility, and we encourage our employees to do voluntary work.

## Effective interaction both locally and digitally

Combined with versatile digital channels, 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 2021, the Group’s member banks had 324 branches and service outlets as well as 1,134 ATMs (shared between Finland’s banks) around the country.

## We support cultural and sports club activities

OP Financial Group and its nationwide network of OP cooperative banks are among Finland’s largest partners and sponsors of culture and sports. OP cooperative banks facilitate local activities and support local wellbeing through various concrete actions, sponsorships and donations. Examples of supporting local vitality include promoting the wellbeing of children and young people, sponsoring cultural activities, improving financial literacy, and teaching digital skills to older people. Through cooperation with sports clubs, OP cooperative banks promoted physical activities among a total of 304,000 people in Finland in 2021. At national level, OP Financial Group is the Finnish Olympic Committee’s main partner in promoting club and physical activities among children. The idea is to improve opportunities for physical activity in Finland, particularly among children.

Promotion of the same kind forms an important part of the work of Pohjola Insurance: through our

extensive cooperation with sports federations, we encourage physical activity among children and young people by sponsoring low-threshold activities.

## Hippos bring joy to families with children

The Hippo character is well-known among customers of OP cooperative banks since the 1970s. The purpose of the Hippo character is to promote active family time, support smart everyday choices, and help parents to teach children about responsible spending. Hippo strengthens children’s self-esteem by promoting joint activities and feelings of success. Free of charge, the Hippo Club is designed for OP cooperative bank customers from 3 to 8 years old. A Hippo magazine is delivered to Hippo club members twice a year. The hippo.fi site provides fun and games, puzzles and bedtime stories suitable for children, and information on upcoming Hippo events. In 2021, Hippo stories also became available on podcast.

## Campaigns supporting daily life

In the Backpack for every back campaign, OP Financial Group, Hope ry and OP’s customers joined forces for the fifth time to collect backpacks for children starting school. A total of 3,300 backpacks were donated for this purpose around Finland in July 2021.



## Hippo Games across generations – for the past 45 years

The first ever Hippo skiing contest was organised in 1977, when an OP cooperative bank in the area of Hämeenlinna wanted to celebrate its 40th anniversary by arranging a low-threshold event for small children. Many other OP cooperative banks adopted the idea right away. Hippo skiing contests attracted hundreds of participants from the first year onwards.

45 years later, Hippo Games continue to be popular. OP cooperative banks arrange them in the winter and summer in cooperation with local sports clubs around Finland. During the Covid-19 pandemic, many OP cooperative banks have encouraged self-arranged Hippo skiing events instead of public ones. Hippo Games provide children with a low-threshold opportunity to enjoy physical activities, increase community spirit and promote local wellbeing.

In its ‘Summer jobs paid for by OP’ campaign, OP Financial Group provides non-profit organisations across Finland with the opportunity to employ young people. In summer 2021, OP cooperative banks offered over 1,600 summer jobs in non-profit organisations to young people aged between 15 and 17 years. The total donation amount was approximately 640,000 euros.

Pohjola Insurance, the Finnish Pensioners’ Federation, Age Institute and the Finnish Association for the Welfare of Older People continued the ‘Ask a friend out’ campaign launched in 2020. The campaign encouraged older people who need assistance with outdoor activities to venture out safely with a volunteer friend. The volunteers received taxicards donated by Pohjola Insurance, enabling travel to places where the older people wished to go.

### Charitable donations

Overall, OP Financial Group’s charitable donations in 2021 totalled 2.4 million euros. As in 2020, the Group continued to support mental health work by donating a total of 100,000 euros. The Group continued its previous cooperation with MIELI Mental Health Finland by donating 70,000 euros to its Crisis Helpline. The Group also donated 30,000 euros to the Mielen tila (State of Mind) initiative by the Association of Friends of the University Children’s Hospitals, which supports the treatment of anxiety disorders among children and young people in Finland.

OP Financial Group donated 49,000 euros to the Baltic Sea Action Group (BSAG), which is working to restore the ecological balance of the Baltic Sea. In 2021, OP Financial Group Research Foundation distributed 1.2 million euros in grants for economic research, funding the work of 55 researchers and research groups.

The OP Art Foundation continually supports music as a performing art by lending its highly valued instruments to young musicians. The foundation also promotes Finnish visual arts and owns a collection of 3,500 works.

### One of the biggest taxpayers in Finland

OP Financial Group is one of the largest taxpayers in Finland. In addition, OP cooperative banks are often among the largest local taxpayers. All OP cooperative banks pay their corporate tax locally in their operating region. OP Financial Group’s income taxes for the financial year 2021 totalled 224 million euros (144). The effective tax rate was 19.8% (18.3). By paying taxes in Finland, OP Financial Group helps the entire country to prosper.

OP Financial Group’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 the Group. Indirect taxes include value added tax and insurance premium tax. Taxes collected by OP Financial Group on behalf of the government include those that the Group 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 Financial Group liable for value added tax payments or entitle it to deduct value added tax for purchases. OP Financial Group’s member cooperative banks and other companies are nevertheless liable to pay value added tax on their other business transactions. Taxes included in OP Financial Group’s tax footprint are calculated on an accrual basis.

### Tax footprint

€ million	2021
Direct taxes in total	411
Social security and pension contributions	197
Income tax	211
Real estate tax	3
Indirect taxes treated as expense in total	131
Value added tax treated as expense	131
Indirect taxes in total	307
Value added tax	57
Insurance premium tax	250
Taxes collected in total	232
Withholding tax	216
Tax at source	16

# We improve financial literacy in Finland

Promotion of financial literacy has been an important part of OP Financial Group's work through the decades. We promote the management of personal finances in all age groups. Managing your personal finances is a key life skill.

As part of our corporate responsibility programme, we help people to improve their financial literacy and manage their personal finances. In 2021, we strengthened the financial literacy of more than 39,000 children and young people. Our financial literacy work is based on visits by OP cooperative bank representatives to schools and educational institutions, and open days at banks, during which we meet children and young people around Finland. During the Covid-19 pandemic, we taught financial literacy online.

## Financial literacy through cooperation

We promote financial literacy in Finland by cooperating with various players. The Helsinki Deaconess Foundation coordinates the banks' joint financial literacy project, Taloustaito, in which bank employees hold financial literacy workshops and individual sessions around Finland for young people at risk of marginalisation.

The "Mun elämä, mun työ" tour (My life, my work), initiated with Economy and Youth TAT, reached over

8,400 vocational students in 2021. The expanded Summer Entrepreneur programme provided young people aged 17 to 29 with the opportunity to gain experience as entrepreneurs, learn important entrepreneurial and working life skills, and try out the OP Light Entrepreneurship model. OP was also one of the partners that contributed to a digital learning package on managing personal finances. In November, OP participated in the financial sector's first-ever etätET remote traineeship week. Organised by Finance Finland and Economy and Youth TAT, this event reached almost 4,000 young people.

Together with the Association for Teachers of History and Social Studies (HYOL), we enhanced the personal finance skills of ninth-graders in the Financial Literacy Competition and the related events.

Through our partnership with Junior Achievement Finland, OP supports the "Pikkuyrittäjät" programme aimed at strengthening the working life skills of primary and secondary school pupils and guiding them towards entrepreneurship. OP cooperative banks support and participate in Yrityskylä business villages for sixth and ninth graders in Oulu, Tampere, Turku

and Kuopio. In addition, OP is a partner of the How the Economy Works online course launched by the Helsinki Graduate School of Economics (Helsinki GSE) in October. The objective is to have 20,000 persons complete the course by the end of 2022.

In 2021, we introduced Financial coaching for entrepreneurs in a series of online sessions for SMEs. On the other hand, the My financial balance service on OP-mobile helps customers to understand how their income and expenses shape their personal finances, and offers help with changing their spending habits where needed.

## Improving digital skills and accessibility

Digital skills play an important role in individuals' ability to manage their finances. Representatives of OP cooperative banks teach digital skills to older people around Finland in bank branches, libraries, care homes and local events. We were forced to cut down on these events during the worst phases of the pandemic, but still met with more than 8,400 people in digital skills sessions in 2021.

OP Financial Group aims to improve equal opportunities in the digital society, by developing the accessibility of its digital services. OP Accessible – an easy-to-use, clear-language web service for daily banking – is the OP service which best meets accessibility requirements. It is also easy to use with



various assistive software and devices. In addition, we are taking development measures to continuously improve the accessibility of our other digital services.

In autumn 2021, the 'Selkeästi meille' initiative assessed the cognitive accessibility of the op.fi service and granted the 'Selkeästi meille' award to the service. According to the assessment, OP Financial Group's online services acknowledge accessibility exceptionally well, and the site was mostly easy to use.

We provide a comprehensive range of services in Finnish and Swedish. Our digital services for daily banking and insurance (OP-mobile, Pivo and op.fi for corporate customers) are also available in English. In addition, we are responding to demand by providing a growing number of other service features in English. Some OP Koti branches also serve customers in Russian. OP Corporate Bank's Baltic branches operate in the local languages, while digital services are available in English.

# We use our information capital responsibly

OP Financial Group processes vast amounts of data concerning our customers, employees and other stakeholders. We treat all personal data with respect and process it responsibly. Data and information enables us, above all, to serve our customers better.

OP Financial Group's Data Balance Sheet describes the role of data, the responsible management and use of data, and strategic data management. It presents the nature of OP's data assets and data capital, and of their interrelationships. The Data Balance Sheet also describes key principles and procedures concerning personal data processing at OP Financial Group. The key objective of our internal data protection procedures is to ensure that all stakeholders can have confidence in OP Financial Group's handling of sensitive information.

Our publication of the annual Data Balance Sheet reflects our desire to be a responsible leader in data processing, and open and transparent about our data management and processing policies. Our first Data Balance Sheet in 2018 was also the first in the sector and, as far as we know, the first published by a private company in Finland.

Above all, information enables OP Financial Group to serve our customers 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 continuously strive to improve our services in order to deliver the best possible customer experience and the highest degree of accessibility across all channels. We try to make our digital services as easy as possible for everyone to use.

Using artificial intelligence has become commonplace for us. Our centre of excellence for artificial intelligence, which we call Financial Intelligence, creates solutions in cooperation with various teams to support analysis and decision-making, automate routine tasks in processes, make service use easy, and support our customer service. OP Financial Group was the first company in Finland to publish a set of Ethical Principles of Artificial Intelligence, which help us to ensure that we use artificial intelligence responsibly.

## We treat all customer information confidentially

OP Financial Group's salaried employees and all members of our governing bodies are legally bound to confidentiality regarding 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 to us, and we process patient data with absolute confidentiality.

Our practices guide us in taking comprehensive account of data protection 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 Financial Group. The Group 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.

OP aims to provide customers with any information that may influence their decisions on products

and services. OP very rarely targets marketing at children and adolescents; when doing so, it always takes account of this target group's general inexperience and limited legal capacity. We follow the Marketing Code of the International Chamber of Commerce, good marketing practices and marketing guidelines applicable to the sectors in which we operate.

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

OP Financial Group received 16 substantiated customer complaints concerning the processing of personal data or breaches of customer privacy in 2021 (in the related calculation, several complaints filed about a single event – for example, a mailing error – were counted as one complaint).

In 2021, OP Financial Group's internal controls identified a total of 950 cases that can be classified as personal data breaches under the GDPR. This figure includes breaches attributable to human error that are unlikely to compromise the rights and freedoms of natural persons.

# Responsible employer

Highly skilled, motivated and satisfied personnel guarantee the success of OP Financial Group. Our professionals implement the Group’s mission and strategy on a daily basis. Together with our personnel, we are actively developing our operations in a changing business environment.

The aim of OP Financial Group’s employee well-being policy is to maintain and promote the health and wellbeing of all employees through close and well-organised management of occupational health and safety and wellbeing at work. This creates the basis for a good employee experience and supports the work ability of older employees and those at risk of becoming incapable for work. Wellbeing at work is ensured through close cooperation with our occupational health care and pension providers, as well as other top professionals in the field. Key elements supporting employee wellbeing at OP Financial Group include early intervention, extensive occupational health care services, rehabilitation, flexibility at work and diversity management. The Group also has a network of wellbeing ambassadors that have established a role as promoters of wellbeing in daily operations.

## Supporting employee wellbeing during exceptional times

During the protracted Covid-19 pandemic, OP Financial Group has taken various and continuously updated measures to ensure the health and safety of customers and employees. We have also ensured that services critical to society are available without interruption. We have monitored employee wellbeing through regular pulse surveys. Based on the results, we have tailored and targeted actions supporting the wellbeing and coping at work of employees and supervisors. In 2021, our employees actively used low-threshold mental health services. They also had the opportunity to take Covid-19 tests and vaccinations in occupational health care clinics.

Our top priority in 2021 was to identify and reduce excessive work-related stress. This involved helping each OP Financial Group employee to find ways of assessing their wellbeing, and extending the



# 70:20:10

## Competence development and continuous improvement together

OP Financial Group applies the 70:20:10 approach that promotes our self-managed and agile way of working, and a culture of continuous improvement and systematic competence development. Based on this approach, working hours are divided as follows:

- 70% on daily work tasks and generating customer value
- 20% on the improvement of daily work and development as a team
- 10% on personal development and learning new.

For personal development and learning purposes, employees may, for example, join the OP Software Academy, which is a training programme in strategic technology competencies. For the courses provided by the Academy, employees form small study groups, typically for 2–3 months, coached by OP volunteers with in-depth expertise in the field concerned. In 2021, a total of 424 students graduated from the Academy, and students achieved 70 external certifications within this framework.



tools available for self-management and nurturing one's own wellbeing. We also found several ways to support our managers in fostering employees' fitness for work and wellbeing during this exceptional period.

In 2021, sickness absences accounted for 2.7% of regular working hours. The 'health rate' (percentage of personnel with no sickness absences), was 54% of all personnel.

### Hybrid work of the future enables a more flexible working life

In autumn 2021, OP Financial Group defined the principles of future ways of working, or hybrid work. During the Covid-19 pandemic, remote working has been used extensively in jobs where such practices are possible. The shared principles of future ways of working will help Group organisations and teams to plan how to work in diverse ways from multiple locations. The types and locations of work at OP Financial Group are primarily guided by customers' needs and our business goals. We will combine in-office and remote work systematically, smoothly and productively, while taking account of occupational safety. Together with our personnel, we will develop our ways of working in line with the continuous improvement model.

### A diverse and equal OP

OP Financial Group regards diversity as an asset. We aim to ensure that OP Financial Group's human resources are highly diverse in terms of factors such

as competence, experience, gender and age, in order to meet the changing requirements and needs of our customers and business, and those stemming from our strategic targets.

We guarantee equal opportunities and rights for all our employees, who are treated equally at all stages of employment, such as remuneration, recruitment and career transitions. We regularly monitor and promote the implementation and development of equality and diversity by means such as personnel surveys and candidate experience measurement during recruitment.

In 2021, OP Financial Group, other leading players in their sectors and university representatives participated in a Diversity Roundtable discussion facilitated by Boston Consulting Group (BCG) and UN Women Finland, and the related survey aimed at analysing and developing diversity in Finnish companies.

Self-managed teams, which combine a wide range of knowledge, skills and experience, play an important role in our business culture. We have actively promoted team diversity by paying attention to employee selection and organising team-specific coaching.

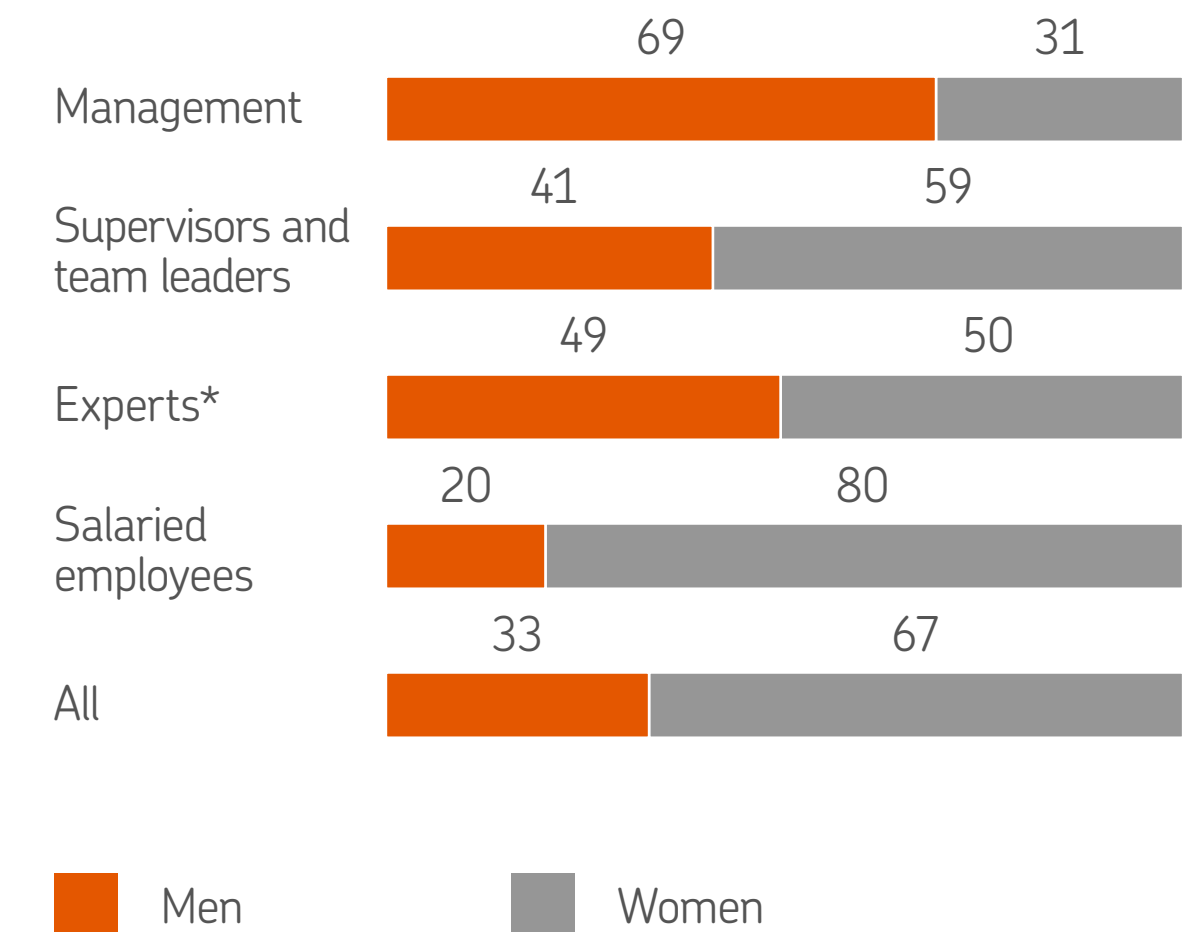
We monitor the distribution of personnel in various task groups on the basis of factors such as gender, pay, age and the number of days of parental leave and their distribution on an annual basis. We foster the diversity of governing bodies by ensuring that candidates have a wide range of knowledge, skills and experience, and that each region, gender, and age group is represented. At the end of 2021, men

held 59% and women 41% of seats on OP Financial Group's governing bodies.

Some business functions in OP Financial Group's central cooperative use English as their working language. In 2021, people representing 30 nationalities worked for OP Financial Group, representing a total of 21 mother tongues, besides Finnish.

We aim to have at least 40% representation of each gender in executive positions. At the end of 2021, men held 70% and women 30% of OP Financial Group's defined executive positions. OP Financial Group's Executive Management Team consisted of three women and six men in 2021.

### Workforce by personnel group and gender, %



\* The rounding-off difference is due to the other or missing data category.

## OP Financial Group provides many opportunities

OP Financial Group is Finland's largest employer in the financial sector. Around half of our employees work in customer service and sales positions in banking and insurance across Finland. The rest mainly work in specialist and executive positions in various business functions and centres of excellence. We encourage personal growth and continuous learning among our personnel by providing all personnel groups with versatile opportunities for competence development and new job opportunities. Vacancies at OP Financial Group are available to all Group employees interested in expanding their competencies and seeking new career opportunities.

OP Financial Group aims to be the most attractive employer in the financial sector. OP Financial Group was ranked among the top companies in employer branding surveys conducted by Universum in 2021, both in surveys targeting students and those targeting professionals. Both groups of respondents regarded OP Financial Group as the most attractive employer in the financial sector. OP Financial Group's eNPS (the likelihood that you would recommend your employer to others) remained stable throughout 2021, despite the Covid-19 pandemic, and employees found OP a responsible player. In 2021, we helped 500 summer workers and 50 Kiitorata trainees at the beginning of their careers to develop, by offering them diverse duties in locations around Finland.

Learning through daily work lies at the heart of our operating culture. Daily work involves continuous

improvement, learning and knowledge-sharing practices, which link competence development even more closely to work practices and targets. In 2021, we continued to promote a strong operating culture through coaching of various types.

OP Financial Group provides an extensive range of coaching opportunities, to ensure that insurance, finance and investment employees meet regulatory competence requirements. In addition, the Group provides a multitude of learning opportunities for improving one's professional and working life skills. In 2021, the Group introduced a new learning platform that supports self-directed learning.

OP Financial Group's internal coaching programmes, such as OP Software Academy and Agile Coach Academy, focus on the development of professional skills. Group employees can also participate in guild activities based on their personal interests and area of expertise. Guilds are voluntary knowledge communities that encourage knowledge sharing, active contribution, learning and networking across organisational boundaries. In 2021, OP Financial Group had a total of 27 guilds. Mentoring is another excellent tool that supports peer learning and networking. Two mentoring programmes are initiated in OP Financial Group each year. In 2021, a total of 96 participants were paired to learn together and from each other's experiences.

In 2021, OP Financial Group recorded an average of 13 hours per person on training. As the exceptional situation continues, training and coaching have mainly been provided virtually, which also supports the availability of coaching opportunities everywhere.

Personnel by organisation



# Basis and indicators of GRI reporting

## 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 Financial Group's perspective. A comparison of material aspects with GRI aspects is given in the table Management approach and reporting on material aspects, while a comparison with GRI standards is given in the GRI Content Index. The numerical data relating to the GRI Standards have been audited 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.

OP Financial Group's corporate responsibility reporting mainly follows the same rules as OP Financial Group's financial reporting. Any restrictions and deviations from rules are reported next to the applicable data and in the GRI Content Index.

## Emissions

OP Financial Group calculates emissions as CO<sub>2</sub> equivalents in accordance with the Greenhouse Gas (GHG) Protocol. OP Financial Group'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: Statistics Finland's 2021 Finnish electricity production figures and 2020 district heating statistics, Statistics Finland 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 being 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 Emissions
  - Category 1: purchased products and services, calculation is based on total sourcing costs and includes insurance payouts, maintenance of premises, ICT and development expenses, expert and HR services, marketing and communications, information logistics and health services. Emission factors as per DEFRA.
  - Category 5: waste generated by operations covers waste generated by the central cooperative.
  - Category 6: business travel includes emissions from travel and hotel stays.
  - Category 7: employee commuting includes emissions from the use of company cars. Emission factors as per Ecoinvent 3.3/Bionova.
  - Category 15: investments, emissions from the loan portfolio factored in on the basis of emissions (scope 1 and 2) reported for the biggest loans in the portfolio. CO<sub>2</sub> emission factors provided by Statistics Finland, and based on the production of electricity and heat, were used for the separate calculation of emissions from the sector, 'Buying and selling of own real estate'. Emissions from home loans are factored in 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

Corporate Responsibility Programme themes	Material aspects	GRI Material aspects	Policies and commitments	Projects, programs and initiatives
We improve financial literacy in Finland	Promoting financial literacy	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Local communities</li> </ul>	<ul style="list-style-type: none"> <li>Finance Finland's Good Banking Practice</li> <li>Finance Finland's Good Insurance Practice and General Principles of Insurance Business</li> <li>Code of Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Junior Achievement Finland: Pikkuyrittäjät and Uskalla Yrittää programmes</li> <li>HDL: financial literacy project</li> <li>Economy and Youth TAT: Mun elämä (My Life) workshops</li> <li>HYOL: financial literacy competition</li> <li>Local financial literacy programmes</li> </ul>
We foster a sustainable economy	<p>Advocating sustainable financing and investing</p> <p>Mitigating and preparing for the effects of climate change</p> <p>Preventing shadow economy, corruption and money laundering</p>	<ul style="list-style-type: none"> <li>Ownership</li> <li>Emissions</li> <li>Energy</li> <li>Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>Code of Business Ethics</li> <li>UNEP FI PRB and Collective Commitment to Climate Action</li> <li>UNEP FI PSI</li> <li>Montreal Pledge</li> <li>Global Compact</li> <li>TCFD</li> <li>CDP</li> <li>Climate Action 100+</li> <li>UNPRI</li> </ul>	<ul style="list-style-type: none"> <li>WWF Green Office system</li> <li>City of Helsinki's Climate Partners network</li> </ul>
We support local vitality and communities	<p>Supporting local communities and measures to boost vitality and wellbeing</p> <p>Preventing accidents and losses while promoting</p> <p>Promoting the diversity, equal opportunities and wellbeing of employees</p>	<ul style="list-style-type: none"> <li>Local communities</li> <li>Economic performance</li> <li>Indirect economic impacts</li> <li>Employment</li> <li>Occupational health and safety</li> <li>Training and education</li> <li>Non-discrimination</li> </ul>	<ul style="list-style-type: none"> <li>Global Compact</li> <li>Code of Business Ethics</li> <li>Procurement Policy</li> <li>OP Financial Group's Supplier Code of Conduct</li> <li>Operating Model for the Management of Wellbeing at Work</li> <li>OP's Principles of Good Leadership</li> <li>Remuneration Policy</li> <li>Gender Equality and Equity Plan</li> <li>Competence Development Procedures</li> <li>Principles of Diversity</li> </ul>	<ul style="list-style-type: none"> <li>Local programmes and partnerships</li> <li>Responsible summer jobs</li> </ul>
We use our information capital responsibly	<p>Open and transparent operations</p> <p>Protection of privacy and data security</p>	<ul style="list-style-type: none"> <li>Anti-competitive behaviour</li> <li>Local communities</li> <li>Customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>Code of Business Ethics</li> <li>Ethical Principles of Artificial Intelligence</li> </ul>	

# GRI indicators

	2017	2018	2019	2020	2021	Omissions	
<b>GRI 102 General Disclosures</b>							
102-8	Total human resources, of whom						
	men	3,667	3,719	3,872	4,150	4,334	
	women	8,602	8,347	8,354	8,440	8,713	
	other or missing data			14	32		
	permanent staff	11,501	11,323	11,514	11,810	12,302	
	temporary staff	768	743	712	794	777	
	full-time staff	11,294	11,116	11,266	11,563	11,990	
	part-time staff	975	950	960	1,041	1,089	
	in Finland	11,847	11,963	12,118	12,492	12,955	
	outside of Finland	422	103	108	112	124	
	Temporary agency workers	1,511	1,365	1,617	1,502	1,651	
102-38	Ratio of the annual fixed compensation for the organisation's highest-paid individual to the median annual fixed compensation for all employees					20	The ratio of the monthly total compensation for the organisation's highest-paid individual to the median monthly total compensation for all employees is reported for Finland only. OP Financial Group does not report the annual total compensation ratio due to the precautionary principle.
102-41	Percentage of total employees covered by collective bargaining agreements					91%	The figure is for Finland only. No binding collective agreements exist in the Baltic countries.
<b>GRI 201 Economic performance</b>							
201-1	Direct economic value generated and distributed, million euros						
	a) Revenues	3,010	2,916	2,983	2,874	3,335	Income statement item Total income including impairment loss on receivables and the overlay approach less profit for the financial year attributable to non-controlling interests.
	Economic value distributed						
	b) Operating costs	762	837	842	849	807	Other operating expenses less Donations and other community investments
	c) Employee wages and benefits	758	516	781	715	914	
	d) Returns to owner-customers	217	226	249	251	205	
	e) Income tax	214	223	168	144	224	
	f) Donations and other community investments	2.3	2.8	2.1	2.7	2.4	
	Economic value retained	1,058	1,111	941	913	1,182	

		2017	2018	2019	2020	2021	Omissions
<b>GRI 205 Anti-corruption</b>							
205-2	Communication and training on anti-corruption policies and procedures						
	Personnel, central cooperative	89%	98%	96%	87%	93%	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. The calculation method was changed in 2021.
	Personnel, OP cooperative banks	-	83%	100%	100%	97%	
<b>GRI 302 Energy</b>							
302-1	District heating, MWh	70,635	72,290	73,420	67,210	69,288	
	District cooling, MWh	5,140	4,630	3,420	2,700	2,706	
	Fuels, heating and stand-by generators, MWh	4,700	190	90	86	84	
	Electricity, MWh	62,110	56,970	59,910	57,200	60,302	
	share of renewable electrical energy			34%	41%	36%	
302-1	Energy consumption within the organisation, MWh	142,585	134,080	136,840	127,196	132,380	
	share of renewable energy of total energy				26%	25%	
302-3	Energy intensity, MWh per capita per year	11.6	11.1	11.2	10.1	10.1	
<b>GRI 305 Emissions</b>							
305-1	Scope 1: Direct greenhouse gas emissions, CO <sub>2</sub> e-tons	48	48	23	22	21	Covers facilities in OP Cooperative's own use.
305-2	Scope 2: Energy indirect greenhouse gas emissions, market-based, CO <sub>2</sub> e-tons	20,918	24,278	23,739	17,900	25,464	Covers facilities in OP Cooperative's own use. The calculation method changed in 2021.
	Scope 2: Energy indirect greenhouse gas emissions, location-based, CO <sub>2</sub> e-tons	25,259	23,282	22,431	17,332	17,702	
305-3	Scope 3: Other indirect greenhouse gas emissions, CO <sub>2</sub> e-tons				approx 14 mill.	less than 12 mill.	
	Category 1: Purchased goods and services, CO <sub>2</sub> e-tons	2,034	1,285	1,861	460,000	338,000	Calculation principle changed in 2020. The calculation boundaries were updated in 2021.
	Category 5: Waste generated in operations, CO <sub>2</sub> e-tons	298	254	402	0	0	A total of 18 CO <sub>2</sub> e tonnes of total emissions from waste were compensated
	Category 6: Business travel, CO <sub>2</sub> e-tons	3,712	3,541	3,763	2,977	1,233	
	Category 7: Employee commuting, CO <sub>2</sub> e-tons	1,142	1,059	957	1,051	1,205	
	Category 15: Investments, CO <sub>2</sub> e-tons	-	over 10 mill.	over 10 mill.	approx 13.1 mill.	over 11.2 mill.	
305-4	Greenhouse gas emissions intensity, tonnes of CO <sub>2</sub> equivalent per capita	1.70	2.02	1.94	1.42	1.95	Intensity = Scope 1 + Scope 2 (market-based) / OP Financial Group employees.
306-2	Effluents and waste						As reported by the service provider, Lassila & Tikanoja. Approach ii.
	Recycling and reuse	580 t	559 t	625 t	483 t	384 t	The information covers the locations of OP Cooperative.
	Other use	93 t	108 t	172 t	73 t	57 t	
	Incineration (mass burn)	39 t	44 t	51 t	34 t	37 t	
	Disposal	1 t	1 t	0 t	0 t	0 t	

		2017	2018	2019	2020	2021	Omissions
<b>GRI 401 Employment</b>							
401-1	New employee hires	1,345	1,721	1,789	1,641	1,770	OP Financial Group does not report the rate of new employee hires due to reasons of materiality.
	Employee turnover	1,871	2,134	2,095	1,750	1,744	
	Total employee turnover, permanent staff	8.7%	11.6%	11.2%	8.7%	8.6%	Total employee turnover is reported for permanent staff only and excludes any business transfers. The average number of permanent employees during the year has been used as the divisor.
	Voluntary employee turnover, permanent staff	4.8%	6.9%	6.6%	4.0%	5.8%	
401-3	Number of employees on parental leave	1,008	985	1,004	1,002	1,073	The figures are for Finland only and exclude OP Koti. OP Financial Group does not report the number of employees entitled to parental leave due to the precautionary principle.
	Women	718	682	692	668	705	
	Men	300	303	312	331	362	
	Other or missing data					6	
	Number of employees retained after parental leave	594	560	569	568	595	The figures include Finland only and exclude OP Koti.
	Women	315	271	284	266	271	
	Men	279	289	285	302	324	
	Return to work after parental leave	95%	95%	93%	96%	97%	The figures include Finland only and exclude OP Koti.
	Women	90%	91%	87%	93%	94%	
	Men	100%	100%	99%	100%	99%	
	Retention rate after parental leave	92%	88%	89%	96%	89%	The figures include Finland only and exclude OP Koti.
	Women	94%	90%	90%	93%	87%	
	Men	90%	87%	88%	98%	91%	
<b>GRI 403 Occupational health and safety</b>							
403-8	Percentage of total workforce represented in formal joint management-worker health and safety committees	89%	92%	92%	93%	94%	The figure covers employed persons. The rate is not reported for external workforce due to the precautionary principle.
403-9	Number of occupational accidents resulting in lost days	10	9	15	7	5	The figure covers persons employed in Finland. Work-related injuries sustained by external workforce are not reported due to the precautionary principle.
	Injury rate (LTA1)	0.6	0.5	0.8	0.4	0.3	The figure covers persons employed in Finland. Work-related injuries sustained by external workforce are not reported due to the precautionary principle.
	Work-related fatalities	0	0	0	0	0	
	Percentage of annual working days lost due to sickness absences	3.3%	3.3%	3.4%	2.9%	2.7%	The figure covers persons employed in Finland, excluding OP Koti employees. Sickness absences of external workforce are not reported due to the precautionary principle.

	2017	2018	2019	2020	2021	Omissions	
Women	4.0%	3.9%	4.0%	3.7%	3.4%		
Men	1.8%	1.9%	2.0%	1.4%	1.5%		
<b>GRI 404 Training and education</b>							
404-1	Average hours of training per year per employee					13	The figure is reported for Finland, excluding OP Isännöinti Itä-Uusimaa. OP does not report training hours by employee category due to the precautionary principle.
Women	15	14	17	12	13		
Men	16	15	19	13	14		
Other or missing data	14	12	14	10	11		
404-3	Percentage of employees receiving regular performance and career development reviews					100%	OP does not report the percentage of employees receiving regular performance and career development reviews by gender or employee category due to the precautionary principle.
<b>GRI 405 Diversity and equal opportunity</b>							
405-1	Diversity of governance bodies and employees						
Human resources by gender							
Men	30%	31%	32%	33%	33%		
Women	70%	69%	68%	67%	67%		
Other or missing data					0%		
Human resources by age group							
Under 30 years old	13%	15%	15%	17%	18%		
30–49 years old	50%	50%	51%	52%	52%		
Over 49 years old	37%	35%	34%	31%	30%		
Human resources by employee category							
Management	3%	3%	3%	3%	3%		
Supervisors	10%	9%	8%	7%	7%		
Experts	30%	31%	32%	35%	35%		
Employees	57%	57%	56%	55%	55%		
Average age of employees	43.4	43.0	42.6	42.2	41.9		
Average length of service	13.4	13.7	11.1	11.0	10.5		
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%	92%	90%		
Supervisors and experts	..	87%	88%	89%	88%		
Employees	..	106%	104%	104%	105%		

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	Leased employees
<b>Human resources, total</b>	<b>12,302</b>	<b>777</b>	<b>11,990</b>	<b>1,089</b>	<b>13,079</b>	<b>1,651</b>
Men	4,076	258	4,118	216	4,334	
Women	8,195	518	7,844	869	8,713	
Other or missing data	31	1	28	4	32	
Personnel, central cooperative	7,624	389	7,442	571	8,013	1,646
Personnel, OP cooperative banks	3,956	359	3,907	408	4,315	1
Personnel, OP Koti	722	29	641	110	751	4
Finland	12,193	762	11,873	1,082	12,955	1,651
Estonia	35	4	38	1	39	0
Latvia	32	4	36	0	36	0
Lithuania	42	7	43	6	49	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	351	214	32	597
Women	657	413	99	1,169
Other or missing data	2	2	0	4
<b>Total</b>	<b>1,010</b>	<b>629</b>	<b>131</b>	<b>1,770</b>
<b>Central cooperative</b>				
Men	262	179	19	460
Women	452	293	53	798
Other or missing data	2	2	0	4
<b>Total</b>	<b>716</b>	<b>474</b>	<b>72</b>	<b>1,262</b>
<b>OP cooperative banks</b>				
Men	79	14	0	93
Women	192	83	21	296
Other or missing data	0	0	0	0
<b>Total</b>	<b>271</b>	<b>97</b>	<b>21</b>	<b>389</b>
<b>OP Koti</b>				
Men	10	21	13	44
Women	13	37	25	75
Other or missing data	0	0	0	0
<b>Total</b>	<b>23</b>	<b>58</b>	<b>38</b>	<b>119</b>

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	304	195	84	583
Women	490	364	305	1,159
Other or missing data	1	1	0	2
<b>Total</b>	<b>795</b>	<b>560</b>	<b>389</b>	<b>1,744</b>
<b>Central cooperative</b>				
Men	178	152	36	366
Women	264	215	108	587
Other or missing data	1	1	0	2
<b>Total</b>	<b>443</b>	<b>368</b>	<b>144</b>	<b>955</b>
<b>OP cooperative banks</b>				
Men	113	30	30	173
Women	208	118	157	483
Other or missing data				0
<b>Total</b>	<b>321</b>	<b>148</b>	<b>187</b>	<b>656</b>
<b>OP Koti</b>				
Men	13	13	18	44
Women	18	31	40	89
Other or missing data	0	0	0	0
<b>Total</b>	<b>31</b>	<b>44</b>	<b>58</b>	<b>133</b>

405-1 Diversity of governance bodies and employees						
OP Financial Group	Under 30 years old	30-49 years old	Over 49 years old	Men	Women	Other or missing data
Management	0%	47%	53%	69%	31%	0%
Supervisors	1%	64%	35%	41%	59%	0%
Experts	10%	62%	28%	49%	50%	0%
Employees	26%	45%	30%	20%	80%	0%
<b>Total</b>	<b>18%</b>	<b>52%</b>	<b>30%</b>	<b>33%</b>	<b>67%</b>	<b>0%</b>
Central cooperative						
Management	0%	56%	44%	64%	36%	0%
Supervisors	2%	72%	26%	46%	54%	0%
Experts	11%	63%	26%	52%	48%	0%
Employees	32%	48%	20%	22%	78%	1%
<b>Total</b>	<b>20%</b>	<b>57%</b>	<b>24%</b>	<b>38%</b>	<b>61%</b>	<b>0%</b>
OP cooperative banks						
Management	0%	41%	59%	74%	26%	0%
Supervisors	1%	57%	42%	33%	67%	0%
Experts	6%	57%	37%	38%	62%	0%
Employees	22%	42%	37%	14%	86%	0%
<b>Total</b>	<b>16%</b>	<b>46%</b>	<b>38%</b>	<b>22%</b>	<b>78%</b>	<b>0%</b>
OP Koti						
Management	0%	43%	57%	61%	39%	0%
Supervisors	0%	38%	62%	62%	38%	0%
Experts	0%	39%	61%	46%	54%	0%
Employees	10%	40%	50%	38%	62%	0%
<b>Total</b>	<b>9%</b>	<b>40%</b>	<b>52%</b>	<b>41%</b>	<b>59%</b>	<b>0%</b>

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	44%	56%
30-49 years old	51%	49%
Over 49 years old	64%	36%
<b>Total</b>	<b>59%</b>	<b>41%</b>

Scope 3, category 15: investments

OP Financial Group's exposures by sector	tonnes, CO <sub>2</sub> e
Renting and operation of residential real estate	120,000
Operating of other real estate	110,000
Trade	130,000
Energy	1,940,000
Services	40,000
Construction	50,000
Other manufacturing	120,000
Manufacture of machinery and equipment (incl. maintenance)	120,000
Transportation and storage	960,000
Agriculture, forestry and fishing	1,640,000
Forest industry	190,000
Metal industry	640,000
Food industry	150,000
Other sectors	600,000
Households	1,870,000
<b>Total</b>	<b>8,670,000</b>

Calculation based on "Concentration of exposures by industry or counterparty types (EU CRB-D)".

	tonnes, CO <sub>2</sub> e
OP Mutual Funds	2,520,000

	tonnes, CO <sub>2</sub> e
OP Real Estate Asset Management	12,535

The calculation includes Scope 1 and Scope 2 emissions from fully-owned properties.

Scope 3, category 1: purchased goods and services

	tonnes, CO <sub>2</sub> e
Claims settlement services	183,000
Building management services	68,000
ICT	50,000
Other	37,000
<b>Total</b>	<b>338,000</b>



# GRI content index

This report has been prepared in accordance with the GRI Standards: Core option. All standards: version 2016, 403 standard 2018.

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
<b>GRI 102 General Disclosures</b>				
<b>Organizational profile</b>				
102-1	Name of organization	OP Financial Group		
102-2	Activities, brands, products, and services	OP Financial Group's Year 2021: OP Financial Group in brief		
102-3	Location of headquarters	Helsinki		
102-4	Location of operations	OP Financial Group's Report by the Board of Directors and Financial Statements for 2021: Note 84		
102-5	Ownership and legal form	OP Financial Group's Report by the Board of Directors and Financial Statements for 2021: Note 84		
102-6	Markets served	OP Financial Group's Year 2021: OP Financial Group in brief; OP Financial Group's Report by the Board of Directors and Financial Statements for 2021: Note 84		
102-7	Scale of the organization	OP Financial Group's Year 2021: OP Financial Group in brief; OP Financial Group's Report by the Board of Directors and Financial Statements for 2021		
102-8	Information on employees and other workers	OP Financial Group's Year 2021: Responsible employer and player, GRI indicators		X
102-9	Supply chain	OP Financial Group's Year 2021: How we create value		
102-10	Significant changes to the organization and its supply chain	OP Financial Group's Report by the Board of Directors and Financial Statements for 2021: Changes in OP Financial Group's structure		
102-11	Precautionary Principle or approach	OP Financial Group's Report by the Board of Directors and Financial Statements for 2021: Note 2		
102-12	External initiatives	OP Financial Group's Year 2021: Responsible player, <a href="http://www.op.fi/op-financial-group/corporate-social-responsibility/commitments-and-principles">www.op.fi/op-financial-group/corporate-social-responsibility/commitments-and-principles</a>		
102-13	Membership of associations	OP Financial Group's Year 2021: Responsible player, <a href="http://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement">www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement</a>		
102-14	Statement from senior decision-maker	OP Financial Group's Year 2021: Review by the President and Group Chief Executive Officer		
<b>Ethics and integrity</b>				
102-16	Values, principles, standards and norms of behaviour	OP Financial Group's Year 2021: Strategy, How we create value		X
<b>Governance</b>				
102-18	Governance structure	OP Financial Group's Corporate Governance Statement for 2021; OP Financial Group in 2021: Responsible player		
102-38	Annual total compensation ratio	OP Financial Group's Year 2021: GRI indicators		

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	OP Financial Group's Year 2021: Building Finland together, <a href="http://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement">www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement</a>		
102-41	Collective bargaining agreements	OP Financial Group's Year 2021: GRI indicators, <a href="http://www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator">www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator</a>		X
102-42	Identifying and selecting stakeholders	OP Financial Group's Year 2021: Building Finland together, <a href="http://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement">www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement</a>		
102-43	Approach to stakeholder engagement	OP Financial Group's Year 2021: Building Finland together, <a href="http://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement">www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement</a>		
102-44	Key topics and concerns raised	OP Financial Group's Year 2021: Building Finland together, Corporate Responsibility Programme, Review by the President and Group Chief Executive Officer		
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	OP Financial Group's Report by the Board of Directors and Financial Statements for 2021, Note 84		
102-46	Defining report content and topic Boundaries	OP Financial Group's Year 2021: Our reporting principles		
102-47	List of material topics	OP Financial Group's Year 2021: Corporate Responsibility Programme, Management approach and reporting on material aspects		
102-48	Restatements of information	No restatements		
102-49	Changes in reporting	No restatements		
102-50	Reporting period	1 January–31 December 2021		
102-51	Date of most recent report	9 March 2021		
102-52	Reporting cycle	Annual		
102-53	Contact point for questions regarding the report	<a href="http://www.op.fi/op-financial-group/corporate-responsibility/contact-information">www.op.fi/op-financial-group/corporate-responsibility/contact-information</a>		
102-54	Claims of reporting in accordance with the GRI Standards	OP Financial Group's Year 2021: Our reporting principles		
102-55	GRI content index	OP Financial Group's Year 2021: GRI Content Index		
102-56	External assurance	OP Financial Group's Year 2021: Independent assurance report		
Topic specific content is reported regarding aspects identified as material.				
<b>Economic impacts</b>				
103-1	Explanation of the material topic and its boundary	OP Financial Group's Year 2021: Corporate Responsibility Programme, Corporate responsibility, Responsible player, Management approach and reporting on material aspects		
103-2	The management approach and its components	OP Financial Group's Report by the Board of Directors and Financial Statements for 2021, OP Financial Group's Year 2021: Financial service group owned by its customers, We support local vitality and community spirit, Responsible player, Responsible employer, We foster a sustainable economy		
103-3	Evaluation of the management approach	OP Financial Group's Year 2021: Responsible player		

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
<b>GRI 201 Economic Performance</b>				
201-1	Direct economic value generated and distributed	OP Financial Group's Year 2021: We support local vitality and community spirit, GRI indicators; OP Financial Group's Report by the Board of Directors and Financial Statements for 2021: Note 46	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.	
201-3	Defined benefit plan obligations and other retirement plans	OP Financial Group's Report by the Board of Directors and Financial Statements for 2021: Notes 34 and 86		
<b>GRI 203 Indirect Economic Impacts</b>				
203-2	Significant indirect economic impacts	OP Financial Group's Year 2021: We improve financial literacy in Finland, GRI indicators		
OP 1	Number of attendees on financial literacy courses	OP Financial Group's Year 2021: We improve financial literacy in Finland, GRI indicators		
OP 2	Number of attendees on digital training courses	OP Financial Group's Year 2021: We improve financial literacy in Finland, GRI indicators		
<b>GRI 205 Anti-corruption</b>				
205-1	Operations assessed for risks related to corruption	OP Financial Group's Year 2021: Responsible player. No significant corruption-related risks were identified in 2021.	The number of risk analyses was not reported. Not applicable to OP's process-based risk management.	X
205-2	Communication and training about anti-corruption policies and procedures	OP Financial Group's Year 2021: Responsible player, GRI indicators	Policy updates are communicated on the group-level intra. 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 2021		X
<b>GRI 206 Anti-competitive Behavior</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	On 10 February 2021, the Finnish Competition and Consumer Authority (FCCA) announced its proposal to the Market Court, according to which the Finnish Real Estate Management Federation and the companies that were members of its Board are guilty of prohibited cooperation between competitors (cartel) on Finland's real estate management services market in 2014–2017. During the said period, a person who worked at OP Koti Kainuu real estate agents was a member of the Board of the Finnish Real Estate Management Federation. For this reason, the FCCA proposes that a penalty payment of EUR 302,075 be imposed on OP Koti Kainuu. The matter has been submitted to the consideration of the Market Court that will decide on possible penalty payments.		
<b>Environmental impacts</b>				
103-1	Explanation of the material topic and its boundary	OP Financial Group's Year 2021: Management approach and reporting on material aspects, Corporate Responsibility Programme, Responsible player, Responsible employer, We foster a sustainable economy, TCFD		
103-2	The management approach and its components	OP Financial Group's Year 2021: We foster a sustainable economy, Responsible player, Responsible employer, TCFD, Management approach and reporting on material aspects		

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
103-3	Evaluation of the management approach	OP Financial Group's Year 2021: Responsible player		
<b>GRI 302 Energy</b>				
302-1	Energy consumption within the organization	OP Financial Group's Year 2021: GRI indicators		X
302-3	Energy intensity	OP Financial Group's Year 2021: GRI indicators		
302-4	Reduction of energy consumption	OP Financial Group's Year 2021: 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
<b>GRI 305 Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	OP Financial Group's Year 2021: GRI indicators		X
305-2	Energy indirect (Scope 2) GHG emissions	OP Financial Group's Year 2021: GRI indicators		X
305-3	Other indirect (Scope 3) GHG emissions	OP Financial Group's Year 2021: GRI indicators		X
305-4	GHG emissions intensity	OP Financial Group's Year 2021: GRI indicators		X
305-5	Reduction of GHG emissions	OP Financial Group's Year 2021: We foster a sustainable economy, Responsible player	More detailed reporting of reduction measures (a) is not available. We are looking into the possibility of more extensive reporting. Reporting requirement b is irrelevant for OP Financial Group.	X
<b>GRI 306 Waste</b>				
306-2	Waste	OP Financial Group's Year 2021: GRI indicators	Own waste breakdown is used. Reporting requirement a is not reported due to its small amount, and requirement c is not reported.	
<b>Social impacts</b>				
103-1	Explanation of the material topic and its boundary	OP Financial Group's Year 2021: Corporate Responsibility Programme, Responsible player		
103-2	The management approach and its components	OP Financial Group's Year 2021: Management approach and reporting on material aspects, We support local vitality and community spirit, Responsible player, We support a sustainable economy		
103-3	Evaluation of the management approach	OP Financial Group's Year 2021: Responsible player		

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
<b>GRI 401 Employment</b>				
401-1	New employee hires and employee turnover	OP Financial Group's Year 2021: GRI indicators	OP Financial Group does not calculate personnel turnover rate.	X
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	OP Financial Group's Year 2021: GRI indicators	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 Financial Group's Year 2021: GRI indicators	Section a is not available.	X
<b>GRI 402 Labor/Management Relations</b>				
402-1	Minimum notice periods regarding operational changes	<a href="http://www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator">www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator</a>		X
<b>GRI 403 Occupational Health and Safety</b>				
			Indicators 403-1 – 403-7 not reported. We are looking into the possibility of more extensive reporting for 2022.	
403-8	Workers representation in formal joint management-worker health and safety committees	OP Financial Group's Year 2021: Responsible employer, GRI indicators		
403-9	Work-related injuries	OP Financial Group's Year 2021: GRI indicators		
<b>GRI 404 Training and Education</b>				
404-1	Average hours of training per year per employee	OP Financial Group's Year 2021: GRI indicators	Reported only by gender.	
404-2	Programs for upgrading employee skills and transition assistance programs	OP Financial Group's Year 2021: Responsible employer		X
404-3	Percentage of employees receiving regular performance and career development reviews	OP Financial Group's Year 2021: Responsible employer		X
<b>GRI 405 Diversity and Equal Opportunity</b>				
405-1	Diversity of governance bodies and employees	OP Financial Group's Year 2021: GRI indicators		X
405-2	Ratio of basic salary and remuneration of women to men	OP Financial Group's Year 2021: GRI indicators		X
<b>GRI 406 Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken	No reports of discrimination received in 2021 <a href="http://www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator">www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator</a>		X

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
<b>GRI 413 Local communities</b>				
FS14	Initiatives to improve access to financial services for disadvantaged people	OP Financial Group's Year 2021: We improve financial literacy in Finland		
<b>GRI 415 Public Policy</b>				
415-1	Political contributions	OP does not support political parties.		X
<b>GRI 418 Customer privacy</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	OP Financial Group's Year 2021: We use our information capital responsibly	No data security breaches were reported by external parties or regulatory authorities in 2021.	
<b>GRI 419 Compliance</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	No cases in 2021		
<b>Active ownership</b>				
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 Financial Group's Year 2021: We foster a sustainable economy		

# Principles for Responsible Banking

Progress against the UN Principles for Responsible Banking.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) / Link(s) to bank's full response / relevant information
<p><b>Principle 1: Alignment</b></p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>OP Financial Group is made up of 121 OP cooperative banks and the central cooperative which they own, including its subsidiaries and affiliated entities. OP cooperative banks and therefore the entire OP Financial Group, which employed 13,079 people at the end of 2021, are owned by more than two million owner-customers.</p> <p>OP Financial Group's business consists of the following three business segments: Retail Banking (Banking Personal and SME Customers), Corporate Banking (Banking Corporate and Institutional customers), and Insurance (Insurance Customers). OP Financial Group's main area of operation is Finland. In addition, OP Corporate Bank operates in Estonia, Latvia and Lithuania.</p>	<p>OP Financial Group in brief, p. 4</p>
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Responsible business is one of OP Financial Group's strategic priorities. Our responsibility work is guided by OP Financial Group's corporate responsibility programme. The programme's goals have been defined in accordance with the UN Sustainable Development Goals (SDG).</p> <p>As part of its strategy process in 2022, OP Financial Group will update its corporate responsibility programme and set new indicators for monitoring the achievement of responsibility targets.</p>	<p>Corporate responsibility programme, p. 29</p>
<p><b>Principle 2: Impact and Target Setting</b></p> <p>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>		
<p>2.1 Impact Analysis:</p> <p>Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:</p> <p>a) Scope: The bank's core business areas as described under 1.1, and the products/services that the bank provides across the main geographies that the bank operates in, have been considered in the scope of the analysis.</p>	<p>a) OP Financial Group has implemented and fulfilled the requirements of the impact analysis. The Group has assessed corporate loans and grouped them into negative and positive impact categories by using the UNEP FI Impact Analysis Tool. Based on our preliminary estimate, the most significant negative impacts affect the climate and biodiversity. The most significant positive impacts were identified in the impact categories of housing, health and employment.</p>	<p>Corporate responsibility programme, p. 29</p>

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) / Link(s) to bank's full response / relevant information
<p>b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.</p> <p>c) Context &amp; Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d).)</p>	<p>b) In terms of emissions intensity, the most significant sectors are agriculture, forestry, fishery, energy and households.</p> <p>c) OP Financial Group has taken into account all geographies in which it operates.</p> <p>d) We have identified key responsibility themes relevant for OP Financial Group by carrying out a stakeholder survey and a materiality analysis. Based on these, we have selected four themes for our corporate responsibility programme: we improve financial literacy in Finland, we foster a sustainable economy, we support local vitality and community spirit, and we use our information capital responsibly.</p>	<p>Corporate responsibility programme, p. 29</p>
<p>Show that building on this analysis, the bank has</p>		
<ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts.</li> </ul>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>OP Financial Group has implemented and fulfilled the requirements of the impact analysis. The Group has assessed corporate loans and grouped them into negative and positive impact categories by using the UNEP FI Impact Analysis Tool.</p>		
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>OP Financial Group continues its work in accordance with the Principles for Responsible Banking (PRB) in 2022.</p> <p>Our corporate responsibility programme is linked with the SDG. We aim to achieve a positive carbon handprint by 2025. This means zero emissions from the energy and fuels that we use (Scope 1 and Scope 2) and reducing emissions across our supply chain.</p> <p>OP Corporate Bank is committed to ensuring that its corporate loan portfolios are carbon neutral by 2050. In addition to this long-term target, we are creating a roadmap for achieving major emission reductions before 2050, especially in Finland, our main market in corporate financing.</p> <p>OP Corporate Bank no longer provides finance for new coal power plants or coal mines, or for companies that plan to build them. Neither do we finance new corporate customers with financial dependence of over 5% on coal as an energy source, measured in net sales.</p>	<p>Corporate Banking, p. 34</p>



Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) / Link(s) to bank's full response / relevant information
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.		
OP Financial Group continues its work in accordance with the Principles for Responsible Banking (PRB) in 2022.		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>OP Financial Group continues its work in accordance with the Principles for Responsible Banking (PRB) in 2022.</p> <p>The ESG Committee prepares OP Financial Group's corporate responsibility programme for the Board's approval and monitors the progress of the programme with respect to the agreed targets. The implementation of the corporate responsibility programme is coordinated by the ESG work groups of the various business departments and divisions.</p>	
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.		
OP Financial Group continues its work to set targets in accordance with the Principles for Responsible Banking (PRB) in 2022.		
<p>2.4 Progress on Implementing Targets</p> <p>For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in (where feasible and appropriate, banks should include quantitative disclosures).</p>	<p>OP Financial Group aims to achieve a positive carbon handprint by 2025. This means zero emissions from the energy and fuels that we use (Scope 1 and Scope 2). OP Corporate Bank's goal is to be carbon neutral by 2050.</p> <p>OP Financial Group has assessed corporate loans and grouped them into negative and positive impact categories by using the UNEP FI Impact Analysis Tool.</p> <p>OP Financial Group continues its work to set and achieve goals in accordance with the Principles for Responsible Banking (PRB) in 2022. The ESG Committee prepares OP Financial Group's corporate responsibility programme for the Board's approval and monitors the progress of the programme with respect to the agreed targets.</p>	
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.		
OP Financial Group continues its work to set targets in accordance with the Principles for Responsible Banking (PRB) in 2022.		
<b>Principle 3: Clients and Customers</b>		
<b>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</b>		
3.1 Provide an overview of the policies and practices your bank has in place and/ or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.	Stakeholder commitment lies at the core of OP Financial Group's business model. OP Financial Group's Code of Business Ethics includes the Group's corporate responsibility principles.	<a href="#">Code of Business Ethics</a>

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) / Link(s) to bank's full response / relevant information
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>OP Financial Group builds a sustainable economy together with its customers and promotes actions mitigating the impacts of climate change and adapting to it. OP develops products and services that encourage its customers to act in a responsible and environmentally friendly way while taking into account the impacts of their operations on biodiversity.</p>	
<p><b>Principle 4: Stakeholders</b></p>		
<p><b>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</b></p>		
<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>OP Financial Group has identified its key stakeholders and engages in continuous dialogue with them.</p>	<p><a href="#">Stakeholder engagement</a></p>
<p><b>Principle 5: Governance &amp; Culture</b></p>		
<p><b>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</b></p>		
<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Corporate responsibility is an integral part of OP Financial Group's business and strategy. The ESG Committee established by the Executive Management Team in 2019 prepares OP Financial Group's corporate responsibility programme for the Board's approval, and tracks progress against the agreed targets.</p>	<p><a href="#">Code of Business Ethics</a></p>
<p>5.1 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Corporate responsibility features regularly on the agendas of not only the Board of Directors and the Executive Management Team of OP Cooperative but also the management teams of individual business divisions.</p> <p>The implementation of the corporate responsibility programme is coordinated by the ESG work groups of the various business departments and divisions. OP Financial Group's corporate responsibility policy and instructions apply to all Group companies.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>OP Financial Group's corporate governance practices cover most aspects of corporate responsibility management. The key management methods are defined in OP Financial Group's Shareholder engagement principles.</p> <p>The Board of Directors of OP Cooperative (the central cooperative of OP Financial Group) approves the corporate responsibility policy and corporate responsibility programme, and significant changes to them. The ESG Committee established by the Executive Management Team in 2019 prepares OP Financial Group's corporate responsibility programme for the Board's approval, and tracks progress against the agreed targets. OP Cooperative's Supervisory Council regularly reviews the Group's CR Programme and monitors its implementation.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>OP Financial Group's governance structure fulfils and supports the requirements set forth in the principles.</p>		

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) / Link(s) to bank's full response / relevant information
<b>Principle 6: Transparency &amp; Accountability</b>		
<b>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</b>		
<p>6.1 Progress on Implementing the Principles</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1–2.4).</p> <p>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>Responsible business is one of OP Financial Group's strategic priorities, and responsibility is embedded in business operations.</p> <p>We take account of sustainable development and climate and environmental factors in everything we do. As a financier, insurer, investor and developer of services and products, we support our customers and other stakeholders in the sustainability transition of their businesses or other functions.</p> <p>OP Financial Group's goal is to increase the proportion of responsible corporate lending, develop new, sustainable products and further specify the calculation of emissions from business operations.</p> <p>In addition to the Principles for Responsible Banking, various other initiatives and commitments support our responsibility work.</p>	<p>Responsible player, p. 40</p>
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.		
OP Financial Group has progressed in implementing the Principles and will continue to do so as part of its strategy work and updating of its corporate responsibility programme in 2022.		

# Independent Assurance Report to the Management of OP Cooperative

This document is an English translation of the Finnish report

We have been engaged by the Management of OP Cooperative to provide limited assurance on selected corporate responsibility indicators presented in OP Financial Group’s report “OP Financial Group’s Year 2021” (hereafter “Selected Corporate Responsibility Information”) for the year ended 31 Dec 2021.

The Selected Corporate Responsibility Information consists of the following indicators:

- Reported numerical information related to GRI Standards listed in the GRI content index
- OP1 “Number of attendees on financial literacy courses”
- OP2 “Number of attendees on digital training courses”

## Management’s responsibilities

The Management of OP Cooperative is responsible for the preparation and presentation of the Selected Corporate Responsibility Information in accordance with the reporting criteria, i.e. *GRI Sustainability Reporting Standards*, and the information and assertions contained within it. The Management is also responsible for determining OP Cooperative’s objectives with regard to 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 assurance engagement on the Selected Corporate Responsibility Information 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 Selected Corporate Responsibility Information is free from material misstatement.

KPMG Oy Ab 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 Selected Corporate Responsibility Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Corporate Responsibility Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed a member of OP Cooperative’s senior management and relevant staff responsible for providing the Selected Corporate Responsibility Information;

- Assessed the application of the *GRI Sustainability Reporting Standards* reporting principles in the presentation of the Selected Corporate Responsibility Information;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Selected Corporate Responsibility Information;
- Reviewed the presented Selected Corporate Responsibility Information and assessed its quality and reporting boundary definitions and;
- Assessed of the Selected Corporate Responsibility Information’s data accuracy and completeness through a review of the original documents and systems on a sample basis.

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 or 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.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in accordance with the *GRI Sustainability Reporting Standards*.

Helsinki, 7 March 2022

KPMG Oy Ab

## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

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