

OP-Pohjola Group Annual Review 2013



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Year 2013

In 2013 as a whole, OP-Pohjola Group showed one of the best results in its history, showing strong growth. Our earnings improved significantly and our capital adequacy increased to a new record height. Our market share increased in all our main business lines. People have shown great interest in using us as their main bank and insurer: we got 94,000 new joint customers.

Key figures

OP-Pohjola Group's key indicators

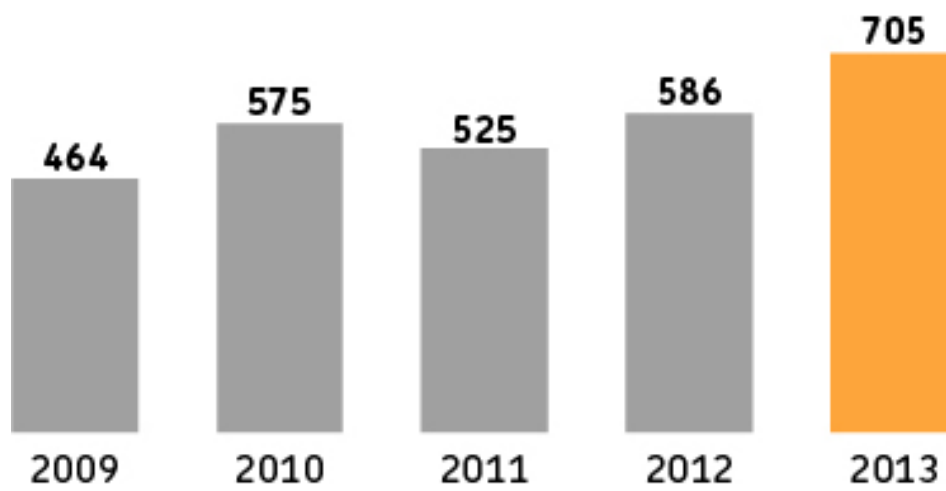
	2013	2012	Change, %
Earnings before tax, € million	705	586	20.4
Banking	411	424	-3.1
Non-life Insurance	167	92	81.7
Wealth Management	113	101	12.1
Returns to owner-members and OP bonus customers	193	192	0.7
	31 Dec 2013	31 Dec 2012	Change, %
Core Tier 1 ratio before the transition provisions, %	17.3	14.8	2.5*
Core Tier 1 ratio, %	14.3	14.1	0.2*
Ratio of capital base to minimum amount of capital base **	1.90	1.90	0.00*
Ratio of non-performing receivables to loan and guarantee portfolio, %	0.42	0.46	-0.04*
Joint banking and insurance customers (1,000)	1,518	1,425	6.6
Employees	11,983	13,290	-9.8

* Change in ratio

** Under the Act on the Supervision of Financial and Insurance Conglomerates

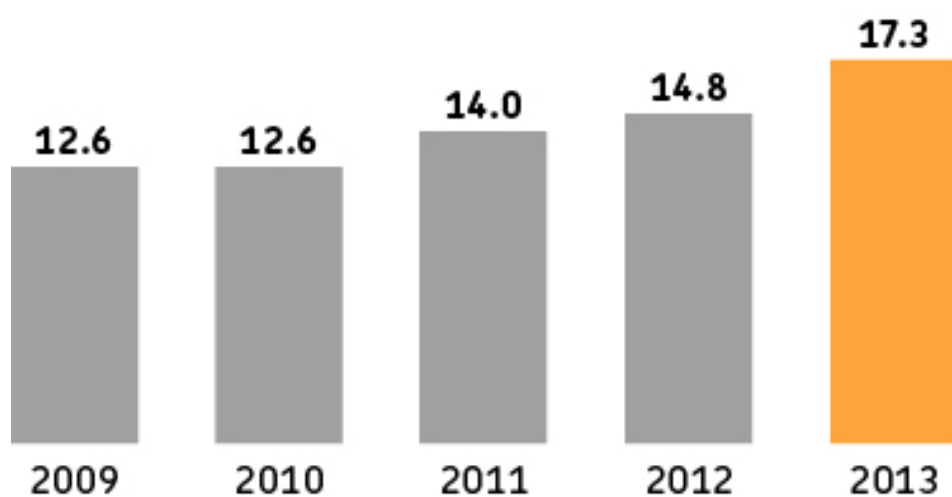
Earnings before tax

€ million



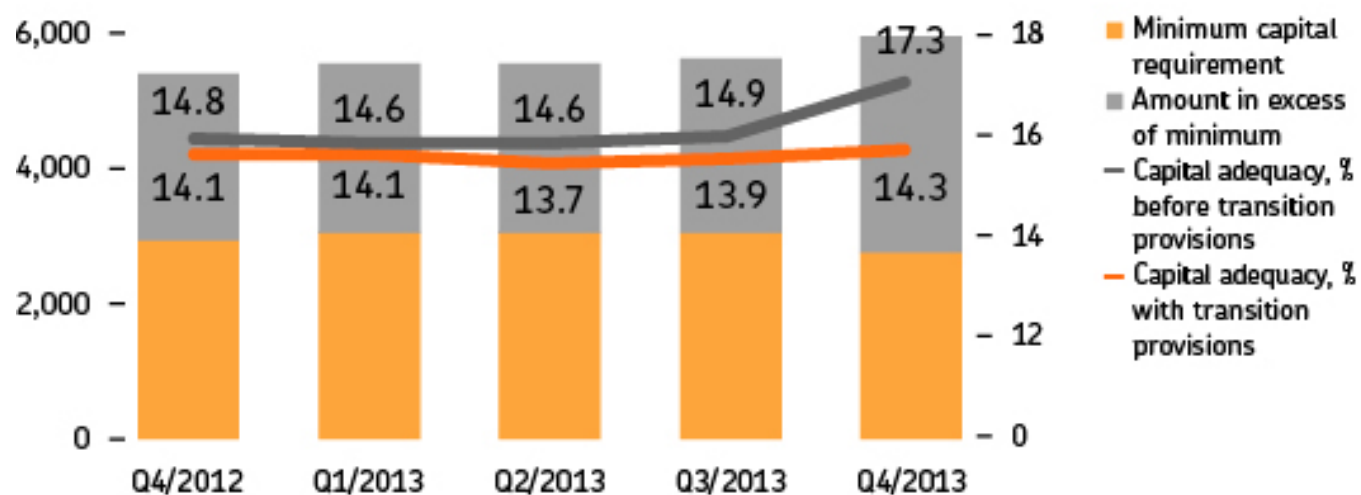
Capital adequacy ratio, Core Tier 1 before transition provisions

%



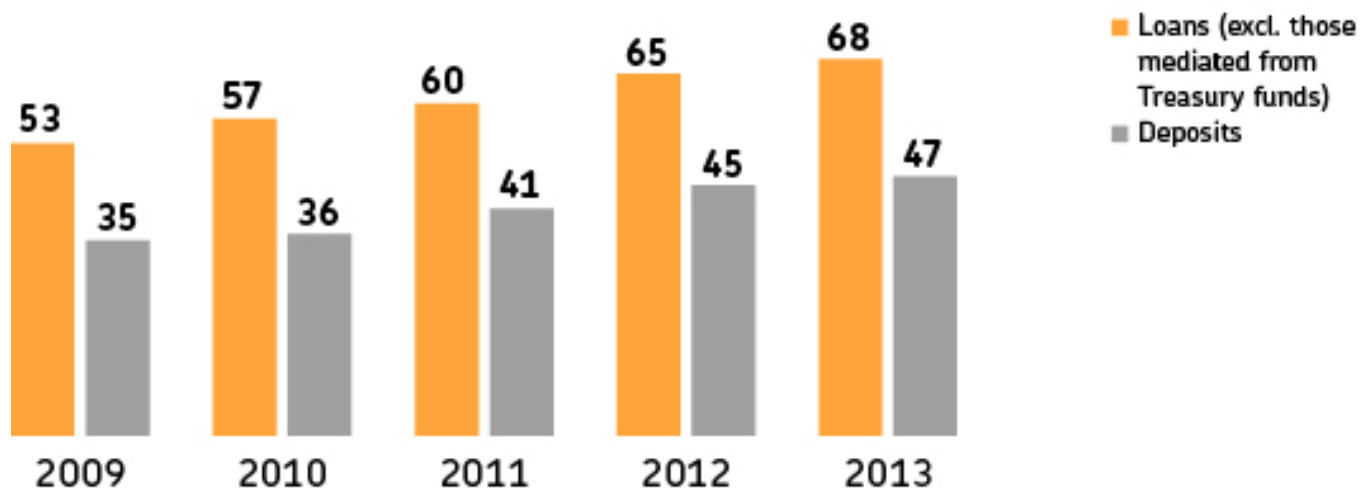
Capital resources

€ million



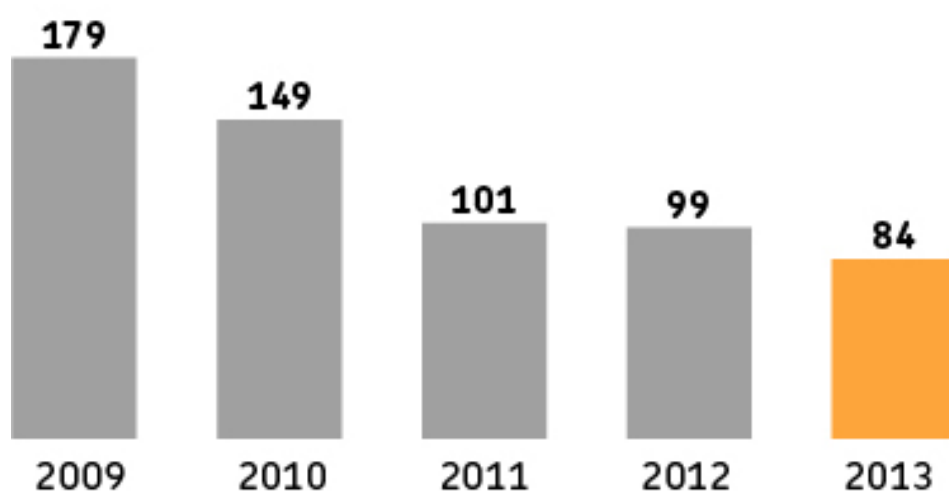
Loans and deposits

€ billion



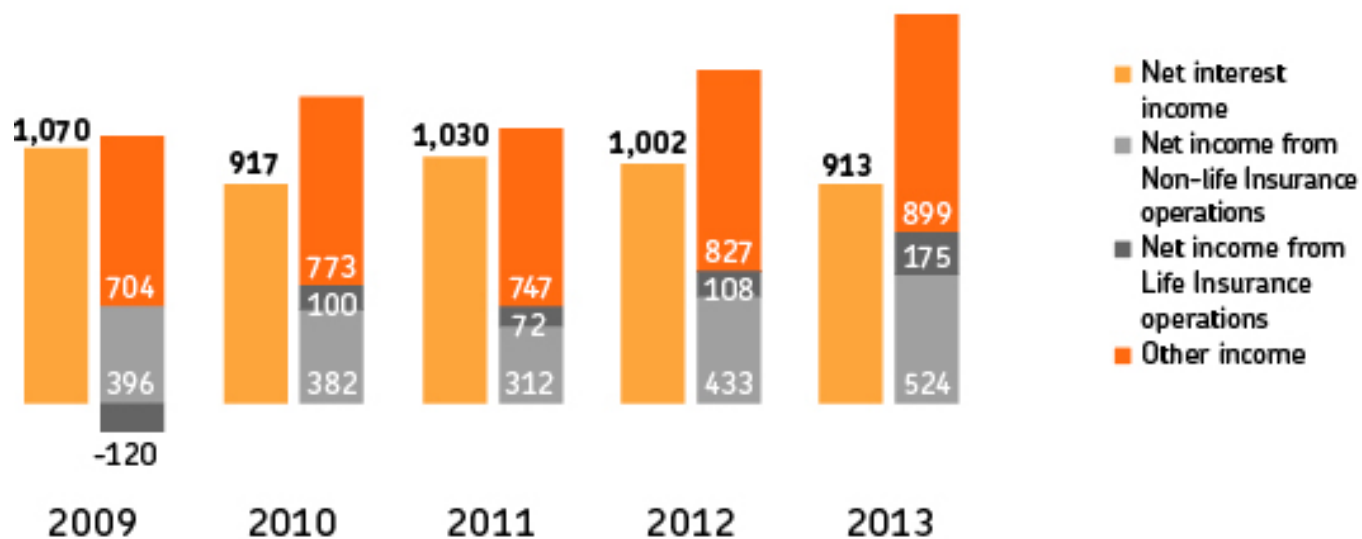
Impairments of receivables

€ million



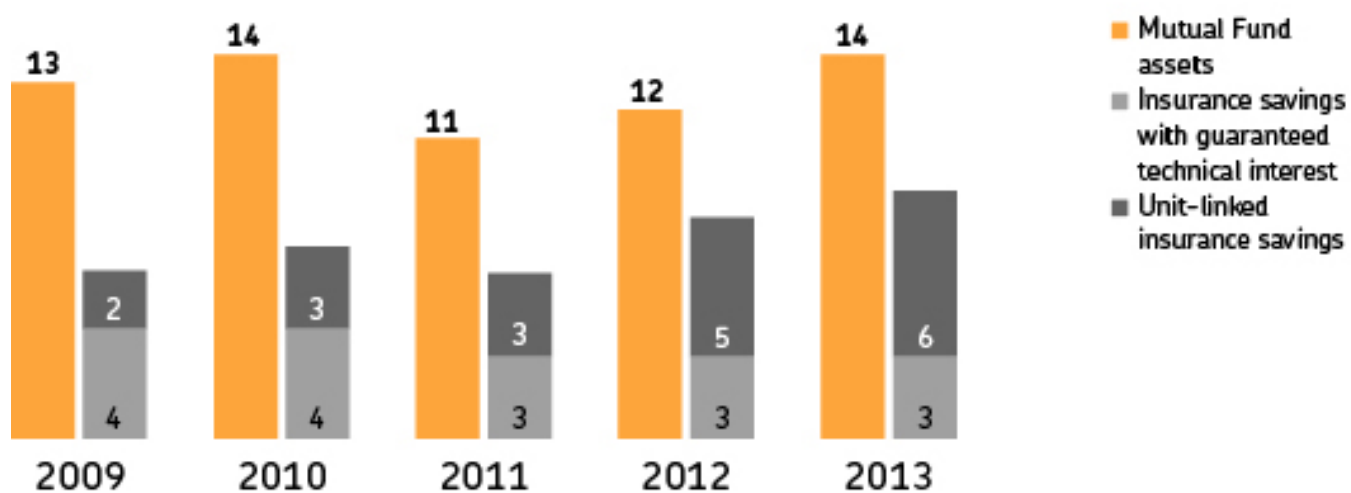
Net interest income and other income

€ million



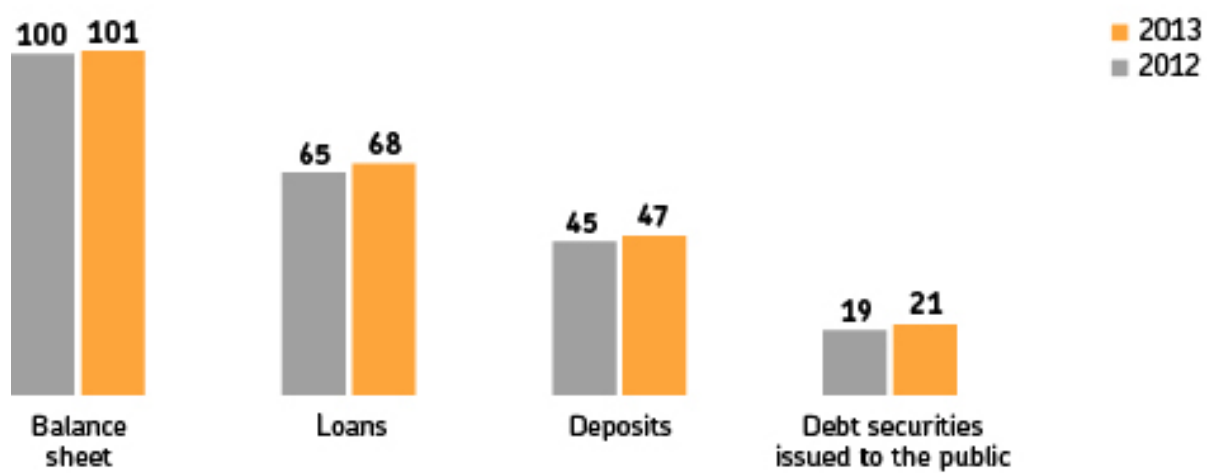
Life Insurance savings and Mutual Fund assets

€ billion



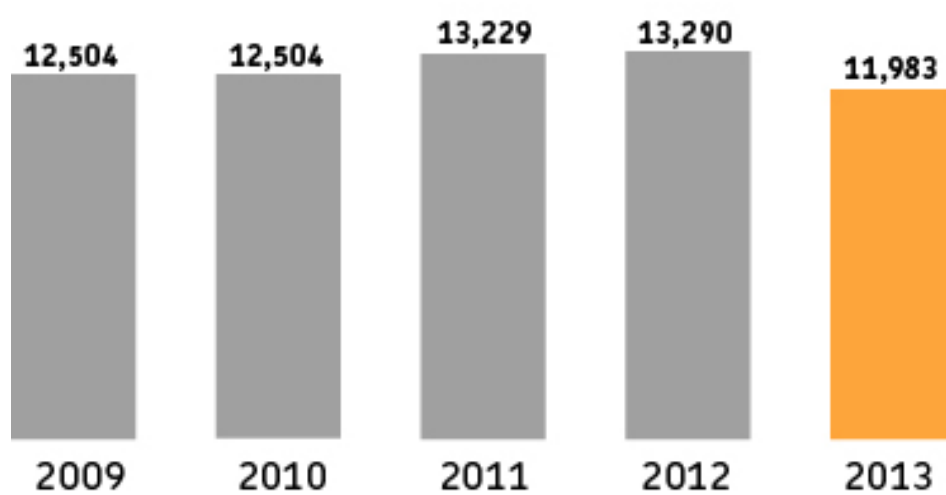
Key Balance Sheet Items

€ billion



Personnel

number



Executive Chairman's review

OP-Pohjola Group's year 2013 was excellent in many ways. We recorded our third-best annual results of all time, our capital adequacy increased to a new record height and our market position improved in all of our main business lines. While strengthening our foundation, we also made dedicated efforts to build our future. From the very beginning, our smart wallet Pivo and Omasairaala hospital as part of our health and wellbeing business were enthusiastically welcomed by our customers.

Our good results for 2013 were based on growth in our customer business and on the record earnings reported by Non-life Insurance that is going strong. Banking, too, showed better earnings than expected, supported by net interest income that turned upward in the second half of the year. Despite our many efficiency-enhancement measures, we were not quite able to stop our expenses from increasing. If we exclude the effect of the bank levy, our expenses decreased. We will continue to work on restraining expense growth in 2014.

The fact that our market position in terms of home loans and corporate financing has continued to strengthen is a proof that we are carrying our responsibility to an increasing extent for the effectiveness of the Finnish financing system. Another sign that we stress customer benefits is that we made a new record in 2013 in the number of customers using OP-Pohjola as their main bank and insurer. I believe that by making bold reforms yet respecting traditional values we will continue to be successful in the future too. We see digitalisation as a great opportunity to improve customer contacts and customer experience not only in the mobile and online channels but also in our branch offices.

Tightening regulation requires us to have better and better capital adequacy and consequently better financial performance. Capital adequacy has been a clear competitive advantage to OP-Pohjola Group for a long time. We therefore decided in early 2014 to raise our capital adequacy target (CET1) to 18%. Our primary method for maintaining a high level of capital adequacy is to show good financial performance to enhance our capital base.

OP-Pohjola Group has been owned by its customers right from the start. The plan of the central institution of OP-Pohjola Group to buy all Pohjola Bank plc shares and delist Pohjola, announced in early February, also lies behind our values. Following the purchase of the Pohjola shares, the idea is to begin to build a new, truly customer-owned, dynamic and agile OP-Pohjola. We are ready to reinvent ourselves and challenge all competitors in the sector. We respect our obligation stemming from our mission towards our customers and operating environment. We will use our financial results for the benefit of our customers. We will have more capacity to develop services and products and our customers will have more powerful voice in our development work.

This is a historic decision. The purchase worth a total of EUR 3.4 billion is one of Europe's largest restructurings in the financial sector following the financial crisis. Our decision stresses our Finnish ownership. Finland is our main market area and it is our duty to ensure through our own dedicated efforts that Finland will thrive in terms of its economy and prosperity. We will also take care of our customers' needs in the international arena. Our success depends totally on our customers' success.

Helsinki, 10 February 2014

Reijo Karhinen

OP-Pohjola Group in Brief

OP-Pohjola Group is Finland's largest financial services group. It provides its customers with the best loyalty benefits and the most extensive and diversified range of banking, investment and insurance services. The Group has three business segments: Banking, Non-life Insurance, and Wealth Management.

The Group is made up of some 180 independent member cooperative banks and OP-Pohjola Group Central Cooperative which they own, including its subsidiaries and closely related companies. Group's operations are based on the cooperative principle – cooperation and sharing the fruits of success with everyone. OP-Pohjola's mission is to promote the sustainable prosperity, safety and wellbeing of its owner-members, customers and operating regions. Our long-term customer-centred approach also enables continuous renewal. We develop our services and products to meet our customers' needs.

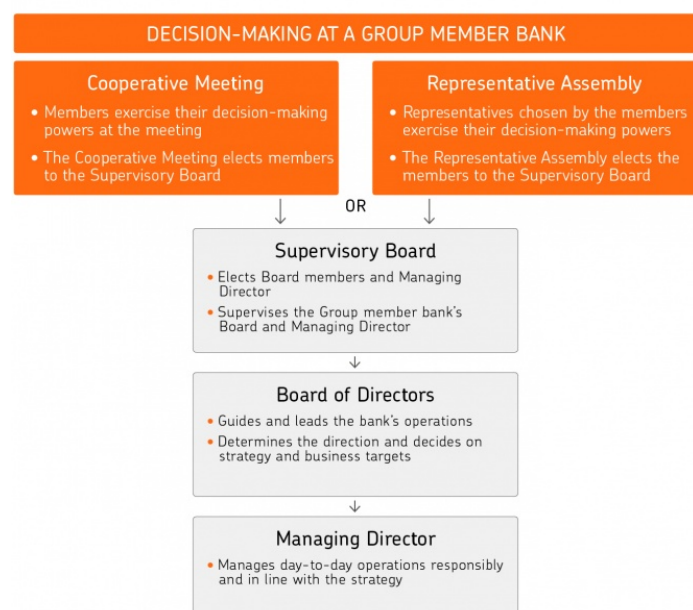


Group Member Banks

A Group member cooperative bank is owned by its customers. It is an independent, local deposit bank engaged in retail banking within its region. Its operations rest on a customer-oriented approach. In terms of their corporate form, they are cooperatives where each owner-member has one, equal vote. Thanks to this, Group member banks cannot be purchased and decision-making powers remain with the owner-members.

The operation of Group member banks is based on profitability. The member banks offer high-quality and competitive banking and insurance services to their customers. Rather than focusing on short-term profits, Group member banks aim at continuous success together with its customers. Operating profit is used for the benefit of owner-members: for the development of products, services and benefits.

Read more about Group member banks at op.fi.



OP-Pohjola Group Central Cooperative

OP-Pohjola Central Cooperative is the central institution of the amalgamation of the cooperative banks. The cooperative's members are the amalgamation's deposit banks and other credit institutions. By virtue of Laki talletuspankkien yhteenliittymästä (Act on the Amalgamation of Deposit Banks), the central institution has both the right to control its credit institutions and the obligation to supervise their operations.

OP-Pohjola Group Central Cooperative carries out control and supervision duties from its position at the head of the financial and insurance conglomerate formed by OP-Pohjola Group. It also acts as the Group's strategic owner institution.

OP-Pohjola Group Central Cooperative's mission is to create the basis for OP-Pohjola Group's unity and success. Its task is to supervise and steer the Group's business in line with the jointly agreed strategy. OP-Pohjola Group Central Cooperative also analyses the operating environment and gathers information on changes in the industry. It is in charge of the Group's corporate image, reputation and brands.

[Read more about the Executive Board members.](#)



Pohjola Bank Plc

Pohjola Bank plc is the most important subsidiary of OP-Pohjola Group Central Cooperative. Pohjola is a listed financial services group providing banking, non-life insurance and asset management services. For Finnish and global corporate customers, Pohjola provides comprehensive finance, investment, cash management and non-life insurance services. For private customers, Pohjola provides non-life insurance and asset management services.

Acting as OP-Pohjola Group's central bank, Pohjola manages the Group's liquidity and international operations. Pohjola's A-shares are listed on NASDAQ OMX Helsinki and the number of shareholders is approximately 32,000.

Pohjola Insurance Ltd is a Pohjola Bank plc subsidiary. It engages in non-life insurance operations in Finland, offering comprehensive insurance cover for private, corporate and institutional customers. Pohjola's non-life insurance operations comprise not only Pohjola Insurance but also A-Insurance, Eurooppalainen Insurance Company, and Seesam company operating in the Baltic countries.

[Read more about Pohjola Bank plc.](#)

OP-Services Ltd

OP-Services Ltd, a wholly-owned subsidiary of OP-Pohjola Group Central Cooperative, provides the basis for OP-Pohjola Group's success by developing and producing all of the services needed by the Group. It is in close cooperation with other Group companies and is in charge of development and production services that support the Group's business processes. The ultimate goal of OP-Services is to make the daily lives of the Group's customers easier and guarantee that they have access to the best products and services in the financial sector.

Highlights 2013

Owner-members of OP-Pohjola Group cooperative banks vote in the election of the Representative Assembly. A new Representative Assembly was elected to a total of 62 OP-Pohjola Group cooperative banks. The November election of the Representative Assemblies was held simultaneously for the first time. The number of owner-members as electors totalled over 900,000, i.e. around two-thirds of all OP-Pohjola Group cooperative banks' owner-members. What was new in the election, in addition to being held simultaneously, was that it was possible to vote online on the internet besides postal voting. People were active in voting online: 22.2 percent of the votes were cast via op.fi. The number of candidates totalled 5,284 of whom a total of 1,960 were elected to the Representative Assemblies. The lifetime of the Representative Assembly is four years.

OP-Pohjola Group comprises 183 cooperative banks at the end of 2013. The year saw seven mergers of cooperative banks, with the largest ones in terms of the number of customers being those of Etelä-Hämeen Osuuspankki and Lounaismaan Osuuspankki.

OP-Pohjola continues to develop new services to respond to changing consumer needs. The Group's development budget for 2013 totalled a whopping 150 million euros. In the reporting year, the Group launched, for example, a versatile mobile application, Pivo, for customers willing to track their spending, and a Group Interest Account, a fixed-term account to be opened online. It also launched an updated, more comprehensive health insurance policy for private customers and a new Home Safety Service (Kotiturvavalvelu) for Pohjola's insurance customers. In addition, OP-Pohjola opened OP-Pankkilabra, a test laboratory for financial products, and new branches based on OP-Pohjola Group's new branch concept. Customers can also use a video-conferencing service to discuss loans, insurance and investment with an employee.

Pohjola is responsible for OP-Pohjola Group's international services. **Pohjola opens a corporate branch office in Lithuania.** Pohjola now provides corporate customers with services in all of the Baltic countries. Corporate customer services in the Baltic countries consist of payment and liquidity management and working capital, leasing and investment financing. Comprehensive non-life insurance services are offered through the Seesam subsidiary.

OP-Pohjola updates the operating model for its ICT services and concludes agreements for application development and maintenance with Accenture and CGI. The ICT services transformation plan is a continuation of the efficiency-enhancement programme launched within OP-Pohjola Group Central Cooperative Consolidated in autumn 2012 and forms an important part of the efforts to improve the Group's future competitiveness. A total of 275 application development and maintenance employees from OP Services Ltd, which provides services to OP-Pohjola Group, transferred to a joint venture formed between OP-Pohjola and Accenture under comparable employment terms and conditions. Correspondingly, 221 application development and maintenance employees from OP Services Ltd transferred to a joint venture formed between OP-Pohjola and CGI under comparable employment terms and conditions. The new operating model will improve the Group's competitiveness, streamline the production of services and make the product development process more flexible.

OP-Pohjola concludes an agreement on card services with Equens based in the Netherlands. According to the agreement, Equens will provide OP-Pohjola Group with services required in the issuance of OP-Visa Debit and OP-Visa Electron cards linked to a bank account. The agreement covers not only system services but also card-related support services, and will develop and improve the efficiency of card services further as well as improve OP-Pohjola Group's capability to respond to its customers' changing needs.

OP-Pohjola announces that it will contribute more than one million euros to the construction of a new children's hospital. OP-Pohjola Group entered into a partnership agreement with the support association for the New Children's Hospital. Along with this agreement, OP-Pohjola will contribute one million euros towards the construction of the New Children's Hospital. The amount of this contribution will be increased through various actions together with personnel, customers and other stakeholder groups as well as the support association until 2017. Based on a decision taken by OP-Pohjola Central Cooperative's Supervisory Board, OP-Pohjola became a founding donor of the New Children's Hospital, and OP-Pohjola has committed to being involved in the construction project until its completion.

OP-Pohjola's construction project in Teollisuuskatu street in Vallila, Helsinki, reaches its deconstruction stage. Five buildings were deconstructed in the Vallila block and OP-Pohjola's new façade will be built in Teollisuuskatu street. All in all, well over 60,000 square metres of office space will be built and renovated for 3,000 employees. The construction project is aimed at creating flexible premises for employees that support new ways of working in the financial sector. The space utilisation rate in the new block will be 30 percent higher and operating costs will decrease by around 25 percent. The construction site based on the Vallila 2015 project numbers among the largest ones in the Helsinki Metropolitan Area that recycles construction material. A total of 95 percent of the deconstruction waste will be recycled, i.e. as much as is possible. JKMM Architects has designed OP-Pohjola Group's Vallila campus while Haahtela Group has acted as construction consultant. Construction and renovation in the Vallila block will be completed during 2015.

During 2013, OP-Pohjola Group highlighted topical events and subjects related to the financial landscape in its **OP-Pohjola Nyt** (OP-Pohjola Now) magazine and on its **taloudessa.fi** blog. In addition, the number of followers on OP-Pohjola's and member co-operative banks' Facebook pages increased exceeded 100,000.

Strategy

OP-Pohjola Group's strategy is based on a long-term business development in the best interests of our customers. The cooperative system is the basis of our operations and the driving force of our strategy. Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-members, customers and operating regions through our local presence.

OP-Pohjola's strategy updated in 2012 has been built to withstand any major unexpected changes in the operating environment. It is vital to continue the successful implementation of our mission, our success story in Finnish society and to invest in our future and further strengthen foundations for our long-term success.

Community spirit, people-first approach, corporate responsibility and progressiveness are highlighted in the identity of the Finnish, cooperative OP-Pohjola. These attributes guide each and everyone within our Group.

Strategy in a nutshell



Key Elements of Strategy

Mission	<ul style="list-style-type: none"> • We promote the sustainable prosperity, wellbeing and security of our owner-members, customers and operating regions through our local presence.
Vision	<ul style="list-style-type: none"> • We are the leading and most successful financial services group in Finland.
Customer promise	<ul style="list-style-type: none"> • We provide the best package of solutions and loyalty benefits.
Core values	<ul style="list-style-type: none"> • People-first approach. Responsibility. Prospering together.
Competitive advantages	<ul style="list-style-type: none"> • Comprehensive financial services offering The most extensive range of financial services on the market for both private and corporate and institutional customers. • Best loyalty benefits The most diversified and rewarding package of loyalty benefits in the sector. • Close to customers The most extensive network of branches and service outlets in Finland, plus an extensive range of electronic services. A people-first approach and local decision-making. • Cooperative basis Strong cooperative values, the combination of being an owner and a customer, and a long-term and responsible approach for the benefit of our owners, customers and operating region. • Finnish roots A financial services group in Finnish hands, which develops services for the needs of Finns. OP-Pohjola wants to promote prosperity and wellbeing in Finland and the success of Finnish business. • Stability Long-termism, reliability and security.

Financial Targets

OP-Pohjola aims to develop its business on a long-term basis:

- A faster-than-market growth rate in the long term
- Strong capital base that creates competitive edge
- Strengthening profitability
- Moderate risk-taking
- Being in a better financial position than its main competitors
- Efficiency at the level that secures competitiveness

OP-Pohjola Group's long-term financial targets

	31 Dec 2013	31 Dec 2012	Target
Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates	1.90	1.90	1.6
Return on economic capital (12-month rolling), %	15.3	14.7	18%
Growth differential between income and expenses, pps (within 3 years)	-3.4	-4.2	>0 %-points

Business Development on a long-term basis

Customers are at the core of OP-Pohjola's strategy. We have put customer experience at the top of our agenda; superior and consistent customer experience in all our channels and business lines is our goal. We will build our service channels to be an absolute number one in the sector – versatility, availability/accessibility, performance, interactivity and pioneership in the lead. Creating a superior customer experience will also be strongly reflected in our business development.

We continued to make record investments in product and service development in 2013. The economy is going digital at a faster pace, and OP-Pohjola Group aims to profile itself as the innovator in the Finnish financial sector: while we will improve our services, products and customer-service processes, we will also develop practices and operating models for the financial sector. We want to invest in product and service development during unstable times too in order to guarantee our long-term business success on a wide front. Our customer promise, to which we are determined to adhere, lies behind our long-term business development: we provide the best package of solutions and loyalty benefits.

While we are making heavy investments in development, we have increased the importance of efficiency to a completely new level within our priorities. The reorganisation programme initiated within OP-Pohjola Group Central Cooperative Consolidated in autumn 2012 forms part of the Group's strategy and continues the integration of our banking and non-life insurance businesses, with the aim of improving profitability by streamlining organisations and processes and reorganise operations. We will develop the personnel structure according to our strategic priorities by shifting the focus to customer contact points and making intensified efforts to streamline back-office processes. In 2013, OP-Pohjola Group Central Cooperative Consolidated focused on putting its new organisational structure and roles into practice and ensuring that the new operating model works smoothly. As we had announced before, we updated the operating model for ICT services by outsourcing part of application development and maintenance. As a result, around 500 OP-Services Ltd employees transferred to joint ventures established with Accenture and GCI under comparable employment terms and conditions. The year also saw outsourcing of support-function jobs announced in advance and with a smaller effect on personnel. The production of services for OP-Pohjola Group Central Cooperative Consolidated and OP-Pohjola Group cooperative banks was centralised in OP-Services Ltd that underwent a major transformation. The reorganisation programme is aimed at achieving annual cost savings of around 150 million euros by the end of 2015. A significant amount of the cost savings was realised during 2013.

Responsible Growth

Our strategy provides us with a clear direction. We will continue to grow on a long-term basis and focus even more on profitability and capital adequacy. Our strategic long-term goal is to grow at a rate above the market average while strengthening profitability. We have utilised our solid capital base for the benefit of our customers. We will maintain our capital adequacy at a level on a long-term basis that safeguards the maintenance of growth based on our mission. We will secure our risk-bearing capacity in all circumstances and keep risk-taking moderate in relation to risk-bearing capacity.

The year 2013 went down in OP-Pohjola's history in terms of many successes. We recorded an all-time high market share of home and corporate loans (37.8% and 36.3%, respectively). In 2013, we were the growth engine of the total corporate loans in Finland, which is a testimony to our ambition to support Finnish business and the related operating environment. In 2013, the number of joint banking and non-life insurance customers increased by over 94, 000. Our strong growth stems from the continued, successful integration of our banking and non-life insurance services and from corporate responsibility based on our mission. The business integration between Banking and Non-life Insurance will continue to provide us with a huge growth potential. The existing, largest customer base in the market will continue to be the main source of our growth.

The launch of the health and wellbeing/wellness business has also got to a good start. Our aim was to enable superior customer experience and the quickest treatment period possible, and we have succeeded in this aim. In 2013, the Omasairaala hospital had some 17,000 customer contacts and performed 1,300 operations. We have created a completely new service concept for the needs of our customers and taken good care of them. We have received a huge amount of positive feedback from customers and satisfied customers are recommending our services to their friends.

"Great experience, friendly staff and expert treatment and care. Previous experience of a conventional hospital care is completely incomparable with this great experience."

"As an entrepreneur, I know what customer service is all about. The service and care is just splendid here. Thanks for everything and I wish you every success in the years to come."

Working together with people-first-approach and responsibility in mind has guided us in the difficult operating environment. Our mission and core values pave the way for our long-term growth every day.

Key focus areas of growth are as follows:

- Helsinki Metropolitan Area
- Continuing the integration of banking and non-life insurance services
- Corporate customer business
- Wealth management services
- Electronic financial services
- Payment transaction services

Core Values

Core values

People-first approach

OP-Pohjola is for people. A genuine concern for people – both customers and co-workers – is the basis of our operations. We are easy and agreeable to approach. Each person is treated as a dignified and equal individual. Human respect is visible in all of our operations.

Responsibility

We operate locally, regionally and nationally as an exemplary and ethically responsible company. We build long-term customer relationships based on mutual trust. Bolstered by our strong professional skills, we bear responsibility for the high quality, expertise and reliability of our services.

Prospering together

Prospering together with our customers: this idea both points the way and sets the pace for the development of our operations and services. Operating as a unified group gives our customers greater security and improves our service capabilities. The winning spirit, shared by our administration and employees, creates continuous success – the basis of our strong reputation.

Operating environment

World economic growth was subdued in 2013. It was slower than a year ago not only in industrialised countries but also in emerging economies. The euro-area economy contracted over the previous year but output began to recover in 2013. Some crisis-ridden economies began to rebound. Economic uncertainty diminished and confidence improved towards the year end.

The European Central Bank (ECB) cut its main refinancing rate from the year-start 0.75 percent to 0.25 percent. The Euribor rates remained very low throughout 2013. Euro-area government bond yield spreads narrowed as markets calmed down.

The Finnish economy was weak in 2013 with decreasing GDP and increasing unemployment. The inflation rate decelerated markedly. Towards the year end, confidence began to improve in Finland too and there were more signs of exports recovery. Home prices rose by a few per cent but home sales and residential building were on the decrease.

World economic growth will strengthen in 2014 but remain below average. Economic growth in the US will speed up and the euro area economy will recover. An increase in exports will stimulate the Finnish economy but the economic growth rate will remain slow. The ECB will continue to conduct an expansionary monetary policy.

In the Finnish banking sector, the annual growth rate of the total consumer loan volumes slowed to 2%. This slowdown is explained by the uncertain economic outlook, slower housing markets and banks' tighter lending criteria. However, total corporate loans continued to grow at a relatively steady annual rate of 5 percent. In 2014, demand for loans is expected to remain weaker than average.

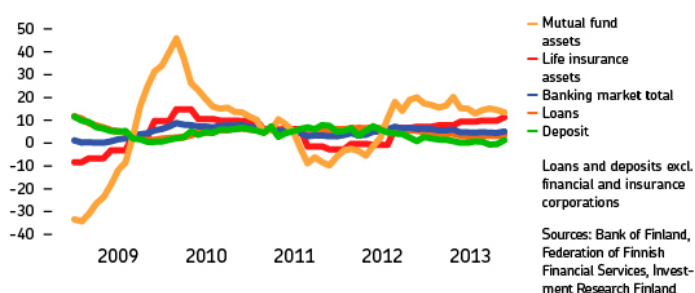
Growth in the total deposits made by private and corporate customers almost came to a halt last year. The use of current accounts increased, but the total term deposits were lower, as assets were allocated to savings products with higher investment risks because of favourable developments in financial markets and low interest rates.

Capital markets performed strongly during the second half of 2013. Mutual fund assets and insurance savings increased by 13 percent last year. Net asset inflows to mutual funds were positive throughout the year and life insurance premiums written increased by over 40 percent from their previous year's level. The trend in insurance savings continued as people shifted away from products with guaranteed technical interest in favour of unit-linked products.

According to preliminary information, non-life insurance premiums written increased by 6 percent in 2013. Claims expenditure and claims paid remained, however, at the previous year's level.

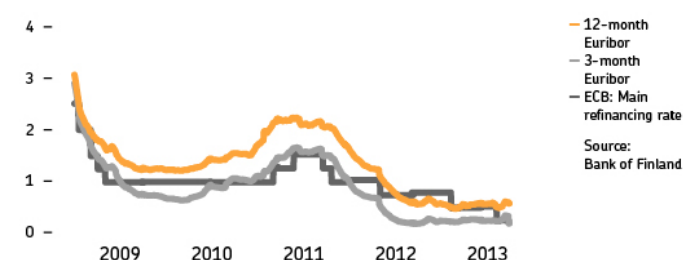
Banking business

12-month change, %



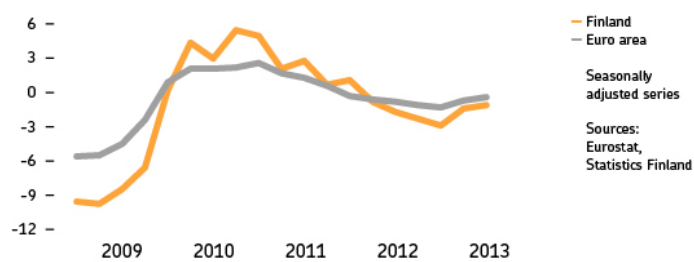
Euribor rates and ECB refi rate

%



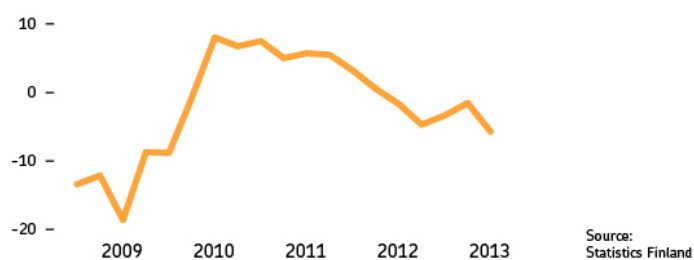
GDP

annual volume change, %



Fixed investments

annual volume change, %



Financial Sector in the face of Major Transformation

The financial sector is undergoing major transformation in many respects. The regulatory framework for capital adequacy and funding risk exposure in the financial sector has been considerably tighter since early 2014. Moreover, in order to counter systemic risks, there are measures underway to supplement regulation with instruments of macroprudential policy, such as countercyclical capital buffers for banks. As a result of the Banking Union under preparation, the European Central Bank (ECB) will assume responsibilities for supervising large banks in the euro area. Before taking over this single supervisory role, the ECB will carry out a comprehensive assessment of the banks to ensure that the banks are financially sound. A Single Resolution Mechanism will supplement the Banking Union in the years to come. The regulatory framework of insurance companies is being reformed too. However, uncertainties are still associated with the content and implementation schedule of these global regulatory frameworks.

The current low interest-rate environment coupled with tightening regulation will continue to put pressure on profitability in the financial sector. The weak economic outlook and structural changes will be reflected in the financial sector outlook. Changes in customer behaviour and cross-industry expansion mean greater needs for reforms and investments in the financial sector. The changing financial landscape will make financial services providers enhance their processes, upgrade their distribution channels, develop their electronic services further and adjust their business models.



Risk Management

Risk management has a role to play in ensuring the implementation of OP-Pohjola Group's strategy. According to the strategy the Group will secure its risk-bearing capacity in all circumstances and keep risk-taking vis-à-vis the risk-bearing capacity moderate. This moderate risk-taking approach is manifested in our daily business and is taken into consideration in the management of all of OP-Pohjola Group's most significant risks.

Numbering among OP-Pohjola Group's most significant risks, credit risk is primarily associated with banking operations. Within banking, credit risk management pays particular attention to maintaining the good quality of the loan portfolio and supervising the risk level associated with growth. Risk management also ensures that growth can be financed as specified in the Group's funding plan. Creating a strong structural funding risk position and liquidity ensures funding at a reasonable price.

The greatest market risk associated with banking arises when a change in interest rates affects net interest income. Within non-life and life insurance operations too, interest rate risk is the most significant risk among market risks included in insurance liabilities. Market risks associated with investment also play a key role in non-life and life insurance business. The moderate risk-taking approach obliges us to identify these risks and limit them to an acceptable level. Within insurance business, this approach requires well-performing risk selection and pricing processes as well as well-defined reinsurance principles.

Risk management forms an integral part of our daily operations and corporate culture

It is part and parcel of daily business and its management. Long-termism and responsibility provide a framework for customer relationship management. The role of risk management in retail banking is reflected, for instance, in that a borrower's repayment capacity is a prerequisite for loan approval. Risk awareness is involved in every business decision and forms an integral part of our corporate culture.

In particular, operational risk management pays much attention to an organisation's risk awareness. Operational risk management identifies and assesses risks while ensuring the effectiveness and sufficiency of risk controls and risk management tools. It puts the moderate risk-taking approach into practice by also ensuring compliance with the instructions issued by the authorities and the Group's internal principles.

In-depth customer knowledge is the core of risk management

OP-Pohjola Group's risk management consists of three components. The first component involves daily risk decisions and the monitoring of risk exposure. In-depth customer knowledge acquired through active customer relationship management forms the prerequisite for successful risk management and ensures moderate risk-taking. Robust risk management is in the interests of both customers and OP-Pohjola Group.

The second component involves the Group's centralised risk management function in charge of general risk management conditions within OP-Pohjola Group. This function independent of business lines and divisions controls and supervises risk management of Group institutions and analyses their risk exposure. The third risk management component involves internal audit which assesses risk management performed by both the central institution and member institutions.

[Read more about OP-Pohjola Group's risk and capital adequacy management principles.](#)

Case: Election of Representative Assemblies – the largest election held in Finland in 2013

In November, 62 OP-Pohjola Group cooperative banks held simultaneously the election of their Representative Assemblies. When combining the elections of Representative Assemblies of all banks involved, they represent the largest polls held in Finland in 2013. The number of electors as owner-members totalled over 900,000.

Group cooperative banks are banks operating on the basis of customer needs, where the interests of customers combine with those of owners, and owner-members can really contribute to decisions. The Representative Assembly, which meets around twice a year, decides on the adoption of the financial statements, elects the Supervisory Board and auditors. Its messages of minor, practical affairs are also conveyed to the bank's management.

– Representatives can highlight the customer's perspective of banking services and update the management on whether there are any shortcomings: whether the branch closes its doors too early in the afternoon, how the telephone service works, whether customer service is available in the customer's own mother tongue, explains **Markku Johansson**, Chairman of the Supervisory Board of Itä-Uudenmaan Osuuspankki.

Timo Levo, Managing Director of Oulun Osuuspankki, says that, whenever necessary, he also communicates directly with the Representatives. – I tend to contact members of the Representative Assembly if the bank has plans with respect to their region. But then again, they can also contact me if they have heard things or hopes related to the bank, he explains.



Case: World-class benefits

In the Omat edut (My own benefits) section on OP eServices, customers can easily check OP-bonuses they have earned over the course of the year, the amount used and the amount available at any given time. In addition, customers can view discounts they have received on insurance policies and banking services. **Hanna-Mari Parkkinen** of Fjord, a service design consultancy and part of Accenture, is both a customer and a banking service expert with regard to her work. She leads service design projects in the financial sector and analyses, for example, customer and loyalty programmes. The firm designs online banking services for six banks ranking among the world's top ten banks.

- We carried out research work for one of our international banking customers. In that research, we compared the banks' bonus schemes on a global basis. We were naturally pleased to note that the bonus scheme of our own bank was one of the best ones in the world, Parkkinen says happily.

- OP-Pohjola Group cooperative banks offer splendid customer service at their branches, which is why customers should also experience the same online. For example, user-friendliness and personal approach in web banking represent aspects in which banks should invest, she sums up.

Parkkinen has discovered the tangible benefits of OP-bonuses. She gives the following example:

- I use OP-Pohjola as my family's main bank and insurer. I have a savings account with OP-Pohjola and just opened a long-term savings account. I also have a Visa card and am a saver under a pension insurance plan.

- I submitted an invitation for tenders for my home loan to banks. I did not realise straight away that OP-bonuses earned through the loan raised from an OP-Pohjola Group cooperative bank are used to pay for home, life, travel and motor-vehicle policies. That is just great. Now it is then easy to witness at op.fi the actual savings achieved.

Sales Manager **Leena Muesa** of OP-Pohjola believes that the Omat edut view at op.fi will improve customer experience and make loyalty benefits more concrete.

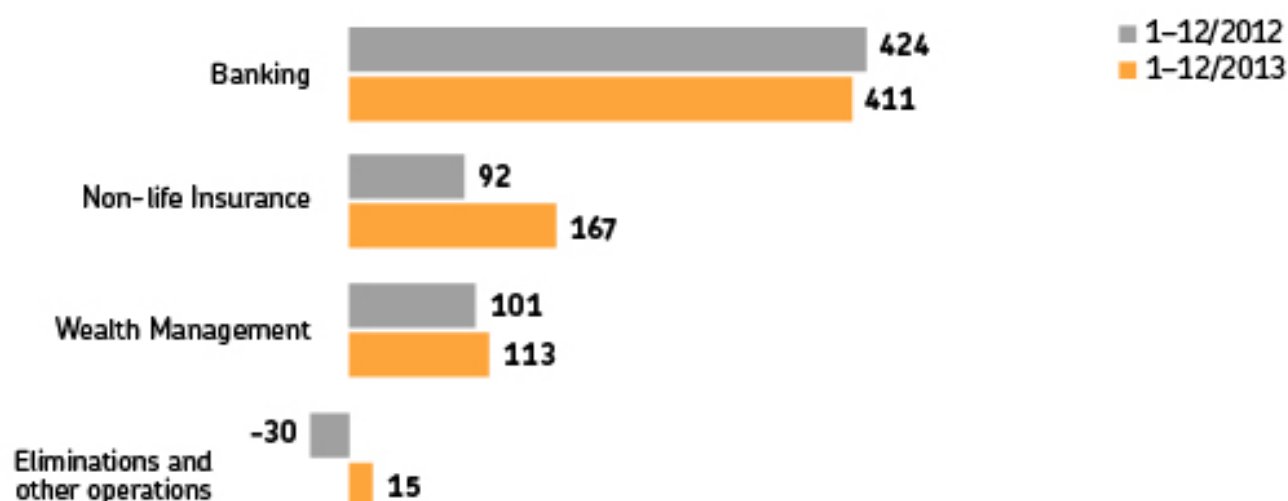


Business Lines

In 2013, OP-Pohjola Group recorded its third-best annual results of all time, coming from a strong increase in income and Non-life Insurance's record earnings. Banking improved its earnings towards the year end and net interest income rose, especially towards the year-end. Smart wallet Pivo and Omasairaala are the new beginnings of our success stories.

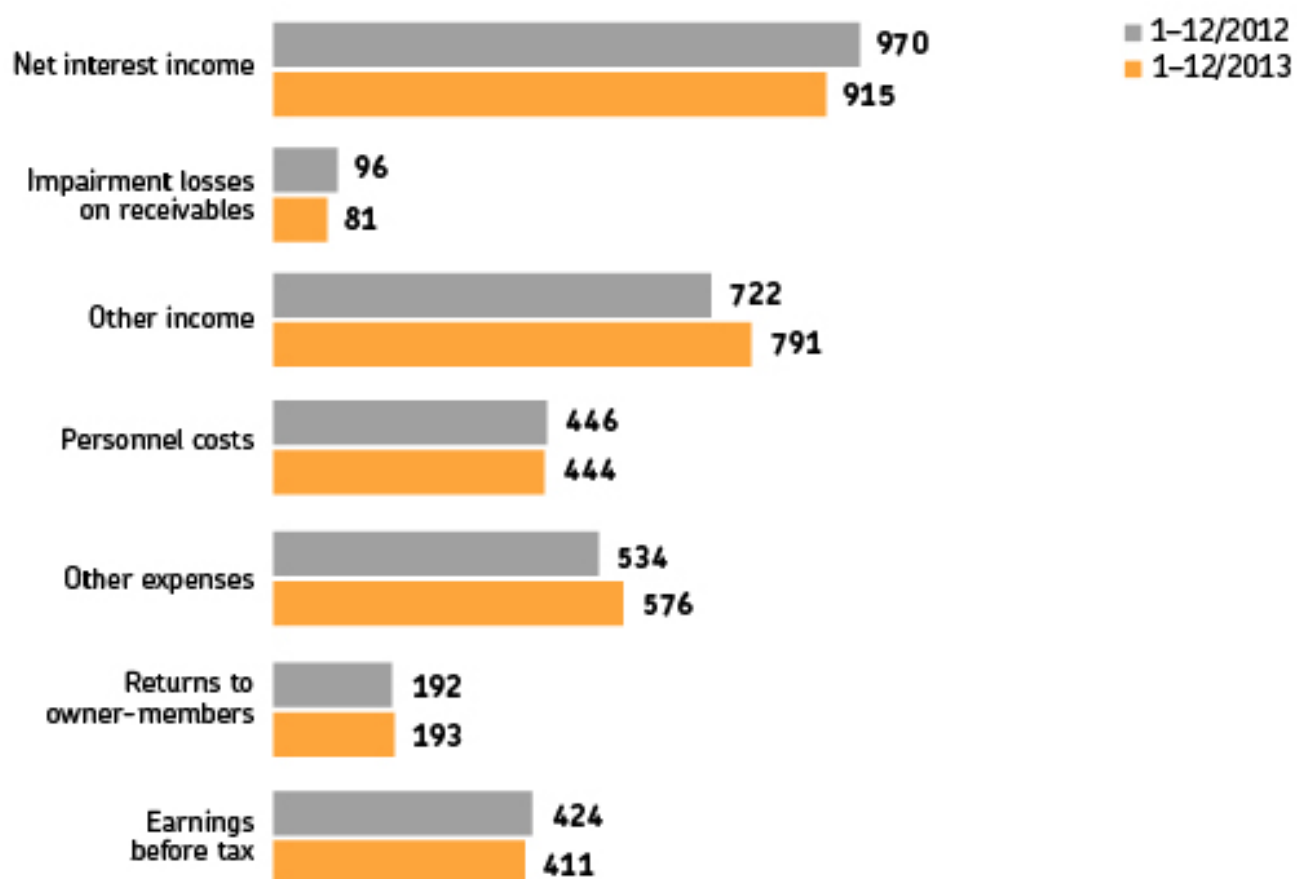
Earnings before tax by Business Segment

€ million



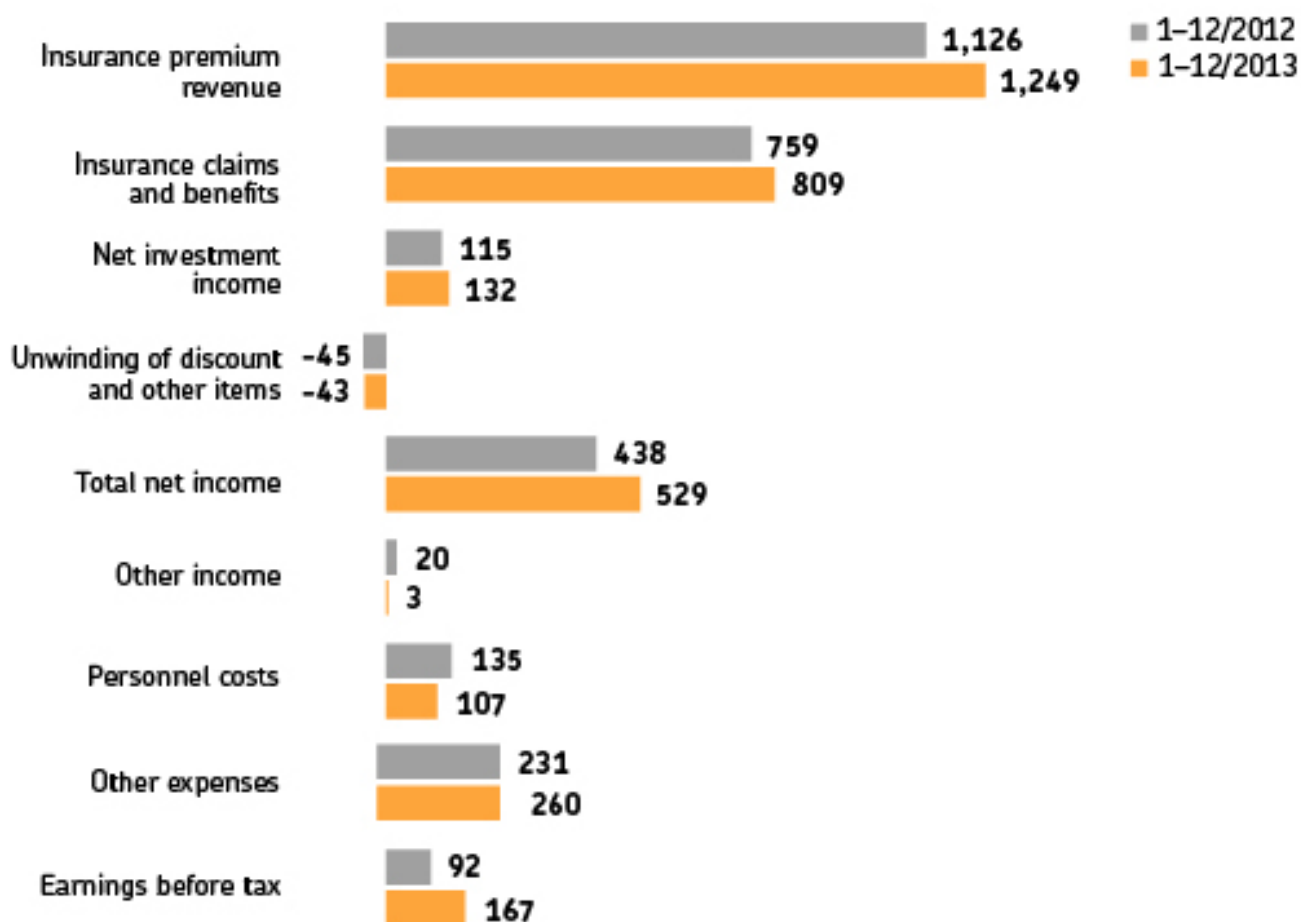
Banking

€ million



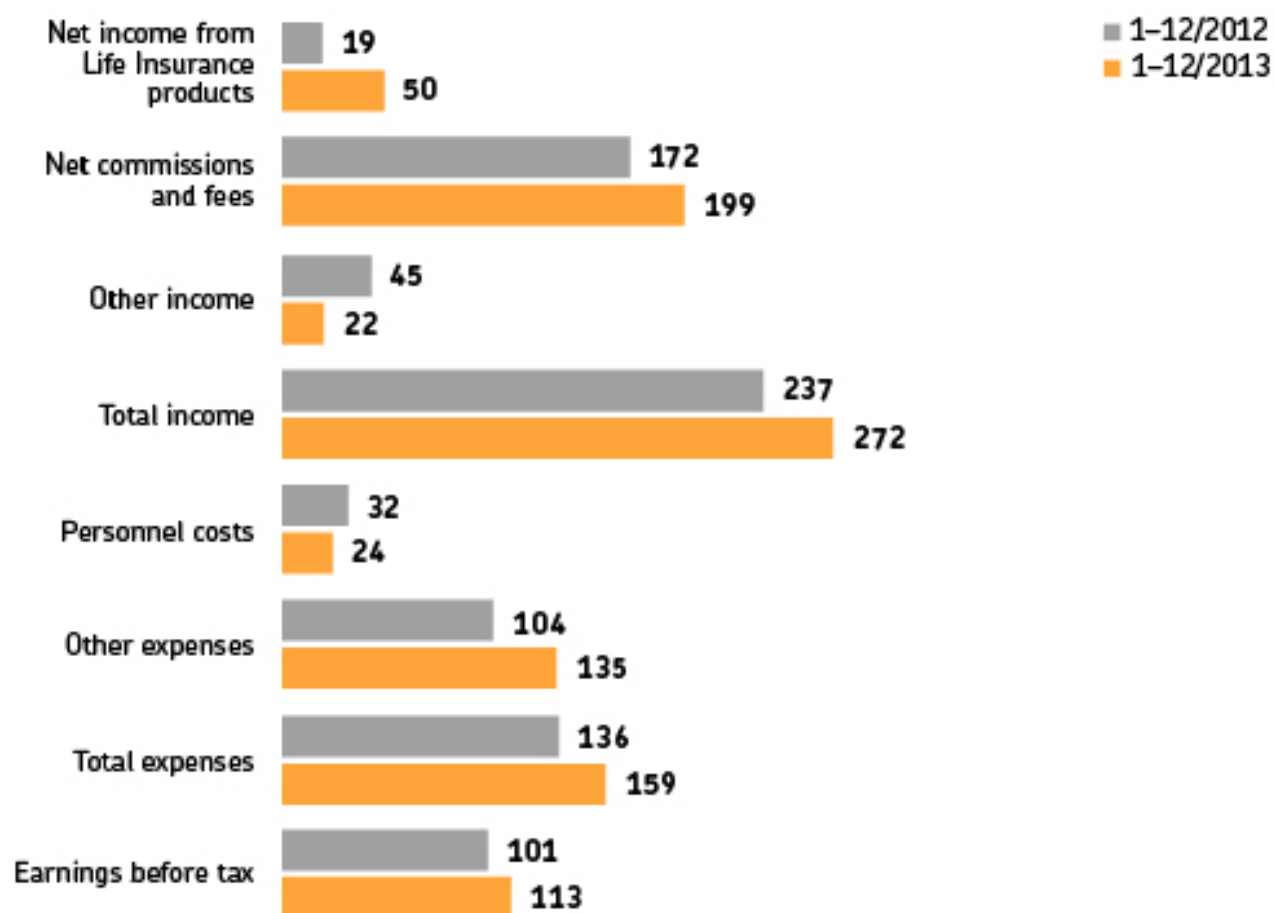
Non-life Insurance

€ million



Wealth Management

€ million



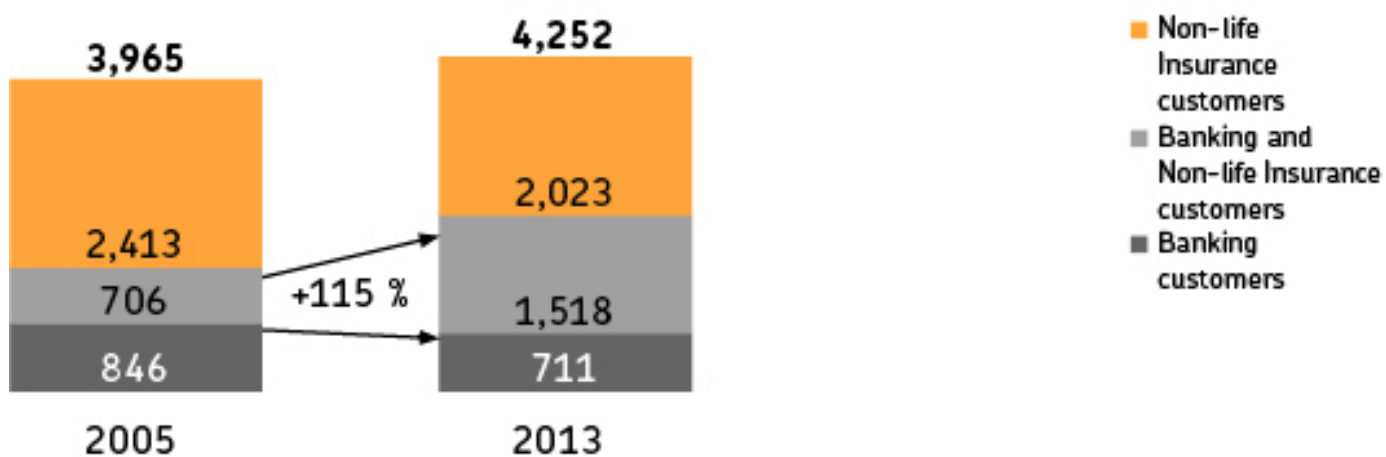
OP-Pohjola Group's service network

OP-Pohjola Group's service network	Dec-13	12-month change
Visits to op.fi	11,009,347	2%
Visits to OP-mobile	2,896,120	382%
Visits to Pivo application	759,169	n/a
eServices Agreements	1,612,130	50,324
Bank branches	485	-34
Providing both non-life insurance and banking services	353	-2
Private Banking branches	39	+1
OP-Kiinteistökeskus real estate agencies	170	-
Online customer terminals	498	-32
Followers of Facebook (OP-Pohjola Group and OP-Pohjola Group cooperative banks)	105,369	+97,795
Followers on Twitter	1,804	+1,099
Followers on LinkedIn (OP-Pohjola Group and Pohjola in total)	4,172	+1,816

And calls to the Telephone Service in 2013 2.5 million

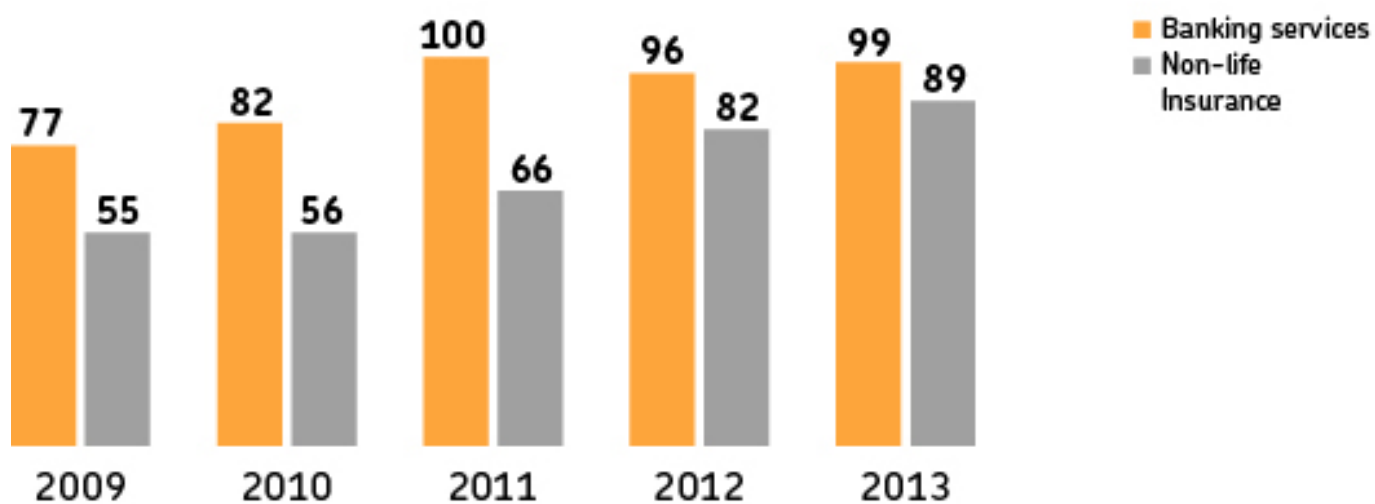
OP Pohjola Group's customers

1,000 customers



Use of OP bonuses

€ million



Customers

As the leading financial services group in Finland, OP-Pohjola Group offers its customers a complete range of banking and insurance services. We also have a unique opportunity to combine banking and insurance products into packages that bring customers new added value. This idea is visible in our product and service development. In line with our customer promise, we wish to offer the best loyalty benefits to customers concentrating both their banking and insurance services with the Group.



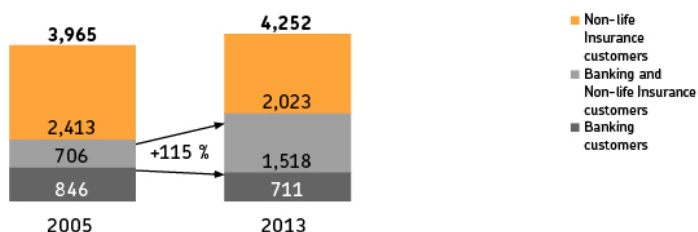
OP-Pohjola Group is there for its owner-members and customers, its customers numbering 4.3 million. In 2013, the number of shared banking and non-life insurance customers rose by almost 100,000. Since the Pohjola acquisition in 2005, the number of the shared banking and non-life insurance customers has increased by 800,000 to 1.5 million.

In 2013, the number of non-life customers soared by over 100,000 to 2.2 million. Since the Pohjola acquisition, their number has increased by almost 700,000. The number of non-life loyal customer households rose by almost 50,000 in 2013 to over 600,000.

Improving customer experience is a top strategic priority with the aim of providing increasingly better customer service.

OP-Pohjola Group customers

1,000 customers



Loyalty Benefits

The more an owner-member uses banking and insurance services provided by OP-Pohjola Group, the more he earns in terms of loyalty benefits. OP-Pohjola rewards its customers with discounts on insurance policies and with OP bonuses that customers earn, based on the value of transactions, covering almost all banking and insurance services. OP bonuses can be used for many purposes such as for the payment of banking charges and fees and insurance premiums as well as OP Kiinteistökeskus realty commissions. The OP bonus scheme has already been in place since 1999 and bonuses earned by customers in 2013 were worth 182 million euros. In addition, the discounts on insurance policies amounted to 73 million euros.

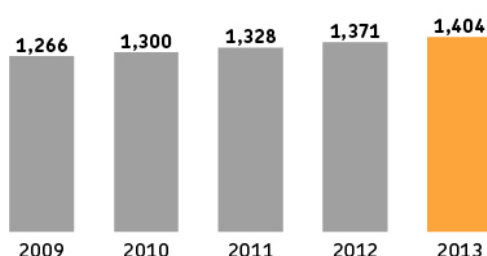
In addition to financial benefits, owner-members have a genuine opportunity to contribute to their own cooperative bank's decisions and, thus, influence developments in their neighbourhood. Many local OP-Pohjola Group cooperative banks also provide their customers with benefits offered by local businesses.

OP-Pohjola Group further develops its loyalty scheme on an ongoing basis. In 2013, Aurum's unit-linked policies began to generate OP bonuses, on top of banking and insurance transactions.

Companies run by owner-managers, which meet the criteria set for customer loyalty in terms of an active corporate account and several insurance policies taken out with Pohjola Insurance Ltd, receive annually varying, special benefits based on such loyalty.

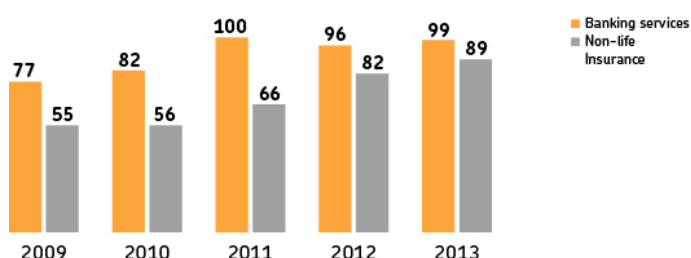
Owner-members

1,000 members



Use of OP bonuses

€ million



New services for changing customer needs

In 2013, OP-Pohjola launched a number of new innovative products and solutions in response to the changing ways customers use banking services. OP-Pohjola was the first in Finland to introduce a mobile wallet application that enables its users to track their spending, finances as well as loyalty schemes and benefits with a single service. This mobile application Pivo, which is free of charge for private customers, shows how much money the user has available and on which he spends it. This application brings a feeling of managing daily shopping in a new way. The Pivo application was downloaded over 100,000 times by the end of 2013. Pivo has become the most frequently, daily used electronic service among OP-Pohjola Group customers. Pivo will be a platform for many daily spending services. Mobile payment solutions will be added to Pivo in 2014.

OP-Pohjola also expanded its videoconferencing services for customers who can negotiate online on loans, insurance policies and investments with a bank employee. Everything takes place in the online bank, which ensures the best possible information security.

In Helsinki opened also OP-Pankkilabra, a "testing laboratory" for financial products, where customers test and examine existing and future banking and insurance products in different ways: using touch screens, videos, animation and demos. It is possible to develop products faster on the basis of the immediate feedback from customers. Likewise, OP-Pohjola's customers can sign up for Paja, an OP-Pohjola Group customer community, and participate in the development of future services on the web and in various events by invitation.

The focus of customer transactions in branches has changed and August saw the opening of the first branch in Tapiola, Espoo, based on the new branch concept. Service convenience, personal service and cosy premises are the key focus in the new concept and service model. Branch premises are divided into meeting facilities for expert services and a novel, shop-like place. Other branches based on the new concept were also opened in Myyrmäki, Vantaa, and Hervanta, Tampere.

OP-Pohjola still boasts an extensive network of almost 500 branches across Finland for personal payment and cash services. Since August, customers have been able to use their cards to withdraw cash at the checkouts of almost one thousand shops.

Service network



OP-Pohjola Group's service network	Dec-13	12-month change
Visits to op.fi	11,009,347	2%
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And calls to the Telephone Service in 2013 2.5 million

Banking

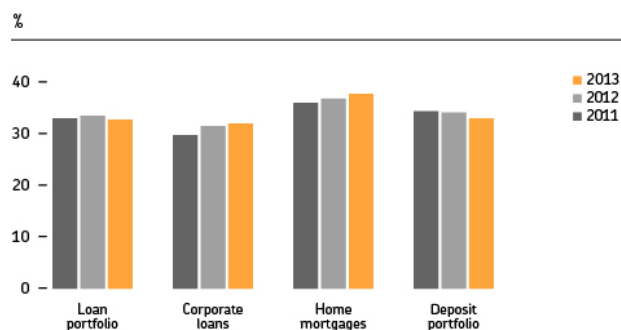
Banking is the largest of OP-Pohjola Group's business segments. From OP-Pohjola's range of banking services, private customers can find suitable solutions for not only financial management and home buying but also for investment. For companies, OP-Pohjola provides financing, cash management and payment transaction services.

OP-Pohjola's Banking continued to grow strongly in 2013, although economic uncertainty has resulted in a slower rate of loan portfolio growth than the year before.

Earnings before tax decreased by only 3,1 percent to 411 million euros, although net interest income declined as expected and the bank levy added costs. An increase in net commissions and fees and net trading income compensated the reduced net interest income caused by low interest rates. Year on year, net income improved by 14 million euros to 1 706 million euros and total expenses grew by 40 million euros. The bank levy accounted for 44 million euros of the expense growth.

Banking's credit risk exposure remained stable and credit risk remained moderate. Impairment losses on receivables, 81 million euros, remained low, decreasing by 14 million year on year.

OP-Pohjola Group's market share



[Read more about Banking earnings in OP-Pohjola Group's Report by the Executive Board.](#)

Financing

OP-Pohjola Group strengthened its position despite the slowing market, growing markedly faster in private customer and corporate financing in 2013 than its competitors.

With demand for corporate finance remaining fairly brisk, the corporate loan portfolio increased by 5.0% in 2013.

Year on year, the volume of new home loans raised from OP-Pohjola declined by 17 percent. The Group's market share of total home loans remained strong, standing at 37.8 percent (36.9) at the end of December. The consumer loan portfolio grew by 2.4 percent from last year's figure.

Loan margins rose markedly as banks passed the higher costs of funding onto lending margins and prepared for the effects of tighter regulation.

The rise in home loan margins levelled off towards the year end. Risk associated with a loan played a more important role in determining the loan margin, and prices of individual loans differed greatly in corporate financing, in particular.

Real estate business was quieter than prior years in the sector. The number of homes sold through OP-Kiinteistökeskus real estate agents was 13 540 in 2013, or 17 percent lower than a year ago (16,291).

Deposits made with OP-Pohjola Group increased by 5.2 percent during the financial year. Because of persistently low interest rates and lower net interest income from term deposits, investment deposits decreased by 2.9 percent in the year to December. The focus of growth in deposits has shifted towards payment transaction accounts, which increased by 12.5 percent in the year to December.

Payment and new services

The national direct debit system will come to an end in late January 2014. Two-thirds of OP-Pohjola Group's direct-debit customers opted for eBills to be sent to OP eServices. Electronic services are the main channels for customers' daily transactions. OP eServices is the most popular channel but OP-mobile is rapidly gaining popularity in daily banking among private customers. In terms of the download volume, OP-mobile has 500,000 users regardless of the operating system.

OP-Pohjola has further strengthened its position as a provider of cash management and payment services for companies. OP-Pohjola is the main bank for payment transactions for self-employed people and small companies and its market share of payment transactions for public-sector organisations has also increased after winning a number of competitive tenders.

OP-Pohjola Group has acted as the primary intermediary of government payments since 1 December 2012. The agreement is effective for seven years. In this role, OP-Pohjola Group is tasked with managing all payment and invoice intermediation services, such as those related to tax refunds. The agreement also covers electronic contract management and the introduction of an online invoicing portal.

The reporting year also saw the launch of the first collective banking service in Finland, Group Interest Account, in which each saver can contribute to returns. The Group Interest Account is an online account that represents a new method of depositing money into a fixed-term account. Its interest is determined by how much customers collectively deposit money into the account during the period of contribution. The social media will play an important role in the launch of the Group Interest Account and each and every depositor can also contribute to the deposit rate by recommending the account to his friends.

[Read more about OP-Pohjola Group's new services and products launched in 2013 and designed for changing customer needs.](#)

Non-life Insurance

OP-Pohjola Group is Finland's largest non-life insurer. It offers comprehensive insurance coverage and proactive risk management services to private, corporate and institutional customers.

With a strong market position in Finland, OP-Pohjola boasts extensive electronic services and an extensive network of branch offices as well as comprehensive insurance solutions in the field of property and business liability and health and wellbeing. Our local presence, in-depth customer knowledge and highly skilled personnel provide a good foundation for non-life insurance sales.

Non-life insurance operations comprise not only Pohjola Insurance but also A-Insurance, Eurooppalainen Insurance Company and Seesam operating in the Baltic countries.

Year 2013

- The non-life insurance business continued to grow strongly. Insurance premium revenue rose by 11 percent to over 1.2 billion euros. The number of loyal customer households and corporate customers showed excellent growth figures.
- Claims services had a busy year: 487,000 new claims were filed with Pohjola, which was 35,000 more than a year ago. The number of losses can also be attributed to the higher number of customers. The first stage of a new claims system was launched in 2013.
- In early 2013, Pohjola opened Omasairaala Oy, a hospital for outpatient surgery specialising in orthopaedic diseases and injuries. In October, the hospital opened a private emergency service that supplements services provided in the public sector. In early December, Omasairaala became the provider of occupational healthcare services for the OP-Pohjola Group Central Cooperative Consolidated staff in the Helsinki Metropolitan Area.

Non-life Insurance's pre-tax earnings increased to 167 million euros (92). The operating combined ratio improved to 86.9 percent (90.5) owing to solid growth and higher efficiency. Investment income was also higher than the year before.

[Read more about Non-life Insurance earnings in OP-Pohjola Group's Report by the Executive Board.](#)

Strategy

Non-life Insurance's primary target is to grow at a rate above the market average in terms of private customers and SMEs and to improve operational efficiency significantly.

The key priorities are as follows:

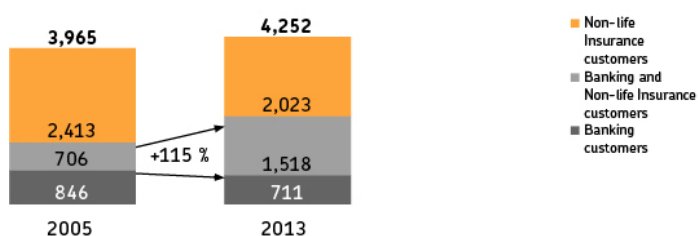
- Improving Non-life Insurance's market position in terms of private customers and SMEs
- Improving efficiency
- Personal insurance and health and wellbeing/wellness services.

Best comprehensive solutions and loyalty benefits

Pohjola Insurance's market share is expected to have increased during 2013. The stronger market position was the result of successful cross-selling as the number of joint banking and non-life customers increased from 1.425 million to 1.518 million.

OP-Pohjola Group customers

1,000 customers

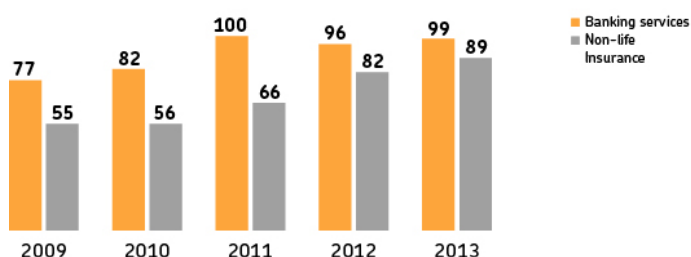


OP-Pohjola Group wants to offer its customers the best comprehensive solutions and loyalty benefits. If private customers use OP-Pohjola Group as their main bank and insurer, we offer them OP bonuses which they can use for banking service charges and insurance premiums. In 2013, OP bonuses were used to pay 1.78 million insurance bills, with 253,000 of them paid in full using bonuses. Insurance premiums paid using bonuses totalled 89 million euros (82).

OP-Pohjola also updated the benefits provided to its partner companies. A partner company is the one that uses OP-Pohjola as its main bank and insurer, with the owner working for the company, too. The special benefits for 2014 are related to health insurance.

Use of OP bonuses

€ million



Smoothly running services and prevention of losses

OP-Pohjola's objective is to offer a superior customer experience – not forgetting cost-efficiency. In order to make services run smoothly, Pohjola Insurance is investing heavily in online and mobile services. Pohjola wants to help its customers in the prevention of losses by introducing new risk management services.

OP eServices enable private customers to manage their insurance transactions comprehensively. They may, for example, file a claim and track the progress of its handling, and take out new policies. Using OP-mobile, customers can check their insurance details, get help and instructions concerning loss events and file a claim. The number of customers receiving all their insurance details electronically from Pohjola increased to 200,000 in 2013. This means that an average of 142 sheets of paper per customer are saved. We reduced the number of attachments sent to our customers by 1.3 million in 2013, which means we saved a total of 10 million sheets of paper.

Since March 2013, Pohjola Insurance has been offering corporate customers an electronic risk management tool, Pohjola's Risk Management Method, as part of eInsurance Services. It consists of the following three parts: risk assessment, security observations and security monitoring. The identification and monitoring of risk factors help manage personnel, property and other risks of loss or damage and secure trouble-free processes within organisations.

In June, Pohjola Insurance launched the Home Safety Service to private customers, provided together with its partner G4S. Home Safety Service provides protection for homes against burglary, water leaks and fires.

Securing health and wellbeing

In 2013, Pohjola Insurance invested heavily in its health and wellbeing business.

Omasairaala hospital, which specialises in orthopaedics and hand surgery, opened its doors in early 2013. It is the first hospital in Finland that is established by an insurance company. Omasairaala provides specialists' consultations, examinations, surgery and rehabilitation all under the same roof. The staff can also help customers in any insurance questions. Omasairaala aims to speed up the clinical pathway. Omasairaala has been able to considerably reduce the average period of disability following various orthopaedic injuries, for example, by an average of 63% with knee meniscus injuries. Omasairaala measures customer experience on the basis of feedback received. The hospital's net promoter score (NPS) averaged 92.2 in 2013.

The year 2013 also saw the launch of Pohjola Insurance's new, more comprehensive personal insurance enabling customers to select even better coverage for their health. What's more, the upper age limit for such insurance was raised to 100. The key things are to ensure people's wellbeing, to prevent illnesses and to help people recover quickly in the case of an injury.

OP-Pohjola's Non-life Insurance continues to implement the strategy systematically by increasing the number of the customers using OP-Pohjola as their main bank and insurer through cross-selling, especially among private customers and SMEs. Non-life Insurance intends to create new growth and increase customer loyalty through personal insurance and health and wellbeing services. It will enhance its competitive edge by providing more security and risk management services as part of the range of its insurance solutions.

[Read more about OP-Pohjola Group's new services and products launched in 2013 and designed for changing customer needs.](#)

Wealth Management

OP-Pohjola Group's Wealth Management segment provides a diverse range of services and products in insurance saving, term life insurance, mutual funds, and discretionary and advisory mandates. An extensive service network is OP-Pohjola's asset.

The commissions and fees of the Wealth Management segment consist of those from asset and mutual fund management and life insurance policies.

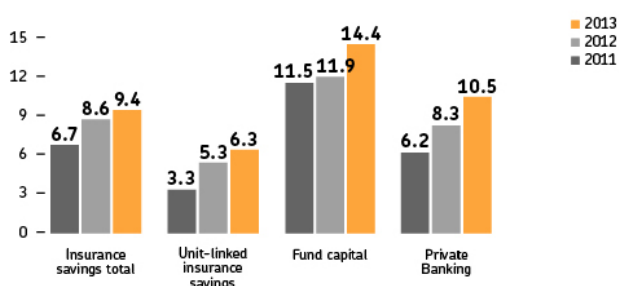
Year 2013

- Business integration proceeded well.
- Assets under management reached an all-time high, over 50 billion euros.

Wealth Management earnings before tax increased to EUR 113 million (101) and earnings before tax at fair value were EUR 96 million (315).

Wealth Management

billion €



[Read more about Wealth Management earnings in OP-Pohjola Group's Report by the Executive Board.](#)

Mutual funds

OP-Pohjola Group's mutual fund business seeks to grow at a rate faster than the market average and provide clients with a competitive range of mutual funds meeting client needs. OP-Fund Management Company's product development aims to provide clients with attractive and effective mutual funds that stand out from the competition. Product development is also always aimed at customer-friendly pricing.

Pohjola Asset Management Ltd, the leading institutional asset manager in Finland, is in charge of managing the majority of the portfolios of OP mutual funds. The portfolio management of some funds have been outsourced to international partners currently numbering eleven. The range of OP mutual funds is supplemented by the funds managed by our international partners J.P.Morgan Asset Management and Fidelity Worldwide Investments, which OP Fund Management Company Ltd provides to Private Banking clients.

Year 2013

- Mutual fund assets increased by 20.4 percent to 14.4 billion euros, and OP-Pohjola Group's share of the assets of the mutual funds registered in Finland rose to 19.2 percent (18.0).
- April 2013 saw the introduction of OP-Rental Yield, the most extensive real estate fund in the market, which posted asset inflows worth 150 million euros for the first eight months.
- Funds for savers launched in 2012 significantly increased monthly savings and posted net asset inflows worth 280 million euros in 2013. During the same period, 31 841 new investors joined the ranks of our mutual funds' unit holders.
- OP-Clean Water, the only mutual fund investing in water technology in Finland, introduced charitable units used to fund source water protection projects. The asset size in the fund increased to 99 million euros and the fund attracted 4 031 new unit holders in 2013.
- OP Fund Management Company decided to stop charging the minimum 8-euro subscription fee from 1 January 2014. As part of new products and product rejuvenations, OP Fund Management Company also reduced management fees.
- In 2013, OP-Africa non-UCITS proved very successful and ranked second among the most tracked mutual funds on Morningstar.fi service.

Life Insurance

OP-Pohjola's Life Insurance comprises OP Life Assurance Company Ltd and Aurum Investment Insurance Ltd, the latter being formed through the acquisition of the former Skandia Life Finland in 2012. Its main businesses consist of risk insurance policies and savings and unit-linked insurance policies. Life Insurance has roughly 470,000 customers who have over 800,000 effective insurance contracts. In addition, OP Life Assurance Company manages the insurance portfolio of over 200,000 customers of Suomi Mutual Life Assurance Company.

Year 2013

- Unit-linked insurance savings increased by 17 percent to 6.3 billion euros.
- Unit-linked premiums written increased by 53 percent compared with 2012 because return expectations for alternative investments were low.
- Risk insurance premiums written remained unchanged although a fall in new home loans decreased demand for payment protection insurance.
- Aurum's customers became OP-Pohjola's customers and Aurum's personal customers gained access to the OP bonus scheme.
- Aurum updated the portfolios of its customers and the annual portfolio management fees decreased by an average of 1 percentage point as a result of the changes.

Asset Management

Pohjola Asset Management, which is part of OP-Pohjola Group, is the market leader in institutional asset management in Finland. It provides institutional investors with a full range of asset management services, including discretionary investment management, advisory investment management and individual product solutions. Our clients have access to a wide spectrum of products in different asset classes – in addition to our own products, we use products of select international partners.

Discretionary investment management and advisory investment management form the wealth management service concepts related to the Private Banking agreement for private and corporate clients. The service also includes all OP-Pohjola Group's banking and insurance products and clients can also get help in other household financial affairs, such as legal and residential lending and brokerage services. Contractual wealth management services within OP-Pohjola Group are provided by OP-Private units of OP-Pohjola Group banks as well as Pohjola Private. In addition to its own products, Private Banking uses products of select international partners. With 39 branches, the Private Banking network is the largest one in Finland. Private Banking services are available to all customers of OP-Pohjola Group member cooperative banks, enabled by a regional cooperation model.

Year 2013

- The number of Private Banking clients increased by 18 percent to over 19 000. This growth was the best ever recorded.
- Private Banking client assets managed on a contractual basis showed a record increase of 27 percent to over 10.5 billion euros.
- Client satisfaction with Private Banking services improved further for the third time in a row (Source: survey by Add Value Research Finland).
- Pohjola Asset Management maintained its position as Finland's largest institutional investment manager (Source: survey by SFR).

[Read more about OP-Pohjola Group's new services and products launched in 2013 and designed for changing customer needs.](#)

Human Resources

OP-Pohjola Group aims to be the most attractive employer in the financial sector and among the most recognised large employers in Finland. Through its internal operations, the Group makes heavy, long-term investments in employee wellbeing, competencies, leadership development and remuneration. Employees are encouraged to enhance their skills and competencies throughout their careers.

Knowledgeable and Satisfied Personnel – Driving Force behind the Group's Success

In 2013, the Group continued to enhance its employees' intellectual capital, which numbers among the Group's strategic priorities, in order to promote wellbeing among its employees and management, their personal growth and organisational renewal. The targets set in our business strategy and improving customer experience form the basis of skill enhancement. We paid special attention, for example, to improving our employer branding, leadership and employee wellbeing. In addition, we seek to strengthen administrative competencies through a specific administrative development initiative. In 2013, OP-Pohjola Group spent at total of around EUR 9 million on training and coaching.

OP-Pohjola is committed to determined and ongoing efforts to promote employee wellbeing. We carry out an annual personnel survey and a regular pulse survey to monitor job satisfaction and employee wellbeing. On the basis of the results of these surveys, we further develop and improve activities at workplace, company and Group level. In 2013, the number of personnel survey respondents totalled 7,599 within the Group (a response rate of 83%), 4,035 representing OP-Pohjola Group Central Cooperative Consolidated employees and 3,564 OP-Pohjola Group cooperative bank and OP-Kiinteistökeskus real estate agent employees.

Effective interaction and cooperation with the employer and employees and their representatives form the basis of a good human resources management. Employee and employer representation within OP-Pohjola Group Central Cooperative Consolidated and at OP-Pohjola Group level, by and large, is built to intensify integration within OP-Pohjola Group Central Cooperative Consolidated and to ensure consistency in aspects related to information and consultation of employees and in policies and practices applied by the employer.

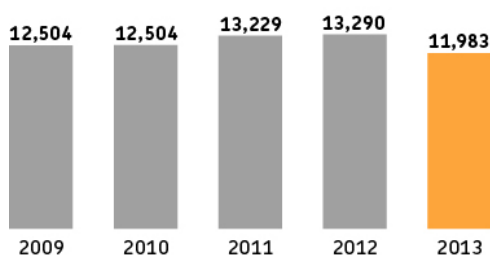
Aiming at Equality between Personnel Groups

The Group wants to provide equal working opportunities for women and men. We monitor employees' experiences of equality based on the results of its regular personnel surveys. Good management of employees of various ages in different life situations and cooperation between the generations are developed through the 'Good Age' programme, for example. In 2013, 15 percent of Group employees were under the age of 30, 27% 30–39 years of age, 21% 40–49 years of age and 37% over 49 years.

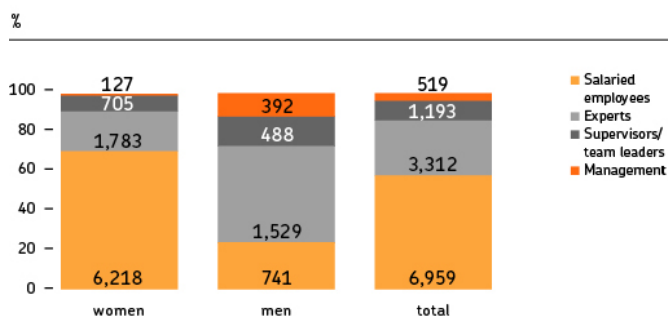
The Group has prepared a shared equality framework plan, as a guide for equality planning in Group companies. The main principle governing equality planning is to support a good and equal workplace and promote structural changes in different personnel groups in such a way that OP-Pohjola Group would be as diverse as possible in terms of age and gender structure.

Personnel

number



Gender distribution



Remuneration

Remuneration and rewarding at OP-Pohjola Group are guided by the Group's remuneration principles. Remuneration is in line with the Group's core values, mission and strategy and contributes to their implementation. Remuneration schemes attract, engage and motivate employees by providing solutions that encourage them to work towards the achievement of business targets. OP-Pohjola is active in developing remuneration and incentive schemes on a long-term basis in order to ensure strong earnings performance, growth, competitiveness, job motivation and incentive, employee engagement and the availability of new, competent employees.

Employees are aware of the remuneration principles. Employees and employee representatives are engaged in active cooperation in the development of remuneration practices, and the achievement of goals and targets are reported to employees on a regular basis.

The performance indicators applied to the Personnel Fund and the long-term management incentive scheme are consistent throughout OP-Pohjola Group. Short-term remuneration is based on how an individual Group company or business unit reaches its targets, and the related schemes are in compliance with the both the remuneration principles and the general terms and conditions of the Group's remuneration schemes. Remuneration schemes are in compliance with the regulatory framework in the financial sector and do not encourage excessive risk-taking.



[Read more about OP-Pohjola Group's human resources and remuneration.](#)

Case: One-and-a-half-storey house

Restaurant professionals **Isa Turpeinen** and **Niko Haikarainen** sit in the sunny kitchen of their new home and wonder how much has happened during the last few months. When the house built in the 1950s, a standard home type of that time, was shown for the first time, Niko and Isa did not hesitate a minute to go and see the house.

– The house has a great location, is in good condition and the asking price was reasonable, they say.

The Kouvola branch of Kymenlaakson Osuuspankki made an oral promise of the loan to Isa and Niko already during their preliminary visit. At the same time, they decided to change their bank.

– The bank really put its heart into our situation. They gave us a detailed explanation of an interest-rate cap, collateral and insurance considering the fact that we were first-time home buyers, says Isa.

Kymenlaakson Osuuspankki granted Isa and Niko the home loan they needed and also some extra loan for home improvement. The agreed loan repayment period is 25 years and the monthly repayment comes almost to the same amount as Isa and Niko used to pay rent earlier. The home loan was tied to a 12-month Euribor but Isa and Niko did not take the interest-rate cap.

– Interest rates will hardly go lower. We will need to follow development in money markets and take the interest-rate cap later if we think that necessary, opines Niko.

When Isa and Niko changed their bank, they concentrated all of their insurance policies within OP-Pohjola Group because loyalty will bring valuable benefits.

– We have taken out insurance policies that cover the house, its contents and our car and a life policy as a joint cover, states Isa.



Case: Ensure the coverage of your insurance

Pohjola introduced its improved personal insurance in the spring and the new policy enables easier access to treatment. **Päivi Päärne**, a mother of five children in Vihti, took a fitness test (Elämänsä kuntotesti) included in Pohjola's new personal insurance. The test made her think over what policies her family actually needs.

– I am on child care leave, which is why I have no access to occupational healthcare service at the moment. Public healthcare service does not always function as well as I would like it to do. That is why we often turn to private-sector service providers. When I took the test I was thinking that it would be really great if I could use childcare and cleaning services in case I fall ill. A house call doctor would also be of great help sometimes.

Every now and then I think over my family's insurance coverage and the new policy is a good thing in many respects.

We have taken out medical treatment expenses insurance on all of our three kids and the policy has really come in useful, says Päivi.

– Pohjola's new medical treatment expenses insurance covers all ages, from new-borns to senior citizens, taking account of the individual needs for care based on their life situation. It provides the opportunity to access extensive care, irrespective of the place of care. It also provides better cover for various therapies, such as speech therapy or physiotherapy. The new personal insurance can be taken out by all those aged under 85 years and its content is largely customisable. Now the policy extends its cover up to the age of 100 years, says **Harri Nieminen**, Project Manager, OP-Pohjola Group.



Case: A life of leisure

Heimo Toiviainen, who has been retired for about a year now, has had the time to refurbish floors and walls at home after his secondment abroad. He also has the time to pay more frequent visits to his holiday home in Uukunniemi to make repairs and engage in forestry as his leisure time activity.

- We made the kind of choices previously in the expectation of being able to live more comfortably someday, he states. There was a time when we invested energy in our careers and work, saved some money and paid premiums under voluntary retirement savings plan, he states.

The current way of life is a result of choices made over a number of years. Cooperation with an OP-Pohjola Group cooperative bank dates back to 1976 when they planned to buy their first home, as the bank was the only one at that time in Savonlinna which was ready to extend a small home loan.

- Borrowing opportunities and banking have really changed since those days, Heimo laughs. His wife Anna has also been an OP-Pohjola Group cooperative bank customer since the 1990s. Both of them have been very satisfied with their bank's services. It has been easy to deal with the loan and other affairs with personnel familiar to them.

Both have also entered into an agreement for a voluntary pension plan through OP-Pohjola Group cooperative bank. As Private client, Heimo regularly receives tips on investment issues which he applies to practice.

- It depends so much on how actively a customer himself is involved and how much information provided by the bank the customer is able to utilise. There is a regular flow of information and support is available whenever needed.

Saving money suits everyone irrespective of his stage of life or situation. It is worthwhile for everyone to make a personal short-term and long-term plan and proportion his personal targets to his financial standing. You can save either for a sunny day or rainy day, says **Jan-Christian Sjelvgren** of OP-Pohjola Group.























Responsibility

Corporate social responsibility (CSR) is an essential part of OP-Pohjola Group's operations and strategy. It is founded on cooperative ideals, our values, our financial solvency and our capable risk management. Our CSR measures encompass economic, social and environmental responsibility. Our aim is to be a pioneer in CSR within our sector in Finland.

KPI-Indicators

KPIs of Corporate Social Responsibility Programme

	2011	2012	2013	Objectives	
				2014	2016
Local presence and society					
Capital Adequacy Ratio under the Act on the Supervision of Financial and Insurance Conglomerates	1.80	1.90	1.90	1.6	1.6
Customer service performance reliability (%)	99.78	99.96	99.97	99.89	99.89
Funding local projects (EUR mill.)	3.3	3.1	2.6*		
Stakeholder responsibility					
Bonuses to owner-members (EUR mill.) ¹	163	173	182		
Pohjola Bank plc's dividend payout ratio (%) ²	60	51	50**	≥ 50	≥ 50
Average retirement age ³	61.5	61.5	61.6		
Job satisfaction (scale 1–5)	3.9	3.9	3.9		
Share of member banks with Representative Assembly of all member banks (%)	71	78	83***		
Responsible products and services					
Private customers' eBills (1,000 pcs)	2,955	4,981	13,200	22,000	30,000
Corporate customers' eBills (1,000 pcs)	5,519	7,388	9,200	25,000	32,000
Omasairaala hospital: quicker treatment period (days) ⁴			43****		
Ethical business					
Recommended by private customers ⁵	*****	58.0			
Banking services			73		
Insurance services			54		
Recommended by corporate customers (Net Promoter Score) ⁶	31	32			
Banking services			38		
Insurance services			12		
Environment					
Carbon footprint of the Group's own operations (tons of CO ₂)	34,847	32,743	35,003 *****	-0.01	-5% from previous year
Number of employees in Green Offices	2,550	2,815	2,493	3,000	5,000

¹ Bonuses accumulated

² Dividend policy: dividend payout ratio at least 50%, provided that Core Tier 1 ratio remains at least 10%. The Executive Board, which acts as the Board of Directors of OP-Pohjola Group Central Cooperative, Pohjola Bank plc's parent institution, has proposed on 6 January 2014 to the Board of Directors of Pohjola Bank plc that Pohjola Group's dividend payout ratio be decreased from 50% to 30% as of dividend distribution for the financial year 2014 until the CET1 ratio reaches the new target of 15%. Pohjola Bank plc's Board of Directors will assess the proposals before the Annual General Meeting of 20 March 2014.

³ Does not include Seesam insurance companies

4 Hospital opened in 2013.

5 & 6 A minor specification was added in 2013: the respondents were told that on a scale 0-1, 5=neutral. In addition, the score for banking and insurance activities is reported separately.

* In 2013, a decision was made to donate EUR 1 million to the new Childrens' hospital. The payment is spread over 2013-2017.

** Proposal of the Board of Directors.

*** The first simultaneous election of Representative Assemblies were held in 62 Group cooperative banks in the autumn of 2013. OP-Pohjola's Supervisory Board has set the target of 90% for 2017.

**** Average of the treatment and recovery period (= total disability period) for three so-called standard operations in bodily injuries under statutory workers' compensation insurance treated with the relevant standard operation.

***** No comparable history information from 2011.

***** Scope 1 and 2. The reported increase in the carbon footprint of OP-Pohjola's own activities was largely due to a more extensive data compilation on member banks' property.

GRI Indicators

	2011	2012	2013
EC3 Coverage of defined benefit pension plan in excess of obligations (EUR mill.) ¹	71	-6	-4
EC6 Percentage of local suppliers	97	98	99
G4-10 Number of company employees	13,229	13,290	11,983
Permanently employed	12,213	12,468	11,241
Employed for fixed term	1,016	822	742
G4-10 Number of employees			
Full-time	12,149	12,176	11,047
Part-time	1,080	1,114	936
G4-11 Percentage of total employees covered by collective bargaining agreements	..	92%	91%
G4-54 Difference between highest and median annual earnings (only in Finland)	..	..	22*
G4-55 Change in highest and median annual earnings (only in Finland)	..	..	0.9%*
G4-LA1 New employee hires	..	..	1,445*
G4-LA1 Terminated work relationships			2,720*
G4-LA1 Terminated permanent work relationships	..	..	1,643*
G4-LA1 Turnover of permanent employees	6.4	6.1	9.8**
G4-LA3 Return to work rate after parental leave (only in Finland)	..	..	97%*
G4-LA3 Retention rate after parental leave (only in Finland)	..	..	94%*
G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	..	..	88%*
G4-LA6 Percentage of sick days of regular working hours (only in Finland)	3.5	3.6	3.6
G4-LA9 Percentage of training expenses of the payroll bill (only in Finland)	2.5	2.5	2.0
G4-LA11 Percentage of employees receiving regular performance and career development reviews	90*	87	88
G4-LA12 Breakdown of employees by gender			
Male	27	27	26
Female	73	73	74
G4-LA12 Breakdown of employees by age group			
Under 30 years	17%	16%	15%
30–39 years	21%	25%	27%
40–49 years	25%	23%	21%
over 49 years	37%	36%	37%
G4-LA12 Breakdown of employees by employee category			
Management	2%	4%	4%
Supervisors	11%	10%	10%
Experts	27%	30%	28%
Employees	60%	56%	58%
G4-LA12 Average age of staff	43.0	43.1	43.2
EN3 Energy consumption (GJ) ²	162,229	205,900	179,483
EN15 and 16 Greenhouse gas emissions (tons)	46,369	41,519	42,924

¹ OP-Pohjola Group's Financial Statement, Note 39, Provisions and other liabilities

² Contains: Electricity consumed by office premises in OP-Pohjola Group Central Cooperative Consolidated's use, and by data centres within the Haaga and Teollisuuskatu premises, and heating energy consumed by office premises in OP-Pohjola Group

Central Cooperative Consolidated's use.

* These indicators have not been reported before 2013, so no comparison data is available.

** Excluding business transfers

Corporate Social Responsibility at OP-Pohjola

Corporate social responsibility (CSR) is an essential part of OP-Pohjola Group's operations and strategy. It is founded on cooperative ideals, our values, our financial solvency and our capable risk management. Our CSR measures encompass economic, social and environmental responsibility. Our aim is to be a pioneer in CSR within our sector in Finland.

Executive Chairman's CSR Statement

The foundation of OP-Pohjola Group's operation is customer ownership. In accordance with our basic mission, we promote the sustainable prosperity, well-being and security of our owner-members, customers and operating regions through our local presence. Our values, that is, people-first approach, responsibility and prospering together, guide our decision-making. We operate in the long term.

Our social responsibility has been entered as an integral part of OP-Pohjola Group's strategy. It guides our business so that we take the responsibility aspect into consideration in product and service development and in how we go about financing, investment and non-life insurance matters. We will invest in active, open and transparent communication and stakeholder engagement.

We are one of Finland's biggest employers. Our principle is that responsibility as an employer can only be achieved in the long run if we have our finances in balance. We have faith in Finnish expertise. We consider it a matter of honour to pull our weight in financing public services. We are one of the biggest payers of corporate income tax.

Responsibility is not just big words, it also requires action. In the context of corporate social responsibility (CSR), we aim to pioneer in the financial sector in Finland. We were among the first to make our corporate social responsibility report using the new G4 requirements of Global Reporting Initiative (GRI) that were updated in 2013. Our work is made easier by the recent materiality analysis which confirms that we have focused on the right issues in our CSR programme. OP-Pohjola Group's CSR cornerstones consist of our role in Finnish society and in the creation of local wellbeing, ethical business practices, responsible products and services as well as responsibility for stakeholders and the environment.

We have adopted a Code of Business Ethics that applies to the entire personnel. UN's Global Compact initiative and the international agreements to which we are signatories require us to follow a set of common rules.

2013 was successful for us also in terms of CSR matters. Our financial performance is good, and our market position became even better. At the same time, we were able to maintain our capital adequacy at a good level, 17,3 (Core Tier 1). We also made progress in terms of the targets we had set ourselves in the corporate social responsibility programme.

OP-Pohjola Group breathes the same air as Finland, and as a major national player, we have a large influence on Finnish life and wellbeing. This is a heavy responsibility and therefore our Group must be strong and live up to its expectations. Since the beginning of the financial crisis, that is, during the last five years, the corporate loan stock in the euro area has shrunk by 9 percent. In the meantime, however, the Finnish corporate loan stock has gone up by an impressive 19 percent. OP-Pohjola Group accounts for two thirds of that increase. This is one clear indication of our will to contribute to Finland's wellbeing.

In 2013, we invested a record amount, almost 150 million euros, on product and service development. OP Mobile's growth into becoming the primary point of access for private banking customers is ongoing. Users value our mobile services very highly, and the innovative Pivo service is a forerunner in smart wallets. With Omasairaala hospital, we are leading the way in the development of health care processes.

Our Helsinki premises, the Vallila 2015 office building project, is proceeding according to plans and has already been awarded its first LEED certificate. We are also making a donation to the new children's hospital in Helsinki. It is a major project and an investment that will provide many jobs for years to come.

The instability of our operating environment goes on, and economic growth is expected to be modest. At the same time, the financial sector is undergoing radical changes. Low interest rates and slow growth, structural changes, taxation and tighter and tighter regulation have an effect on operations, and the effects can be felt all the way to the customers. The new situation requires banks to have much bigger economic buffers. Even though the operating environment is changing, we must ensure that we work cost-effectively while adjusting to future challenges in the financial sector. We intend to be fully operational in any eventuality in order that we can do our part in keeping Finland's financing and payment system and insurance market running and that we can ensure our customers the services they require.

Reijo Karhinen

President and CEO

Megatrends, Risks and Opportunities in the Financial Sector

The financial sector is shaped by diverse megatrends, which are drivers of change coming from outside the industry. Megatrends are broad currents recognisable as phenomena or series of phenomena, which have a recognisable direction based on past developments, and which can be expected to continue going in the same direction. Megatrends usually spread widely and affect the society, the economy, politics, the environment and technology. They influence the focal points of OP-Pohjola's strategy and CSR Programme, and therefore they are regularly re-evaluated. OP-Pohjola updated its views on megatrends in 2013. The major megatrends in 2013 were globalisation, demographic changes, digitisation, economic rebalancing, increased regulation and supervision, and an emphasis on sustainable development. All these change trends are closely connected to CSR efforts.

Globalisation brings societies, economies and operators closer and closer to each other. The financial sector is expected to display increasing sensitivity in its reactions, adaptability and international service competence. The trend also emphasises the need for responsibility in OP-Pohjola's supply chain and international investment decisions, among other functions.

The demographic changes that are taking place, especially in the Western world, arise from rising life expectancy and ageing populations. Meanwhile, population growth is accelerating and urbanisation continues around the world. The financial sector's role in safeguarding welfare and providing services for the elderly is becoming emphasised.

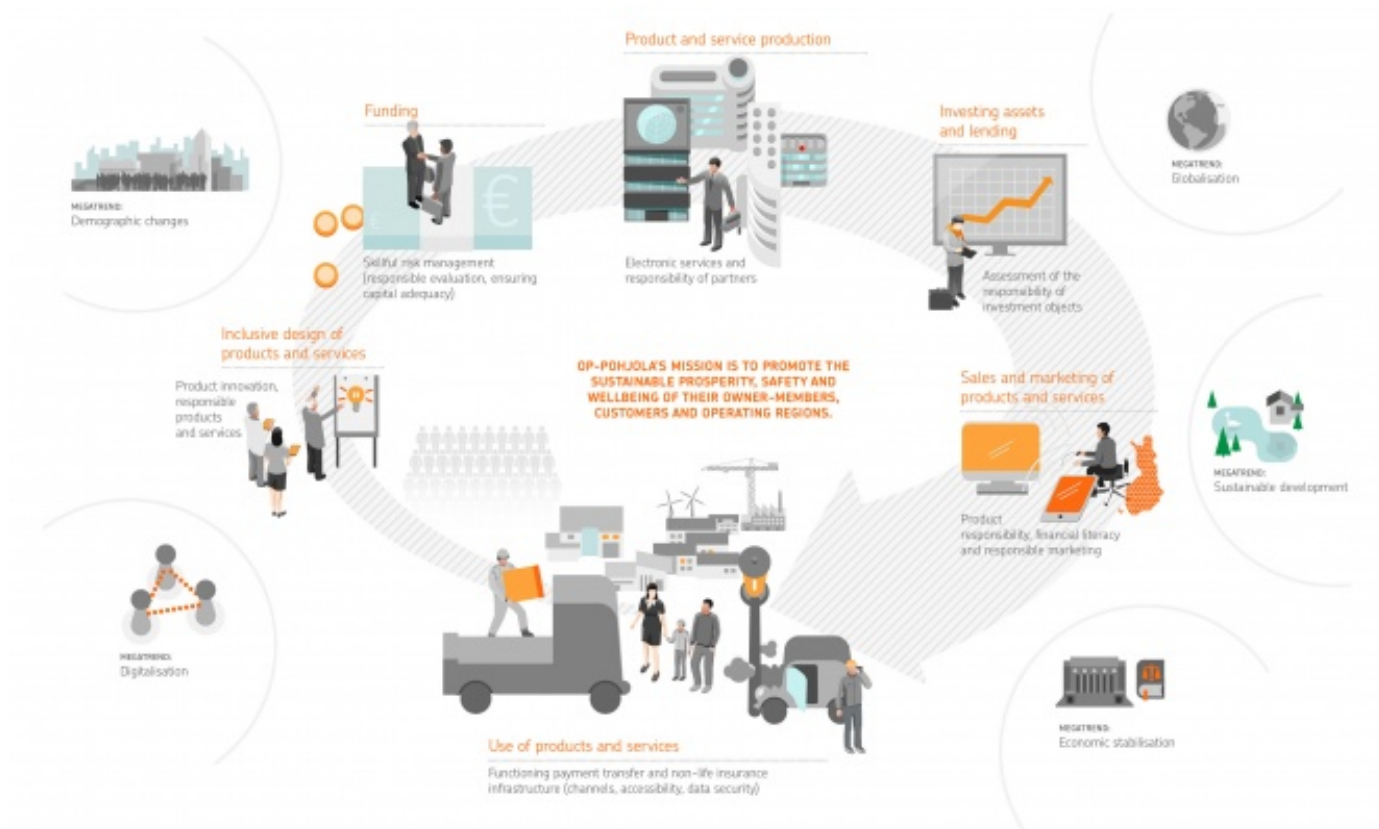
Digitisation is generating a diversity of information at an accelerating pace. Financial services must be available to customers independently of time and place. New e-services are increasingly important, and new technology is harnessed for improved customer experiences.

The rebalancing of the economy requires structural reforms. Efforts to reduce indebtedness and improve fiscal adjustment are slowing down economic growth in many Western countries. The financial and capital markets remain uncertain. At the same time, international regulation and supervision of the financial sector are increasing, and the sector must adjust to the new atmosphere. Capital adequacy, funding structures and liquidity are being reinforced. Increasing attention is paid to consumer protection.

Sustainable development is related to the major global challenges caused by scant natural resources, efficient use of them, and climate change. All operators are expected to act more transparently and responsibly. Increasing attention is paid to reputation risk, also in the financial sector. Meanwhile, the emphasis on sustainable development is creating opportunities for responsible financial products and services.

OP-Pohjola's Value Chain

Enlarge the picture by clicking on it



Mission and Strategy of OP-Pohjola Group

OP-Pohjola's mission is to promote the sustainable prosperity, safety and wellbeing of its owner-members, customers and operating regions. OP-Pohjola's values are responsibility, a people-first approach and prospering together. In line with these values, OP-Pohjola operates locally, regionally and nationally, as an ethically responsible company.

According to our strategy, corporate social responsibility is an essential part of OP-Pohjola Group's operations. Our CSR is founded on cooperative ideals, our values, our financial solvency and our capable risk management. CSR activities take economic, social and environmental responsibility into consideration. Our aim is to be a pioneer in CSR within our sector in Finland.

OP-Pohjola is a responsible employer that supports staff development and wellbeing. The Group bears its portion of responsibility for the functionality of the Finnish financing and payment transaction system, and for the Finnish insurance market. OP-Pohjola focuses on the development of responsible products and services, and engages in ongoing efforts to improve responsible financing, investment and non-life insurance practices.

Additionally, the company strives to conduct active, open and transparent communications and stakeholder relations, and to promote its customers' financial literacy. OP-Pohjola's social objective is to arrange responsible services in welfare, security and accommodation which generate sustainable financial performance in Finland.

Materiality in CSR at OP-Pohjola (G4-18)

OP-Pohjola Group's Corporate Social Responsibility Report contains the material issues related to the major financial, social and environmental impacts of the Group's operations and those which may have significance on the decisions and choices of the Group's stakeholders. The purpose of CSR reporting is to increase the Group's openness and transparency, and thereby to improve its stakeholders' opportunities for operational evaluation and decision-making. The material aspects of CSR at OP-Pohjola Group are emphasised in the Group's CSR Programme.

OP-Pohjola updated its CSR materiality assessment in 2013 to correspond to the new GRI G4 Guidelines. The previous materiality assessment was from 2011 and it resulted in the Group defining the most important spheres of influence and measures related to its CSR. The materiality assessment was also used to find out the stakeholders' expectations regarding responsibility, and to analyse the impacts on business of CSR actions.

The materiality assessment started with a revision of the main aspects of CSR at OP-Pohjola, and by identifying the changes in the Group's operating environment which have affected CSR. Particular attention was paid to the aspects of CSR which are critical in terms of OP-Pohjola's operations, products, services and corporate relations. Extensive impacts were identified throughout the value chain. A stakeholder survey was conducted in September 2013 to assess the significance of the aspects which had been identified. The online survey was answered by representatives of private and corporate customers, administration, personnel, investors, subcontractors and other external stakeholders. There were 437 responses. CSR was subdivided into four aspects in the survey: the role OP-Pohjola plays in the Finnish society; responsible products and services; responsibility for stakeholders; and environmental responsibility.

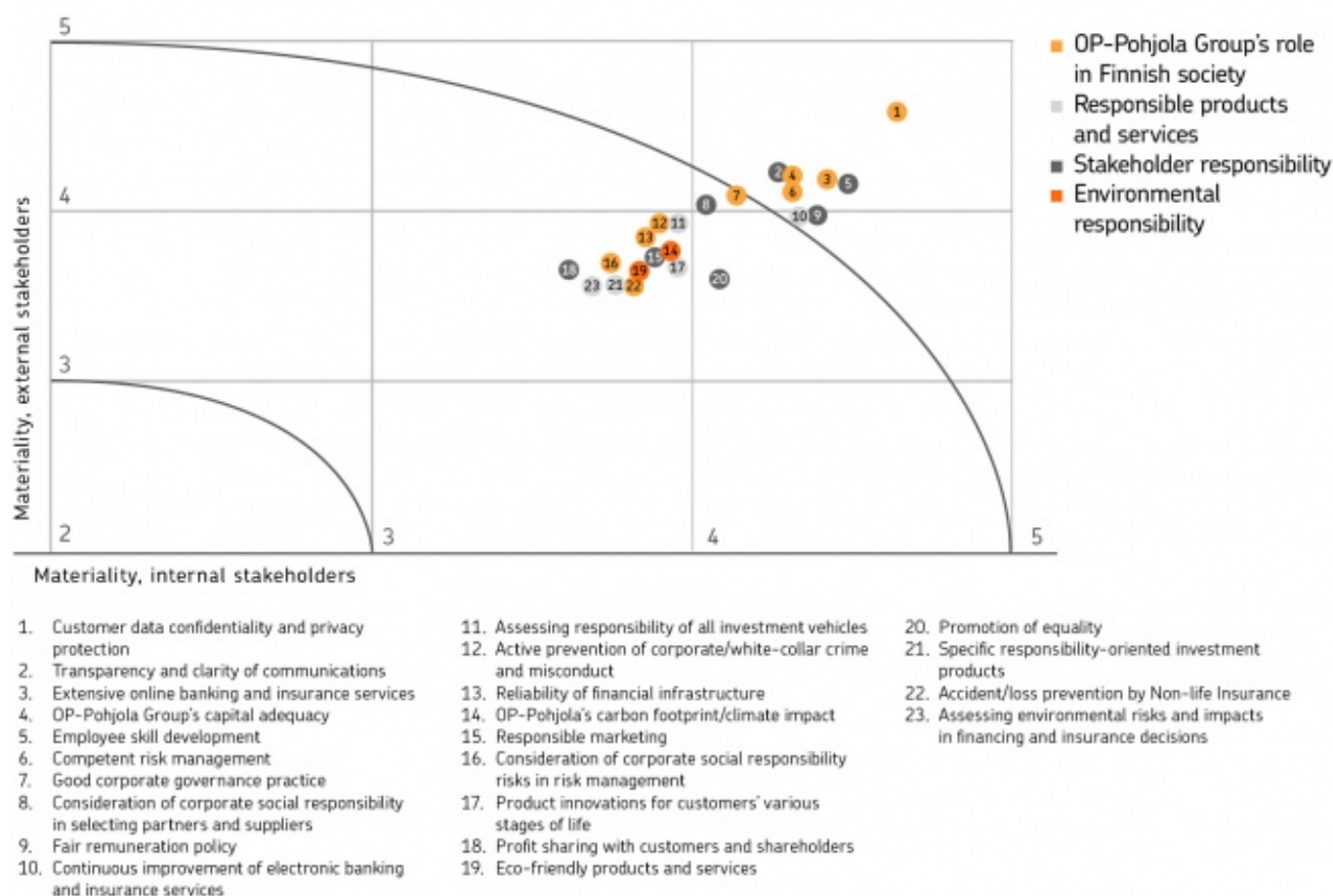
Based on the stakeholders' responses, the most important aspects of CSR at OP-Pohjola are the confidentiality and protection of customer data, development of staff competence, extensive e-services in banking and insurance, competent risk assessment, fair remuneration and compensation policies and financial solvency. Other aspects of CSR rated as material were good corporate governance practice, recognition of responsibility in the choice of partners and subcontractors, continued development of e-services in banking and insurance, and equal opportunities.

Further matters that were rated as important were assessing the level of responsibility of all investments, actively fighting financial crime and misdeeds, ensuring the operational reliability of financial infrastructures, the carbon footprint of OP-Pohjola's own operations, responsible marketing, including CSR risks in risk management, and responsible product innovations that support customers at various stages in their lives. The conclusions of our own materiality assessment are supported by the survey *Yritysten maine ja vastuullisuus 2013* ("Corporate Reputation and Responsibility 2013") conducted by TNS Gallup (November 2013), where the greater public cited products and services as the most critical aspect of reputation and responsibility for OP-Pohjola, followed by financial responsibility. Environmental responsibility was rated as less of a priority in the financial sector. All in all, the survey confirmed OP-Pohjola's image as one of the leading financial sector operators in Finland within CSR.

The respondents to the stakeholder survey supported OP-Pohjola's philosophy of developing CSR as an indelible part of business operations. According to stakeholders' views, the significance of electronic banking and insurance services has grown as a part of responsibility. Similarly, there is a greater emphasis than before on the role of good corporate governance practice in the fulfilment of CSR.

In setting the prioritisation of the various aspects of its CSR Programme, besides the stakeholder survey, OP-Pohjola took into account its strategy and CSR policies. Based on this materiality assessment, OP-Pohjola has chosen its most critical CSR aspects and reports their data and key figures in accordance with the GRI G4 Guidelines. These aspects are listed in the GRI content index.

OP-Pohjola's materiality matrix



Management of Corporate Social Responsibility

CSR at OP-Pohjola Group is based on cooperative ideals, financial solvency and capable risk management. Strategic CSR management is the responsibility of the Executive Board of OP-Pohjola Group Central Cooperative. The aim is that CSR management will be a close-knit part of operational management. On the Group Central Cooperative Executive Board, CSR comes under the Chief Communications Officer's remit. Decisions on ethical matters are made by the Executive Board.

The Group's operational activities are guided by the OP-Pohjola CSR Programme. Operational responsibility for practical CSR measures lies with the Boards of Directors and Executive Boards of the organisations belonging to the Group, in accordance with their own decision-making processes. Since the start of 2013, the CSR Programme has come under the operations of the Corporate Identity and Communication steering group.

CSR management is evaluated as a part of business operations, and therefore the CSR KPIs are business indicators. As a consequence of such an evaluation, some of the Group's operating policies were updated in 2013, and the need for new policies was reviewed.

In the Group's cooperative banks, it is the duty of the Managing Director to have guidelines defined by the Central Cooperative – among them, those for Handling Conflicts of Interest in OP-Pohjola Group – approved by the bank's Board of Directors. The Group's organisations are recommended to process these guidelines together with personnel, following statutory procedures for employer-employee negotiations.

The Annual Report of OP-Pohjola Group lists the main positions of trust and Pohjola shareholdings of Executive Board members. Additionally, the shareholdings of persons included in the public insider register can be checked in public registers.

Major new products, services and operating models or significant changes to existing ones are, when necessary, assessed by the Executive Board, which ultimately decides on whether they should be adopted.

The Executive Board is informed of significant realised risks as a part of monthly risk reviews. Risk maps, updated annually, are used to identify the critical risks affecting operations, including environmental, social and corporate governance (ESG) risks. These maps are used to conduct an analysis on the basis of which the executive management are informed of critical phenomena.

OP-Pohjola Group's corporate governance is based on Finnish legislation, the Finnish Corporate Governance Code and the Group's own corporate governance recommendations. CSR comes under these corporate governance principles.

[Read more about OP-Pohjola Group's corporate governance principles](#)

[Read more about Pohjola Bank Plc's corporate governance principles](#)

In the case of possible disputes, customers are asked to contact the FINE advisory committee of the financial industry, whose members comprehensively represent the industry's stakeholders.

Monitoring the Code of Business Ethics

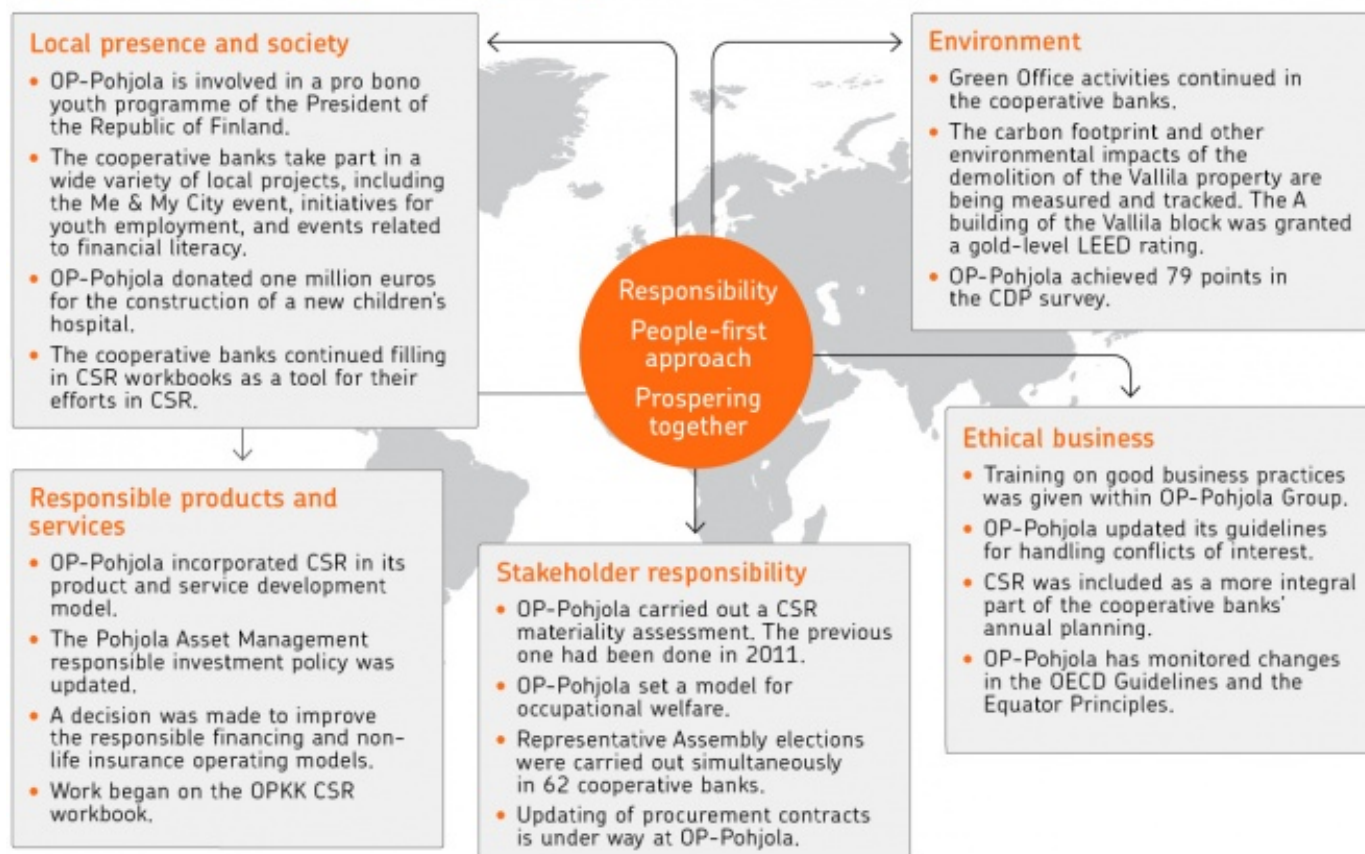
The Group's Code of Business Ethics applies to all of the personnel and management. If any examples of continuous or significant violations of good business practice are observed, the Group Supervisory Board cautions the Board of the organisation in question.

In accordance with the Group's Code of Business Ethics, in intra-group conflicts the Chief Audit Executive can be notified confidentially of any violations.

OP-Pohjola Corporate Social Responsibility Programme

The OP-Pohjola Corporate Social Responsibility Programme was first formulated based on a materiality assessment conducted in 2011, when key performance indicators (KPIs) and targets were set for the Group's CSR Programme and cooperative activities. The materiality assessment was updated in the autumn of 2013, and the results of the assessment were used to set measures for 2014 and to review the CSR KPIs and targets. The KPIs were revised in 2013, setting targets for 2014 and 2016.

Corporate Social Responsibility Programme in 2013



KPIs of Corporate Social Responsibility Programme

	2011	2012	2013	Objectives	
				2014	2016
Local presence and society					
Capital Adequacy Ratio under the Act on the Supervision of Financial and Insurance Conglomerates	1.80	1.90	1.90	1.6	1.6
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Pohjola Bank plc's dividend payout ratio (%) ²	60	51	50**	≥ 50	≥ 50
Average retirement age ³	61.5	61.5	61.6		
Job satisfaction (scale 1–5)	3.9	3.9	3.9		
Share of member banks with Representative Assembly of all member banks (%)	71	78	83***		
Responsible products and services					
Private customers' eBills (1,000 pcs)	2,955	4,981	13,200	22,000	30,000
Corporate customers' eBills (1,000 pcs)	5,519	7,388	9,200	25,000	32,000
Omasairaala hospital: quicker treatment period (days) ⁴			43****		
Ethical business					
Recommended by private customers ⁵	*****	58.0			
Banking services			73		
Insurance services			54		
Recommended by corporate customers (Net Promoter Score) ⁶	31	32			
Banking services			38		
Insurance services			12		
Environment					
Carbon footprint of the Group's own operations (tons of CO ₂)	34,847	32,743	35,003 *****	-0.01	-5% from previous year
Number of employees in Green Offices	2,550	2,815	2,493	3,000	5,000

¹ Bonuses accumulated

² Dividend policy: dividend payout ratio at least 50%, provided that Core Tier 1 ratio remains at least 10%. The Executive Board, which acts as the Board of Directors of OP-Pohjola Group Central Cooperative, Pohjola Bank plc's parent institution, has proposed on 6 January 2014 to the Board of Directors of Pohjola Bank plc that Pohjola Group's dividend payout ratio be decreased from 50% to 30% as of dividend distribution for the financial year 2014 until the CET 1 ratio reaches the new target of 15%. Pohjola Bank plc's Board of Directors will assess the proposals before the Annual General Meeting of 20 March 2014.

³ Does not include Seesam insurance companies

⁴ Hospital opened in 2013.

⁵ & ⁶ A minor specification was added in 2013: the respondents were told that on a scale 0-10, 5=neutral. In addition, the score for banking and insurance activities is reported separately.

* In 2013, a decision was made to donate EUR 1 million to the new Childrens' hospital. The payment is spread over 2013-2017.

** Proposal of the Board of Directors.

*** The first simultaneous election of Representative Assemblies were held in 62 Group cooperative banks in the autumn of 2013. OP-Pohjola's Supervisory Board has set the target of 90% for 2017.

**** Average of the treatment and recovery period (= total disability period) for three so-called standard operations in bodily injuries under statutory workers' compensation insurance treated with the relevant standard operation.

***** No comparable history information from 2011.

***** Scope 1 and 2. The reported increase in the carbon footprint of OP-Pohjola's own activities was largely due to a more extensive data compilation on member banks' property.

International Commitments

Besides applicable laws and regulations, OP-Pohjola Group is committed to abiding by international agreements related to its operations. At the end of 2011, OP-Pohjola signed the Global Compact, which binds the Group to ten United Nations principles in the areas of human rights, labour, the environment and anti-corruption. The Global Compact principles have been integrated into the Group's new supplier contracts and online training for personnel in business ethics and CSR, observing the Global Compact, was launched.

OP Fund Management Company and Pohjola Asset Management were among Finland's first asset management companies to sign the UN Principles for Responsible Investment in 2009. Since then, they have developed responsible investment practices with even greater determination, and participated in wider development efforts in the sector. Both companies are also founding members of Finland's Sustainable Investment Forum (FINSIF). OP-Pohjola Group is also involved in the Corporate Social Responsibility working group of the Federation of Finnish Financial Services, in Finnish Business & Society (FiBS) and the Corporate Social Responsibility and Co-operative Affairs Working Group of the European Association of Co-operative Banks (EACB). OP Fund Management Company is a partner of the Finnish Association for Nature Conservation, and OP-Pohjola is a WWF partner.

OP-Pohjola has actively followed the development of guidelines for the financial sector as part of the OECD Guidelines for Multinational Enterprises. The OECD guidelines comprise voluntary CSR principles and standards, as well as instructions for applying legislation to international business operations.

As in previous years, in 2013 OP-Pohjola responded to the CDP survey, which gathers information from large corporations on their actions to combat climate change and reduce greenhouse gases. CDP is used to draw the attention of companies to their environmental responsibility. In 2013, OP-Pohjola's score in the survey was 79/100, which was above the average.

Corporate Social Responsibility Programme

OP-Pohjola Group's Corporate Social Responsibility Programme comprises five themes, with KPIs for each theme and targets for each KPI.

Local Presence and Society focuses on the Group's local and regional operations, and on OP-Pohjola's status in Finland's financial infrastructure.

Stakeholder Responsibility encompasses measures and dialogue related to diverse stakeholders, as well as other matters affecting employee and customer satisfaction. It also covers transparent and clear communications and marketing.

Responsible Products and Services covers responsible investment, development of a responsible lending process, improvement of the responsible non-life insurance model, and the responsibility of banking and insurance services. The responsibilities here are social, economic and environmental.

Ethical Business comprises the Code of Business Ethics, as well as other guidelines and how they are observed in the Group.

Environment deals with the environmental impacts of the Group's own operations.

Local Presence and Society

One of OP-Pohjola's values is 'prospering together'. In line with this, the Group takes active part in developing local and regional vitality. The objective is to build long-term trust in the Group's local relations with diverse stakeholders. The Group boasts Finland's largest network of banking and insurance services. This means that customers have equal access to services, wherever they live.

OP-Pohjola Group operates from about 500 locations around the country and is therefore well placed to engage with local communities. The Group also offers a wide range of electronic banking and insurance services.

Responsibility for Finnish Infrastructure

The purpose of risk and capital adequacy management is to secure the risk-bearing capacity of OP-Pohjola Group and its organisations, and to ensure that the Group's ability to operate is not jeopardised over the long term. The Group's capital adequacy is strong, measured both under the Act on Supervision of Financial and Insurance Conglomerates (RAVA) and in accordance with the Act on Financial Institutions.

The recent financial crisis led to the capital adequacy regulations for banks in the European Union being tightened in an effort to improve the quality of their capital base, to increase capital buffers, to reduce the cyclic nature of capital requirements, to decrease banks' indebtedness and to set quantitative limits to liquidity risk. These changes will take effect in 2014–2019. The solvency regulations of the insurance sector are changing, too. Changes in the insurance sector's Solvency II regulations aim to improve the quality of insurance companies' capital base, improve their risk management, increase the risk-based solvency requirements and harmonise insurance sector solvency requirements in Europe. EU-level regulations will be implemented in stages from the start of 2016. OP-Pohjola Group is actively preparing for these regulatory changes.

More details on the current and forecast capital adequacy of the Group are given in OP-Pohjola Group financial statements, which can be found on the website op.fi.

The Group's basic lending principles remained unchanged in 2013. The weaker economic climate did not affect the number of non-performing loans and credit losses, which remained low.

Finnish direct debits will come to an end at the end of January 2014, as part of the transfer to the Single Euro Payments Area (SEPA). As a replacement for the service, OP-Pohjola has recommended that its customers take into use efficient and environmentally friendly e-invoices. A supplementary service offered by OP-Pohjola is a new direct payment, which allows for automation of bill payments even for those who do not use online banking. OP-Pohjola also accepts e-invoice and direct payment orders on paper in order to assist with the fundraising practices of charities and the banking practices of senior citizens.

Development of Transaction Channels

Responsibility at OP-Pohjola involves the development of transaction channels so that they meet customers' evolving needs. The Group continues actively to develop e-services that make everyday life easier for its customers. During 2013, the Group made available a secure online chat facility through which customers can discuss matters such as mortgages with a bank representative from home over the internet. Customers can book an appointment on the internet to meet either at a bank branch, by telephone or online, or contact the bank through the online chat system.

Today, most of the daily business done with customers takes place electronically. This is why OP-Pohjola expanded its selection of mobile services in 2013. Customers have widely adopted the use of new smartphone applications, and it continues to grow. In late 2013, mobile services already accounted for one fifth of e-services, and their rapid growth is expected to continue. At the end of the year, an English-language version of the mobile banking application was released.

The Pivo mobile wallet was launched in the autumn of 2013 as the result of hundreds of customer interviews and surveys. Pivo is a smartphone app that helps users understand their finances and make use of diverse discounts in everyday shopping. It provides easy but secure access to the user's bank balance and a short-term financial forecast, simply with the entry of a pass code. In the future, Pivo will also make it possible to shop and pay by smartphone. Pivo has proven its worth to customers from the very start: it is used much more frequently than our other e-services – daily by many users.

The roll-out of the new facility and service model for Osuuspankki bank branches began in 2013 with two branches, Helsingin OP Pankki in Tapiola and Tampereen Seudun OP in Hervanta. The first experiences of the new premises have been very positive. The objective of the new service model is to take the different kinds of customer groups that visit the branch better into account.

Ensuring Data Protection

OP-Pohjola pays particular attention to the operational reliability of electronic banking and insurance services. The Group predictively and actively evaluates and develops security solutions for electronic customer services, and systematically works to improve data security.

During 2013 OP-Pohjola continued to enhance the security of its services and the ability to react to potential cyber attacks. The Group also further increased its collaboration with the authorities and other operators in the financial sector to prevent abuse related to electronic services, and to speed up the handling of abuse cases.

The additional confirmation function adopted in 2011 for online payments was developed further in 2013. This is a security solution that offers customers enhanced security against any malware that may have infected their computers. In 2013 OP-Pohjola improved its ability to detect misuse of the OP online service, and to report on these cases to the authorities and to customers.

Local Projects

National, local and regional projects and events involving various stakeholders form an integral part of OP-Pohjola Group's CSR Programme. The long-term objective for these is to fulfil the Group's mission in collaboration with stakeholders.

OP-Pohjola Group has made a partnership agreement with a charity that is running the campaign to build a new children's hospital in Helsinki. Along with this agreement, OP-Pohjola will contribute one million euros towards the construction of the hospital. The amount of this contribution will be increased through various actions together with personnel, customers and other stakeholder groups, as well as the support charity until 2017.

The member banks organise local events and projects across the country. Decisions on these activities are made locally. The largest cooperative banks took part in the Me & My City event, which is a study module on work, society and entrepreneurship for sixth-graders. As in previous years, the cooperative banks also contributed to projects seeking employment opportunities for young people, and supported diverse local cultural events, clubs and societies. For example, 579 adolescents participated in the course Driver's Licence for Working Life (Ajokortti työelämään) organised together by OP-Banks and the 4H youth unions.

For its part, Seesam insurance company has for several years supported a traffic safety campaign in the Baltic region, within which those who drive during the Midsummer holiday pledge to stay sober and to look out for their friends. In 2013 more than 2,000 people took part in the pledge.

In 2013, OP-Pohjola and three other banks took part in an initiative of the President of Finland with the aim of helping young people manage their daily finances. The project has been running in the Helsinki, Riihimäki, Joensuu, Jyväskylä and Oulu regions. Local youth workers have gathered together young people from their own areas, who have been able to meet with bank representatives to discuss basic financial management matters. The feedback from the young people has been good and the bank volunteers have been enthusiastic about participating in the valuable work.

Financial Literacy

OP-Pohjola has a focus on promoting financial literacy and knowledge of banking and insurance matters in Finland. The Group has conducted surveys on Finns' financial literacy during several consecutive years, including 2013. The survey found that ordinary citizens feel that their own bank is the primary place to turn to when they have questions about their finances. For young people, family and friends were also important in this respect. The groups found to be most active in following financial matters were senior citizens and the self-employed.

The member banks hold local events for young and elderly citizens, as well as events related to various financial topics for private and corporate customers. Start Days enterprise start-up events, for example, have been held around Finland for many years. The events are arranged by the member banks in collaboration with Pohjola Insurance. Their target group are those considering starting up or buying a business. Cooperation with educational institutions forms an important aspect of the work to maintain financial literacy. This cooperation takes the form of theses, student visits, work experience places and recruitment fairs. In addition, the member banks have organised small-scale local events related to teaching financial skills and financial literacy to young people and senior citizens.

The banks also held events with various financial themes, for private customers and companies. Pohjola Bank in collaboration with local cooperative banks held investor strategy events, which attracted nearly 10,000 customers from various parts of Finland in 2013. Besides giving market reviews, these events focused on interpreting economic development signals and explaining terms related to the European debt crisis.

Customer magazines play a significant role in promoting financial literacy. OP-Pohjola magazine is Finland's third most read magazine (KMT, spring 2013) and its aim is to speak about banking and insurance matters in clear terms to its more than 1.4 million readers. OP-Pohjola publishes the Chydenius magazine, whose mission is to provoke social discussion and present the views of prominent opinion leaders. OP-Pohjola Group also has other customer magazines for specific target groups. The Group aims to use its own website and social media (such as Facebook and Twitter) to increase interaction with customers and as a tool in communicating on financial issues.

Stakeholder Responsibility (G4-24, G4-25, G4-26, G4-27)

Stakeholder engagement is deeply embedded into OP-Pohjola's cooperative business model. OP-Pohjola has identified its major stakeholder – those parties who have the greatest impact on the Group's operations and whose actions the Group in turn influences. OP-Pohjola conducts continuous, open dialogue with its stakeholders.

One of the main principles of stakeholder engagement is to interact with stakeholders in order to identify aspects in OP-Pohjola's CSR which require development. The CSR materiality assessment involved a comprehensive set of representatives from the major stakeholder groups. The stakeholder's expectations with regard to CSR were particularly related to customer data confidentiality and protection. Other matters pointed out by the stakeholders are presented in the section discussing the materiality assessment.

An important element of stakeholder engagement lies in various projects and events throughout Finland. In addition to major nationwide projects, OP-Pohjola organises numerous local projects and events. The Group actively conducts dialogues in and with the media.

The stakeholders recognised as being of major importance are listed in the following table.

OP-Pohjola's stakeholders

HUMAN RESOURCES	LOCAL AND REGIONAL COMMUNITIES	NON-GOVERNMENTAL ORGANISATIONS
The 2013 employee survey showed a good performance especially in job satisfaction, occupational welfare and leadership. The personnel considers the fulfilment of equal opportunities to be particularly important, and this is monitored separately.	The local member banks organise a variety of stakeholder events in their local communities. In relation to the Vallila project, an event was held for local residents' associations in January, before demolition began.	During 2013, OP-Pohjola met with various NGOs to discuss e.g. some of the investments of OP Fund Management Company and also responded to a survey on so-called land seizure. OP-Pohjola meets with all the unions of salaried employees twice a year.
INDUSTRY ASSOCIATIONS	MEDIA	SCHOOLS AND UNIVERSITIES
OP-Pohjola is a member of working groups of the EACB and the Federation of Finnish Financial Services (FK), and takes part in the operations of FIBS and FINSIF. OP-Pohjola commented on the European Union's Non-Financial Reporting directive proposal as part of the CSR activities of FK and EACB. In addition, OP-Pohjola participates in the work of IIF (The Institute of International Finance) and its various working groups.	According to the PR Barometer 2013, which surveys journalists, OP-Pohjola is among the top five Finnish companies with regard to handling of media relations and image. The journalists had particular praise for the comments given by OP-Pohjola's experts and for their general attitude towards the media. One of the improvements called for by the respondents was more active contacts and better information provided online.	The member banks give regular presentations on financial matters to local children and adolescents. Cooperation has been made with universities around Finland for example in the form of lectures or visits, joint research projects, internships and final theses.
AUTHORITIES AND DECISION-MAKERS	CUSTOMERS, OWNER-MEMBERS AND INVESTORS	REPRESENTATIVE ASSEMBLY AND ADMINISTRATION
OP-Pohjola carries out close dialogue with the authorities, and looks after its stakeholders' interests.	The Group continuously collects its customers' views through a feedback system, and owner-members are invited to take part in the banks' administrations. Customers have the opportunity to take part in product and service development through a customer community.	Simultaneous Representative Assembly elections were carried out at 62 member banks. Dialogue with the administrative bodies is conducted via an administrative newsletter. The training selection for administrative personnel will be updated during 2014 upon their own request.

Owner-Members and Shareholders

Every customer of a cooperative bank can become an owner-member of their own bank. At year-end 2013, there were 1.4 million owner-members. Owner-members can participate in the bank's administration and decision-making. Owner-members have excellent opportunities to have their say through the service network, a feedback system and the member banks' administrations. In accordance with the principles of cooperative business, the cooperative banks distribute OP bonuses to their owner-members, in proportion to their rate of involvement in the bank's operations. Bonus customers receive benefits, such as discounts on the daily financial services package and insurance premiums. During 2013 a total of EUR 182 million (2012: EUR 173 million) was paid out in bonuses.

OP-Pohjola Group member banks own a significant portion of the listed Group company Pohjola Bank Plc, and, like other shareholders, they receive a dividend from the bank's profits. Consequently, the banks' owner-members also benefit from Pohjola Bank's profit sharing. In 2013, dividends paid by Pohjola Bank to its shareholders amounted to EUR 145 million.

Representative Assembly

In cooperative banks, the highest decision-making body is the Representative Assembly or, in the absence of such an assembly, the Cooperative Meeting. In OP-Pohjola, the aim is for at least the largest member banks to have a Representative Assembly. An assembly is a more democratic alternative, particularly if a bank has thousands or even tens of thousands of owner-members.

Autumn 2013 saw the first simultaneous Representative Assembly elections in 62 member banks, resulting in the election of almost 2,000 representative members. There were more than 5,000 candidates for the posts, i.e. over 2.5 times as many candidates as there were positions. There were more than 900,000 owner-members with a right to vote, meaning around two thirds of all the owner-members. An online election engine was in place to assist in finding the right candidate, and votes could be cast online or by mail. The internet was a popular choice, with 22 percent voting via the OP online service. The voters also contributed to fundraising efforts for the new children's hospital: because the voter turnout in the 62 banks averaged 34 per cent, OP-Pohjola donated an extra EUR 20,000 to the hospital.

Currently, already 82,5 percent of owner-members belong to banks that have a Representative Assembly. The target is to raise this figure to 90 per cent by 2017. Among the duties of the Representative Assembly is adoption of the bank's financial statements and balance sheet, as well as election of the Supervisory Board, which in turn elects the Board of Directors. The Representative Assembly is also a stepping stone to other administrative duties within the bank. Moreover, assembly members are provided with training in banking operations and financial matters.

Engagement of Administration

At OP-Pohjola, administration refers to the members of the Supervisory Boards and Boards of Directors of the group's member banks as well as the members of the Supervisory Board of the Central Cooperative, while members of the representative assembly are not deemed part of administration. The Supervisory Board oversees the Board of Directors and managing director in the management of the cooperative bank and elects the Board of Directors. It also approves the bank's principles of capital adequacy management. The Supervisory Board confirms the bylaws of the bank, which deal with matters of far-reaching and fundamental importance, as well as deciding on the division of duties between the managing director and Board of Directors. The Supervisory Board elects the Board of Directors and, upon a proposal by the Board of Directors, the managing director. The Board of Directors is the central decision-making body in a cooperative bank. It sees to the proper organisation of the bank's management and operations. To achieve continued success, the Board of Directors also ensures that the bank's business operations are systematic, efficient and profitable, adaptable to changes in the operating environment and well-managed in terms of risks.

Members of the banks' Boards of Directors have the opportunity to participate in training involving an in-depth discussion of cooperative banks' operations and objectives. Members of the Boards of Directors and Supervisory Boards are also able to take OP-Pohjola's online courses on cooperative and banking operations, as well as other topics. An electronic newsletter is sent to the member banks' administrative members. This is a quick way of communicating about topical issues.

In 2013, an extensive development program was launched for the members of administration at the group's member banks. Its objective is to create a systematic programme for the development of expertise in various administrative positions. Thus, administrative positions at OP-Pohjola become a unique vantage point, an opportunity to enhance one's expertise and lay a career path into various administrative positions within the Group.

Human Resources

OP-Pohjola aims to be the financial sector's most attractive employer, and one of the most desirable employers amongst major Finnish companies. The Group wants to turn staff competence and continuous renewal throughout the career path into a success factor for itself.

In accordance with the OP-Pohjola 2012 strategy, the focus of development in 2013–2015 will be on developing management skills, supervisory work, the governance of the cooperative banks, and occupational well-being. Additional efforts will be made in performance management, enhancing remuneration systems and increasing internal mobility. This is to ensure diverse career advancement and competence development opportunities for personnel within the Group.

An extensive project to develop occupational well-being began at OP-Pohjola in autumn 2012. As part of this project, most of the Group's companies and organisations insured its personnel under extensive health insurance as of 1 January 2013. By late 2013, over 90 percent of the Group's personnel were insured. The insurance supports work ability and encourages all personnel to look after their well-being. The focus of occupational health care has shifted even further towards preventive action. In addition, supervisors are trained to identify risks related to work ability.

OP-Pohjola has undergone a major reorganisation during 2012–2013, as a continuation of the restructuring of OP-Pohjola Group Central Cooperative Consolidated, which began in 2010. Current challenges in the operating environment and growing regulation in the financial sector require higher capital adequacy and profitability in future years. The Group's aim has been to increase the efficiency and centralisation of functions, and eliminate redundancy. In conjunction with the restructuring, during 2013 around 500 employees were moved through business transfers to the employ of partners that provide services for OP-Pohjola Group. Seven of OP-Pohjola Group's member banks conducted personnel negotiations during the year with the aim of streamlining operations due to low interest rate level, increased regulation in the financial sector and changes in customer behaviour.

OP-Pohjola monitors job satisfaction and occupational well-being with an employee survey and a personnel pulse. On the basis of the survey results, operations are developed at work community, company and Group level. OP-Pohjola conducted a group-level survey in September 2013. All in all, 7,599 people responded to the survey (response rate 83%), comprising 4,035 people at the Central Cooperative, 3,335 at member banks and 228 at OPKK branches. The overall average score was 3.83 (on a scale of 1–5).

The overall result was at a solid level, despite the major reforms during the year. Especially good results were achieved in employee job satisfaction, occupational well-being and leadership. The biggest positive changes compared to the previous year took place in the expediency of work facilities, gender equality and leadership work.

Particular weight is put on the fulfilment of equal opportunities, and this is also monitored separately in addition to the employee survey. An extensive equality survey is conducted at least every three years, and implementation of the company-specific annual plans is monitored annually.

The main objective of the equality plan is to support the functioning of a fair and equal workplace, and to promote structural changes among diverse personnel groups to make the proportions of women and men as equal as possible. Equality planning also allows for changes in personnel structure to be supported through management training choices, for example, by ensuring there are enough potential women on management and executive career tracks.

Supply Chain

OP-Pohjola's centralised procurement function supports the procurement of the Group's various operators by offering expert assistance on acquiring products, services and related rights. The supply chain also includes a network of partners offered by the non-life insurance provider to its customers. Apart from this, the Group's functions look after their own fundraising and investment-related acquisitions.

The aim is to ensure that the acquired products, services and rights are cost-effective, reliable and ethical, and that suppliers are managed professionally to the benefit of OP-Pohjola and its customers. There are five category groups with the task of recognising the business needs of their own areas and formulating targets and actions plans accordingly.

In OP-Pohjola Group, purchase contracts and orders must be based on group-level framework agreements made by the Group's procurement functions wherever applicable. These agreements require that suppliers comply with OP-Pohjola Group's good business practices and with the Global Compact, as well as with all the applicable laws and regulations.

Insurance compensation partnerships have transferred to a centralised operating model in relation to moisture surveys, demolition work and post-loss damage prevention. The network of building construction partners is being expanded nationwide, and only companies rated as Reliable Partners by Suomen Tilaaavastuu Oy are used for damage repairs. The Group's car dealerships operate according to the standards and best practices of the sector, complying with environmental regulations. Customers needing a replacement car are recommended to rent a low-emission vehicle.

In 2013, there were around 22,000 suppliers providing products and services to OP-Pohjola Group, while the Group's indirect total purchases totalled some EUR 570 million. Finnish suppliers accounted for around 99 percent of this. OP-Pohjola's procurement chain is focused around Finland and Finnish services, in particular. This keeps the CSR risk level low in procurement.

As part of the reorganisation carried out in late 2012, the ICT Procurement function, previously belonging to the ICT Services, was merged into the central procurement function and cooperation was increased with the partner administration of Pohjola Insurance. The role of centralised procurement in relation to the business functions was clarified, particularly in the Central Cooperative. With the reorganisation, the role of OP-Services is shifting from a service provider to a service integrator, which outsources and acquires extensive packages of services. In the autumn 2013, ICT Services outsourced 496 of its personnel and transferred its application development and maintenance to Accenture and CGI. This ICT services transformation plan is a continuation of the efficiency-enhancement programme launched within OP-Pohjola Group Central Cooperative Consolidated in autumn 2012 and it forms an important part of the efforts to improve the Group's future competitiveness.

OP-Pohjola Group develops its supply chain audit methods as part of its overall governance procedures. Because CSR is integrated into daily operations, the fulfilment of environmental and social responsibility policies and related risks are assessed within ordinary business processes. In line with procurement guidelines, all new and updated contracts now include principles from the Global Compact as well as CSR principles recognised within OP-Pohjola Group.

The supplier management risk survey includes assessment of the supplier's CSR risks, on the basis of which an action plan for reducing and managing said risks may be made.

Responsible Products and Services

OP-Pohjola invests heavily in the development of responsible products and services, through continuous improvement of its operating models in the areas of responsible investment, financing and insurance. In product and service development, the aim is to ensure responsible operations throughout the value chain, from the perspective of both environmental and social responsibility. During 2013, CSR criteria were incorporated into the product and service development operating model. One objective of product development is for products to be easy to use and understand. Products must be user-friendly and take account of the individual needs of customers of all ages living in different areas.

In 2013 OP-Pohjola adopted new ways of listening to its customers' views and engaging them in the development of services and products through the electronic customer community Paja. Services are extensively tested on various customer groups at different stages of development.

One particular area of development is the provision of comprehensive services electronically. E-services increase efficiency for both the customer and OP-Pohjola and may reduce environmental impact. They are also equally accessible to customers in the whole country.

Development of E-Services

OP-Pohjola actively promotes the electronic availability and usability of its services because there are many benefits to be gained from e-services. The Group's stakeholders consider the development of e-services to be a crucial aspect of CSR at OP-Pohjola.

In 2013, active efforts were made to replace paper insurance policies with electronic ones, and during the year more than 200,000 customers digitised their insurance mailings (around 12,000 in 2012). The number of paper appendices decreased by over 1.3 million and the number of paper pages by 10 million compared to the previous year thanks to digitisation and efforts to shorten and reduce printed materials. The use of the online claims service doubled during 2013, which also significantly reduced paper mailouts. Currently around half of insurance customers use the online service for making claims.

The prior growth in the use of online bank statements and e-invoices continued. Most of OP-Pohjola Group's customers have opted to receive online statements instead of paper statements. In 2013, a good 300,000 fewer paper statements were sent out to customers than in 2012, and by the end of the year only 33 per cent of online banking customers received statements on paper. During the year, customers received around 13.2 million e-invoices in the OP online service (2012: approx. 13 million), and by the end of 2013, 61 per cent of active online banking customers received their bills in the form of e-invoices. Electronic invoicing increases billing efficiency and saves time for companies. For this reason, e-invoicing is offered as a fixed part of the basic payment transaction service. During 2013, the Group's corporate customers sent a total of around 9.2 million e-invoices.

OP-Pohjola recommends using the e-invoice service as a replacement for the Finnish direct debit system, which will be terminated in January 2014. Throughout the year, customers were offered an easy way to transfer from direct debit to e-invoices.

There was lively debate around mobile payments and mobile management of daily financial matters in 2013. Mobile services make it possible to serve customers as close as possible to the customers. Pivo will bring together all the services needed by consumers at the time of purchase in one mobile app, including a bank balance display, a personal financial forecast, information on nearby shops and services, benefits, discount coupons and receipts. In future, Pivo will also allow for secure payments of purchases by smartphone.

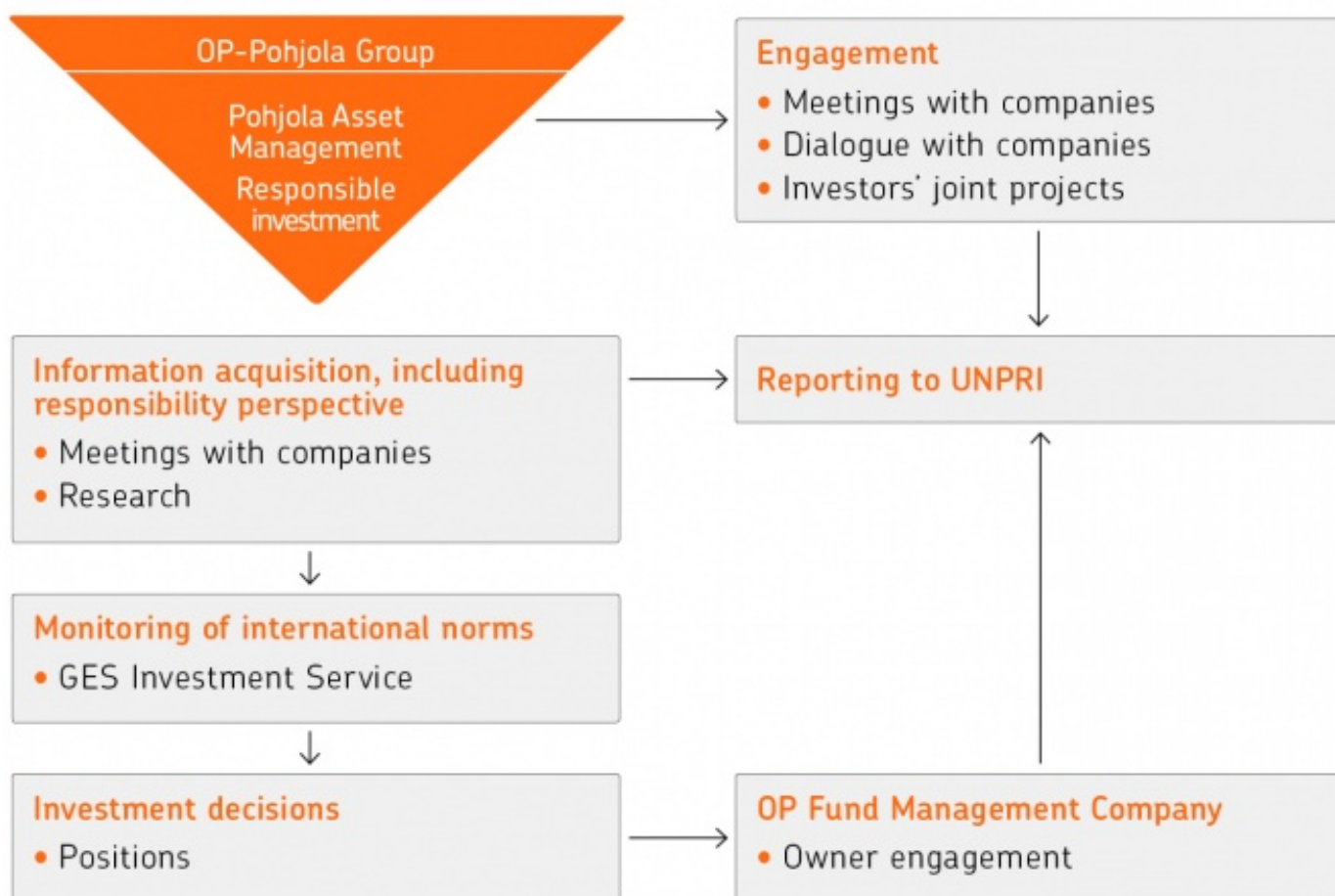
Responsible Investment

Responsible investment is an integral part of normal investment activities for OP-Pohjola. The Group believes that paying attention to the sustainability of investment targets and encouraging companies to carry out increasingly sustainable operations will help in the fulfilment of long-term business and investment objectives.

OP-Pohjola Group's wealth management units – OP Fund Management Company and Pohjola Asset Management – have signed the United Nations Principles for Responsible Investment (UNPRI) and work to develop responsible investment accordingly. At Pohjola Asset Management, responsible investment comprises positive and negative screening, tracking of international standards, and active ownership together with OP Fund Management.

OP Fund Management has outsourced the portfolio management of the investment funds it manages, with Pohjola Asset Management taking care of most of them. At OP Fund Management, responsible investment means taking CSR matters into account in the choice of portfolio manager and implementing active and responsible ownership policies.

Responsible investment process



The procedures for responsible investment were revised in 2013. Consequently, processes were defined for monitoring investees' violations of international standards, and for responding to such cases. The decision was made to exclude companies producing anti-personnel mines and cluster weapons from actively managed funds.

During 2013 Pohjola Asset Management again conducted its own ESG survey, gathering information among other things on board remuneration in Finnish listed companies. Additionally OP-Pohjola's stockbrokerage and analysis unit, Pohjola Investment Banking, included ESG themes in its stock analysis for three years. Pohjola Investment Banking's responsibility analysis currently covers all companies in the OMX Helsinki 25 Index, excluding Pohjola Bank. During 2013 the stock analysis organised more than 100 investor meetings with Finnish listed companies, with extensive discussions on responsibility matters and related indicators. The same applied to investor meetings with European listed companies arranged in collaboration with the European Securities Network (ESN).

As usual, Pohjola Asset Management and OP Fund Management took part in the Carbon Disclosure Project and the Water Disclosure Project during 2013. The purpose of these projects is to encourage businesses all over the world to pay attention to the environmental impacts and reporting of their operations and to seek solutions to matters related to climate change and water consumption. As in earlier years, Pohjola Asset Management and OP Fund Management took part in the operations of FINSIF in 2013. The purpose of this forum is to increase awareness of responsible investment in Finland. OP Fund Management and Pohjola Asset Management are two of the forum's founding members.

Pohjola Property Management Ltd, as part of the Pohjola Wealth Management segment, is also committed to the principles of responsible investment and observes them in its real estate asset management. In the maintenance of its directly owned properties and in its new investments, the company places an emphasis on energy efficiency and waste management together with a technical manager. During 2012 the company initiated a project for further developing the recognition and utilisation of ESG factors in property asset management.

Pohjola Property Management is a widely recognised international operator in indirect property investments. The company's experts actively use their influence in order to make ESG factors be noted by the boards and investment committees of various target funds and companies. In new investments, the company does its best to negotiate the inclusion of ESG factors in the target fund or company's investment activity from the initial agreement stage. The company also strives to agree on regular ESG reporting with the target funds and companies. As part of its indirect property portfolio, Pohjola Property Management administers two funds of funds in the form of limited partnerships, which invest in Europe. Quarterly reports are sent to fund investors on the fulfilment of ESG requirements in the underlying property funds. This is done by agreement with the investors in the fund's investment documentation. Additionally, Pohjola Property Management reports separately on the sustainability of its direct property investments.

Responsible Banking Services

Financing for Private Customers

OP-Pohjola Group's good business practices and ethical lending principles govern activities also in the provision of financing to private customers. Economic and social responsibility are emphasised in these activities. Regulations related to good lending practices and the recommendations of the Financial Supervisory Authority are observed in lending and in related instructions. The OP-Kiinteistökeskus real estate brokerage chain, in turn, is committed to good agency practices and to developing these with others in the sector. Good agency practice focuses around taking into account the overall interests of customers, whether they are selling or buying.

OP-Pohjola Group operates within private financing with a far-ranging approach, striving to form sustainable customer relations. Credit is only given after thorough analysis of the customer's debt repayment ability. Loans are dimensioned according to the customer's payment ability in such a way that financial buffers are in place in case of interest rate rises and small surprises. Topics discussed through concrete example calculations with the customer include the impact of an increase in interest rates on loan servicing costs and the loan period. OP-Pohjola Group does its best to ensure consumer protection by avoiding excessive credit, also by applying the crediting recommendations of the Financial Supervisory Authority.

OP-Pohjola's extensive selection of products and services forms a solid basis for comprehensive solutions that take into account the credit applicant's best financial interests and safety. Comprehensive financing options mean that customers can consolidate all their loans to OP-Pohjola Group, which makes it easier for them to manage their finances. When negotiating new loans, customers are offered the most suitable financing option for them, on clear and reasonable terms. When credit is given, customers are as a rule told of ways to protect themselves against unforeseen life circumstances and interest rate rises with specifically designed products. Customers also have access to the services of the Group's nationwide real estate agency OP-Kiinteistökeskus, and this makes it exceptionally easy for those planning to change homes to ensure the overall financial success of the process in advance.

Young people in particular need help in financial literacy. The Op.fi service contains plenty of information on applying for and managing loans. The website also has advice for preventing the appearance or worsening of financial difficulties, and for managing situations of insolvency. Customers who fall into financial difficulties are advised to contact their bank as soon as possible, because early intervention usually means that there are more potential measures available for fixing the situation.

OP-Pohjola Group has formulated guidelines for early detection and fixing of customers' credit problems. Temporary repayment issues are approached in an understanding manner, striving to assist the customer through difficult times by reorganising loans – for example by granting repayment-free periods or extending the loan period. However, if the financial difficulties appear to be permanent, the problem is not ignored and the customer's difficulties are not worsened by providing inappropriate payment period changes or additional loans. If the fulfilment of loan obligations requires the sale of collateral property, customers are usually offered the opportunity to sell it voluntarily first.

Financing for Corporate Customers

The finance industry bears significant indirect social responsibility. In line with the Global Compact, OP-Pohjola is committed to promoting respect for human rights and fundamental values at work, as well as environmental protection and anti-corruption activities. OP-Pohjola's ethical principles and codes of financing incorporate social and environmental responsibility, which act as yardsticks in the making of financing decisions.

Recognising and analysing the environmental impacts of financed projects is also important from the perspective of risk management. The likelihood of environmental risks varies depending on factors such as the project to be financed, the geographical location of the business and the sector. It is crucial for the evaluation to recognise potential risks in major projects and risky sectors. At OP-Pohjola, evaluating recognised environmental risks is a part of the ordinary creditworthiness analysis. Besides making its own analysis, the company will when necessary require evaluations from independent experts of the environmental risks or the more extensive corporate social responsibility of a business or project. The recognised risks affect the credit decision and, where applicable, loan terms.

A Responsible Financing working group was established at OP-Pohjola in 2012. On the group's request, the loan terms applied in OP-Pohjola's corporate financing were revised, and suggested changes were implemented in some financing agreements in 2013. The changes emphasise the responsibility of the debtor in cases such as compliance with environmental legislation and permits applicable to the business or with specific terms set for the case in question. The changes improved the bank's ability to evaluate lending responsibility by increasing the debtor's information provision obligations (e.g. environmental reporting) and by linking these to the terms on which the loan is obtained or cancelled. The Group is currently evaluating to what extent it should implement the changes in all of its loan agreements.

OP-Pohjola's corporate financing is based on long-term customer relationships, with a geographical emphasis on local areas. OP-Pohjola has considered joining the Equator Principles for project financing, but has not done it so far due to the small number of projects that are covered by the principles. The Group is closely following the development of the Equator Principles, however, and will reconsider the matter when potential new projects arise.

Responsible Insurance Services

The duty of an insurance company is to ensure that customers are sufficiently aware of their risks, and that possible damage does not pose insurmountable financial difficulties to the party suffering the loss. A non-life insurance company covers risks which are too large for the customer to bear. It is also responsible for promoting the customer's risk management and safety and the prevention of damages. OP-Pohjola maps potential risks and security issues together with the customer, optimising insurance solutions individually for each customer.

During 2013, Pohjola launched a risk management method for corporate customers, which helps companies improve their security processes comprehensively and in new ways. For example, the new risk management method allows for security observations to be made on a mobile basis. Also in 2013, Pohjola presented one national and 18 regional Security Awards to corporate customers that had developed security and risk management in a responsible manner within their companies. With the help of an external partner, in 2013 the Group's insurance functions drew attention to the maintenance of electrical installations and equipment in businesses, on farms and among public bodies. The identification of critical safety deficiencies in churches of high cultural and historical value, followed by repairs carried out by a partner, has prevented extensive damages.

In 2013, the Group launched the Kotiturvapalvelu (Safe Home Service) for private customers. The service improves home safety by offering tools for the prevention or early detection of fires, break-ins and water leaks. In 2014, a similar service will be launched for business customers and tools and methods will be developed for customers to evaluate their own risks and to identify tools for improving their safety.

OP-Pohjola is also focusing on new ways of ensuring the well-being of private customers and of the employees of corporate customers. In 2013 the Group launched a unique package of products for private customers which foster health and well-being and promote recovery. We offer our customers even more extensive treatment for the benefit of their health and well-being. We want to protect our customers' lives from birth to old age, so we are giving up upper age limits for insurance policies almost entirely. Companies are offered both statutory and voluntary insurances, as well as related services for managing personnel accidents and health risks. We support the well-being of corporate customers' personnel by offering concrete tools for improving management, increasing job satisfaction and enhancing the company's image as an employer, for example.

The Omasairaala day surgery centre opened in Helsinki in early 2013. The centre focuses on the examination and treatment of orthopaedic illnesses and injuries. Omasairaala has succeeded in shortening the treatment chain, i.e. the total duration of incapacity to work, significantly ever since it started operating. Quick access to proper treatment and rehabilitation and swift recovery are important not only for the patient but also for the employer and the society as a whole.

Another objective is to identify risks in work ability and on this basis to focus on reducing these risks and thereby increasing business productivity. Omasairaala aims to provide a peerless customer experience. This is measured with a net recommendation index which can be followed in real time on the Omasairaala website. Omasairaala strives to care for injuries as quickly as possible after an accident. In October 2013 the centre opened an accident station which is open during evenings and weekends.

Ethical Business Operations

OP-Pohjola Group builds long-term customer relationships based on mutual trust. Customer confidence is the prerequisite for successful operations in the financial sector. Bolstered by strong professional skills, the Group bears responsibility for the high quality, expertise and reliability of its services, as well as for the security of its services and products.

Code of Business Ethics

The principles of corporate social responsibility are summarised in OP-Pohjola in a Code of Business Ethics, approved by the Supervisory Board of OP-Pohjola Group Central Cooperative Consolidated. The code provides an ethical foundation for all those employed by OP-Pohjola, whatever their role, position or location. These shared principles rely heavily on the Group's values, and form a significant part of CSR. As of early 2014, the code is available at OP-Pohjola's [website](#).

An online course on the Code of Business Ethics was launched towards the end of 2012, with the aim of ensuring the adoption of the code throughout the Group. The course was provided in seven languages to make sure that almost every single OP-Pohjola employee was able to take it in his or her mother tongue. By the end of 2013, 80 per cent of Group employees had completed the online course and committed to following the code. Continuous training is provided in order to enhance employees' professional expertise, giving a wide range of training opportunities in various areas of banking and insurance, including insider regulations, ethics, data security and legislation.

OP-Pohjola Group is committed to good banking and insurance practices. This requires the application of customer due diligence and awareness of each customer's financial standing to the necessary extent. In 2012 the Group implemented a guide to Handling Conflicts of Interest at OP-Pohjola Group. The instructions describe methods for ensuring that OP-Pohjola Group complies with legislation, official regulations and instructions, and the principles of ethical sustainability in all its operations.

Anyone who notices practices that violate these principles can discuss it with their line manager, with HR or with Compliance. Confidential messages can also be sent on the matter to the Group's Chief Audit Executive. Situations of actual or suspected conflicts of interest should be reported to both line manager and the Operational Risk and Compliance function or only to the latter, in which case the matter is handled with anonymity for the person making the report.

Risk Management

Risk-taking is an inherent part of banking and insurance operations. At OP-Pohjola Group, the purpose of risk management is to identify the threats and opportunities affecting the Group's operations. The primary objective of risk management is to secure the risk-bearing capacity of all entities within the Group and to ensure that they are not exposed to excessive risk that may endanger the profitability, solvency or continuity of the entity's operations, or those of the entire OP-Pohjola Group.

The effectiveness of the risk and solvency management efforts of the Group and its organisations is evaluated in an annually updated ICAAP report. Internal audits are conducted each year to examine the state of internal controls and solvency. The ability of the top management to assess the effectiveness of risk management operations is continuously developed.

In making decisions applying to new products, decision-makers must always have access to an assessment of the risks related to the product, approved by the risk management function of the Central Cooperative. The risk assessment process is the responsibility of the business or service unit or organisation that has developed the product. Risk assessment refers to identifying the risks included in a new product under development, evaluating the scope of potential risks and planning the controls and measures that are needed for managing these risks. Risk assessment must always be carried out before deciding to take a new product into use or, in large-scale projects, before product development begins.

Major new products, services and operating models or significant changes to existing ones are, when necessary, assessed by the Executive Board, which ultimately decides on whether they should be adopted. The Executive Board is informed of significant realised risks (including CSR risks) as a part of monthly risk reviews. Risk maps are updated each year, identifying the main risks applicable to operations. When necessary, this includes CSR risks. These maps are used to conduct an analysis on the basis of which the executive management are informed of critical phenomena. In 2013 the Executive Board was informed of reputation-related risk effects within the scope of CSR.

Regulation of the financial sector sets strict requirements for business operations. As operational risks increase, it is extremely important to identify and assess these risks and to ensure sufficient, functional control and management measures are in place. In its operations, OP-Pohjola takes into account compliance risk as a part of operational risk. The aim of compliance risk management is to ensure that all operations comply with external regulations and internal procedures, and that customer relationships are appropriately handled.

At OP-Pohjola Group, compliance with instructions and regulations is an integral part of daily operations, and its importance will only increase in future. OP-Pohjola complies with industry regulations, good banking, insurance and real estate agency practices, and good stock market practices. In addition, the Group adheres to several acts, as well as regulations and guidelines issued by supervisory authorities. Prevention of money laundering and terrorist financing is a statutory obligation (Act on Preventing and Clearing Money Laundering and Terrorist Financing, 503/2008) for all those operating in the financial sector in Finland. OP-Pohjola Group sees to it that its employees are aware of the obligations set out under legislation, to the extent necessary for the performance of their duties.

In 2013 OP-Pohjola implemented a policy of requiring compliance approval for investments into so-called tax-efficient regions, which may legally be used to avoid multiple taxation in international investments. Particular attention is paid to responsible investment principles, the Global Compact and the OECD guidelines when investing in offshore areas.

The Operational Risk and Compliance function bears overall responsibility for providing advice on ethical principles. The function operates independently of the business areas. Every employee of OP-Pohjola Group must comply with the following instructions approved by the Group: Good Business Practices and Handling Conflicts of Interest at OP-Pohjola Group. More details on these instructions and their approval can be found in the Annual Report. The Operational Risk and Compliance function offers advice on the application of the instructions. All requests for advice are handled confidentially, but they cannot be made anonymously. Statistics have not been compiled on the total number of requests coming in or on satisfaction with the services.

Customer Satisfaction

OP-Pohjola treats its customers according to good business practices, equally and professionally. Customer satisfaction is monitored through a customer satisfaction survey conducted on a regular basis. Feedback from customers is important and all feedback and complaints are taken seriously.

OP-Pohjola continuously monitors how many customers would be prepared to recommend the Group as a service provider. For OP-Pohjola Group's private customers, the recommendation rate is followed using a continuous tracking survey. In the survey, respondents grade their main bank and insurance company on a scale of 1–5. The survey was responded to by 9,725 private customers in 2013.

Among corporate customers, measurements of recommendation willingness are taken annually using Net Promoter Score (NPS) surveys. NPS is based on a recommendation question graded on a scale of 0–10. Responses to the survey were received from 1,353 SMEs in 2013.

Responsible Marketing

OP-Pohjola is committed to responsible marketing and advertising. The Group complies with marketing legislation and the self-regulation guidelines of international organisations, including those of the International Chamber of Commerce (ICC). OP-Pohjola also abides by the marketing guidelines of the Consumer Agency and the Financial Supervisory Authority. In marketing, OP-Pohjola aims to provide all information on products and services that may be of importance to customers when making decisions. Marketing directed at children and young people is highly restricted. OP-Pohjola takes account of this group's general inexperience and limited legal capacity.

Environmental Responsibility

OP-Pohjola's operations have direct and indirect environmental impacts, and the Group is committed to taking account of these. It is important for OP-Pohjola to raise environmental awareness among its customers, offering products and services that allow the Group to mitigate the environmental effects of the entire value chain. E-services and document digitisation play a central role in this.

OP-Pohjola systematically develops its environmental management practices and strives to promote solutions that cause less harm to the environment, such as telecommuting and video conferencing. OP-Pohjola's largest offices have the Green Office environmental system run by WWF Finland, which aims to reduce the environmental impacts of energy consumption, waste production and paper use in offices, and to promote environmental awareness among personnel. The objective is to extend the use of Green Office within the whole Group.

The Group's Vallila offices have LEED certificates, in addition to which the Omasairaala renovation project was carried out in accordance with LEED requirements. For example, the energy consumption of all the major consumption points in the surgical centre (e.g. magnetic resonance imaging, ventilation machine and refrigeration machine) is measured separately. Lighting and material choices as well as the cleaning plan have also been made following LEED requirements.

OP-Pohjola Group's carbon footprint for 2013 was approx. 42,924 tonnes of carbon dioxide equivalent (41,582 CO₂t in 2012). Of the carbon footprint, approximately 74 (73) per cent was caused by electricity and heating in offices, 11.5 (10.5) per cent by transport and 7 (8) per cent by paper use. The error margin of the calculation is 11.5 (13.6) per cent. The Group's objective is to reduce its carbon footprint each year.

Renovation of Offices and Work Methods

The Central Cooperative's offices in Vallila, Helsinki, are being renovated between 2012 and 2015. After the changes, the personnel of the Central Cooperative will all work on the same block and there will be no more travel between two workspaces as of 2015. Within the project, OP-Pohjola is creating a workplace of the future, emphasising interpersonal interaction, technological possibilities and attention to corporate social responsibility.

To reduced the carbon footprint of its own operations, OP-Pohjola has taken into use the LEED environmental classification system granted by the U.S. Green Building Council as proof of the environmental efficiency of buildings. LEED certification was applied for two of the block's buildings in 2013; applications for the other five buildings will be made in the next few years. The A building of the block received gold-level LEED certification in October 2013, and Vääksy 2 in January 2014.

The central location of the block in Helsinki gives good opportunities in terms of public transport use. After the completion of the Vallila 2015 project, there will also be even better opportunities for commuting by bicycle, as the block will contain 900 bicycle parking spaces.

GRI Corporate Responsibility Data

OP-Pohjola Group's sustainability reporting has been implemented by integrating it with the Group's annual reporting. The Corporate Social Responsibility Report has been prepared in compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Besides new GRI G4 Guidelines, consideration was also taken of the GRI Financial Services Sector Supplement. OP-Pohjola Group's sustainability reporting also encompasses information required by the United Nations Global Compact, with regard to the promotion of principles related to human rights, labour, the environment and anti-corruption activities.

GRI Content Index

The GRI content index shows where, in OP-Pohjola Group's annual report, the disclosures referred to in the GRI Guidelines can be found. Standard disclosures are mainly presented in the corporate responsibility section. In addition, standard disclosures are included in the following sections: OP-Pohjola Group in 2013, Business Operations, and Structure and Governance. The GRI content index has been prepared in accordance with the guidelines provided by the GRI Financial Services Sector Supplement.

OP-Pohjola Group's GRI reporting contains all information and indicators, identified by a materiality assessment as being significant to stakeholders and the Group's business operations.

GRI Content Index

- ☒ Fully reported
- ☐ Partly reported
- ☐ Not reported

- ☒ Externally assured
- ☐ Not externally assured

GRI CONTENT						Location		External Coverage assurance		Explanation	
Strategy and analysis											
G4-1	CEO’s Statement		Executive Chairman’s CSR Statement								
G4-2	Key Impacts, Risks and Opportunities		Megatrends, Risks and Opportunities in the Financial Sector								
Organizational Profile											
G4-3	Name of the Organization		OP-Pohjola Group								
G4-4	Primary Brands, Products and Services		OP-Pohjola Group								
G4-5	Location of the Organization’s Headquarters		OP-Pohjola Group								
G4-6	Number of Countries where the Organization Operates, and Names of Countries where Either the Organization has Significant Operations or That are Specifically Relevant to the Sustainability Topics Covered in the Report		OP-Pohjola Group								
G4-7	Nature of Ownership and Legal Form		OP-Pohjola Group								
G4-8	Market areas		OP-Pohjola Group								
G4-9	Scale of the Organization		OP-Pohjola Group								
G4-10	Total Number of Employees by Employment Contract, Employment Type, Region and Gender		Personnel Structure								
G4-11	Percentage of Total Employees Covered by Collective Bargaining Agreements		Labour/Management Relations								

G4-12	Organization's Supply Chain	Supply Chain	<input checked="" type="radio"/>	<input type="radio"/>
G4-13	Significant Changes during the Reporting Period Regarding the Organization's Size, Structure, Ownership, or its Supply Chain	Highlights 2013	<input checked="" type="radio"/>	<input type="radio"/>
		Supply Chain		<input type="radio"/>
G4-14	Whether and How the Precautionary Approach or Principle is Addressed by the Organization	Risk Management	<input checked="" type="radio"/>	<input type="radio"/>
G4-15	Externally Developed Economic, Environmental and Social Charters, Principles, or Other Initiatives to Which the Organization Subscribes or Which It Endorses	International Commitments	<input checked="" type="radio"/>	<input type="radio"/>
G4-16	Memberships of Associations and National or International Advocacy Organizations	International Commitments	<input checked="" type="radio"/>	<input type="radio"/>
Identified Material Aspects and Boundaries				
G4-17	Entities Included in the Organization's Consolidated Financial Statements	Financial Statements, note 55	<input checked="" type="radio"/>	<input type="radio"/>
G4-18	Process for Defining the Report Content	Materiality in CSR at OP-Pohjola GRI Reporting Principles Definition of Materiality	<input checked="" type="radio"/>	<input type="radio"/>
G4-19	Material Aspects	Identified Material Aspects	<input checked="" type="radio"/>	<input type="radio"/>
G4-20	List of Entities or Groups of Entities Within the Organization for Which the Aspects Are Material	Entities Included	<input checked="" type="radio"/>	<input type="radio"/>
G4-21	List of Entities or Groups of Entities Outside of the Organization for Which the Aspects Are Material	Entities Included	<input checked="" type="radio"/>	<input type="radio"/>
G4-22	Effect of any Restatements of Information Provided in Previous Reports, and the Reasons for Such Restatements	No restatements	<input checked="" type="radio"/>	<input type="radio"/>
G4-23	Significant Changes from Previous Reporting Periods in the Scope and Aspect Boundaries	No restatements	<input checked="" type="radio"/>	<input type="radio"/>
Stakeholder Engagement				
G4-24	List of Stakeholder Groups Engaged by the Organization	Stakeholder Responsibility	<input checked="" type="radio"/>	<input type="radio"/>
G4-25	Basis for Identification and Selection of Stakeholders with whom to Engage	Stakeholder Responsibility	<input checked="" type="radio"/>	<input type="radio"/>
G4-26	Organization's Approach to Stakeholder Engagement	Stakeholder Responsibility	<input checked="" type="radio"/>	<input type="radio"/>
G4-27	Key Topics and Concerns that Have Been Raised through Stakeholder Engagement	Stakeholder Responsibility	<input checked="" type="radio"/>	<input type="radio"/>
Report Profile				
G4-28	Reporting Period	1.1.–31.12.2013	<input checked="" type="radio"/>	<input type="radio"/>
G4-29	Date of Most Recent Previous Report	1 March 2013	<input checked="" type="radio"/>	<input type="radio"/>
G4-30	Reporting Cycle	Annual	<input checked="" type="radio"/>	<input type="radio"/>
G4-31	Contact Point for Questions Regarding the Report or its Contents	viestinta (at) op.fi	<input checked="" type="radio"/>	<input type="radio"/>
G4-32	GRI Content Index	GRI Content Index	<input checked="" type="radio"/>	<input type="radio"/>

G4-33	Policy and Current Practice with Regard to Seeking External Assurance	GRI Level Check / External Assurance	<input type="radio"/>	<input type="radio"/>
Governance				
<i>Governance Structure and Composition</i>				
G4-34	Governance Structure, Including Committees	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
G4-35	Division of responsibilities	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
G4-36	Positions with Responsibility	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
G4-37	Processes for Consultation with Stakeholders	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
G4-38	Members of the Board of Directors	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
G4-39	Status of the Chair of the Highest Governance Body	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
G4-40	Election of the Board of Directors	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
G4-41	Processes to Ensure Conflicts of Interest are Avoided and Managed	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
<i>Highest Governance Body's Role in Setting Purpose, Values, and Strategy</i>				
G4-42	Highest Governance Body's Role in Setting Purpose, Values, and Strategy	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
<i>Highest Governance Body's Competencies and Performance Evaluation</i>				
G4-43	Highest Governance Body's Collective Knowledge	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
G4-44	Evaluation of the Highest Governance Body's Performance	Corporate Governance Principles	<input type="radio"/>	<input type="radio"/>
<i>Highest Governance Body's Role in Risk Management</i>				
G4-45	Highest Governance Body's Role in the Identification and Management of Risk	Risk Management	<input type="radio"/>	<input type="radio"/>
G4-46	Highest Governance Body's Role in Reviewing the Effectiveness of the Organization's Risk Management	Risk Management	<input type="radio"/>	<input type="radio"/>
G4-47	Frequency of Risk Reviews	Risk Management	<input type="radio"/>	<input type="radio"/>
<i>Board's Role in CSR Reporting</i>				
G4-48	Highest Committee or Position that Formally Reviews and Approves the Organization's Sustainability Report	GRI Reporting Principles	<input type="radio"/>	<input type="radio"/>
<i>Highest Governance Body's Role in Evaluating Economic, Environmental and Social Performance</i>				
G4-49	Process for Communicating Critical Concerns	Risk Management	<input type="radio"/>	<input type="radio"/>
G4-50	Nature and Total Number of Critical Concerns that Were Communicated	Risk Management	<input type="radio"/>	<input type="radio"/>
<i>Remuneration and Incentives</i>				
G4-51	Remuneration Policies for the Highest Governance Body and Senior Executives	Remuneration Policies for the Highest Governance Body and Senior Executives	<input type="radio"/>	<input type="radio"/>
G4-52	Incentive schemes	Incentive schemes	<input type="radio"/>	<input type="radio"/>
G4-53	How Stakeholders' Views are Sought and Taken into Account	How Stakeholders' Views are Sought and Taken into Account	<input type="radio"/>	<input type="radio"/>

























G4-54	Ratio of the Annual Total Compensation for the Organization's Highest-Paid Individual and the Median for All Employees	GRI Performance Indicators	<input checked="" type="radio"/>	<input type="radio"/>	
G4-55	Percentage Increase in Total Compensation for the Organization's Highest-Paid Individual and the Median for All Employees	GRI Performance Indicators	<input checked="" type="radio"/>	<input type="radio"/>	
Business Ethics					
G4-56	Ethics and Integrity	OP-Pohjola Group Mission and Strategy Code of Business Ethics	<input checked="" type="radio"/>	<input type="radio"/>	
G4-57	Internal and External Mechanisms for Seeking Advice on Ethical and Lawful Behaviour	Code of Business Ethics	<input checked="" type="radio"/>	<input type="radio"/>	
G4-58	Internal and External Mechanisms for Reporting Concerns about Unethical or Unlawful Behaviour	Code of Business Ethics GRI Indicators: Social Responsibility, Society	<input checked="" type="radio"/>	<input type="radio"/>	
Disclosures on Management Approach					
	Generic Disclosures on Management Approach (DMA)	Management of Corporate Social Responsibility	<input checked="" type="radio"/>	<input type="radio"/>	
Aspect-Specific Disclosures on Management Approach					
Product and Service Impact					
FS1	Policies with specific environmental and social components applied to business lines	Responsible Products and Services	<input checked="" type="radio"/>	<input type="radio"/>	
FS2	Procedures for assessing and screening environmental and social risks in business lines	Responsible Products and Services	<input checked="" type="radio"/>	<input type="radio"/>	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Responsible Products and Services	<input checked="" type="radio"/>	<input type="radio"/>	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Ethical Business Operations	<input checked="" type="radio"/>	<input type="radio"/>	
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Responsible Products and Services	<input checked="" type="radio"/>	<input type="radio"/>	
Product and Service Labelling					
FS15	Policies for the fair design and sale of financial products and services	Product Responsibility Responsible Marketing	<input checked="" type="radio"/>	<input type="radio"/>	
Operational KPIs					
Product and Service Impact					
	Aspect: Product Portfolio	Identified Material Aspect			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	Responsible Products and Services Product Portfolio	<input checked="" type="radio"/>	<input type="radio"/>	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Responsible Products and Services Product Portfolio	<input checked="" type="radio"/>	<input type="radio"/>	Examples of products and services delivering social benefit.

FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Responsible Products and Services	●	○	
Product Portfolio					
Aspect: Auditing		Identified Material Aspect			
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Auditing	●	○	
Aspect: Active ownership		Identified Material Aspect			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issue	Responsible Investment	●	○	
FS11	Percentage of assets subject to positive and negative environmental or social screening	Responsible Investment	●	○	
FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote or advises on voting	Responsible Investment	●	○	
Economic Responsibility					
Aspect: Economic performance		Identified Material Aspect			
G4-EC1	Direct economic value generated and distributed + FSSS: Value generated by the organization's community investment programs and breakdown of community investment by theme	Economic impacts	●	○	
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Economic impacts	●	○	
G4-EC3	Coverage of the organization's defined benefit plan obligations	Economic impacts	●	○	
Financial Statements, note 39					
G4-EC4	Financial assistance received from the government	Economic impacts	●	○	
Aspect: Indirect Economic Impacts		Identified Material Aspect			
G4-EC7	Development and impact of infrastructure investments and service provided primarily for public benefit through commercial, in-kind or pro-bono engagement	Local Projects	●	○	Local projects, investments in an active Finnish payment traffic system.
G4-EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts	Economic impacts	●	○	
Aspect: Procurement Practices		Identified Material Aspect			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Supply Chain	●	○	
Environmental Responsibility					
Aspect: Energy		Identified Material Aspect			
G4-EN3	Energy consumption within the organization	Energy Consumption	●	○	
G4-EN4	Energy consumption outside of the organization	Data not collected	○	○	
G4-EN5	Energy intensity	Energy Intensity	●	○	
G4-EN6	Reduction of energy consumption	Carbon Footprint, Greenhouse Gas Emissions Intensity and Reduction Measures	●	○	

G4-EN7	Reductions in the energy requirements of sold products and services	Not reported, because the figure is not applicable to OP-Pohjola's operations	○	○	
Aspect: Emissions		Identified Material Aspect			
G4-EN15	Direct greenhouse gas emissions (scope 1) + FSSS: Greenhouse gas emissions relating to business travel and courier services	Carbon Footprint, Greenhouse Gas Emissions Intensity and Reduction Measures	●	○	
G4-EN16	Indirect greenhouse gas emissions (scope 2)	Carbon Footprint, Greenhouse Gas Emissions Intensity and Reduction Measures	●	○	
G4-EN17	Other indirect greenhouse gas emissions (scope 3)	Carbon Footprint, Greenhouse Gas Emissions Intensity and Reduction Measures	●	○	
G4-EN18	Greenhouse gas emissions intensity	Carbon Footprint, Greenhouse Gas Emissions Intensity and Reduction Measures	●	○	
G4-EN19	Reduction of greenhouse gas emissions	Carbon Footprint, Greenhouse Gas Emissions Intensity and Reduction Measures	●	○	
G4-EN20	Emissions of ozone-depleting substances	Not reported, because the figure is not applicable to OP-Pohjola's operations	○	○	
G4-EN21	Nitrogen oxide (NOx), Sulphur oxide (SOx) and other significant air emissions	Not reported, because the figure is not applicable to OP-Pohjola's operations	○	○	
Aspect: Products and services		Identified Material Aspect			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Development of E-Services	●	○	
G4-EN28	Percentage of reclaimed products and their packaging materials for each product category	Not reported, because the figure is not applicable to OP-Pohjola's operations	○	○	
Aspect: Supplier Environmental Assessment		Identified Material Aspect			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Supply Chain	●	○	Included in risk assessments in supplier management and procurement agreements, when necessary.
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Supply Chain	●	○	Included in risk assessments in supplier management and procurement agreements, when necessary.
Social Responsibility					
Labour Practices and Decent Work					
Aspect: Employment		Identified Material Aspect			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Personnel structure	●	○	Personnel structure, turnover is not reported for the period by gender, age or region due to incomplete data available.
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	GRI Performance Indicators	●	○	
G4-LA3	Return to work and retention rates after parental leave, by gender	GRI Performance Indicators	●	○	
Aspect: Labour/Management Relations		Identified Material Aspect			

G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Labour/Management Relations			
Aspect: Occupational Health and Safety		Identified Material Aspect			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	GRI Performance Indicators			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	GRI Performance Indicators			The report presents the relative proportion of sick days to regular annual working time in Finland. Other G4-LA6 performance figures were not collected.
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	OP-Pohjola Group's business does not include positions with a recognised high incidence or risk of specific diseases.			
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Health and safety topics covered in formal agreements with trade unions			
Aspect: Education		Identified Material Aspect			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	GRI Performance Indicators			Training expenses relative to total wage sum in Finland. Specific G4-LA9 performance figures were not collected.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Competence Development			
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	GRI Performance Indicators			
Aspect: Diversity and equal opportunity		Identified Material Aspect			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Personnel structure			
Aspect: Equal Remuneration for Women and Men		Identified Material Aspect			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Remuneration			The ratio women's wages to men's wages under collective bargaining agreements in finance and insurance sectors was calculated according to G4 specifications. The information was not disclosed.
Aspect: Supplier Assessment for Labour Practices		Identified Material Aspect			
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	Supply Chain			Included in risk assessments in supplier management and procurement agreements, when necessary.

G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Supply Chain			Included in risk assessments in supplier management and procurement agreements, when necessary.
Aspect: Labour Practices Grievance Mechanisms		Identified Material Aspect			
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	No cases in 2013			
Human Rights					
Aspect: Non-discrimination		Identified Material Aspect			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	One allegation inspected in 2013			
Aspect: Supplier Human Rights Assessment		Identified Material Aspect			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Supply Chain			Included in risk assessments in supplier management and procurement agreements, when necessary.
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Supply Chain			Included in risk assessments in supplier management and procurement agreements, when necessary.
Aspect: Human Rights Grievance Mechanisms		Identified Material Aspect			
G4-HR12	Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms	No cases in 2013			
Society					
Aspect: Local Communities		Identified Material Aspect			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Not reported because the figure is not applicable to OP-Pohjola's operations			
G4-SO2	Operations with significant actual or potential negative impacts on local communities	Not reported because the figure is not applicable to OP-Pohjola's operations			
FS13	Access points in low-populated or economically disadvantaged areas by type	Economic impacts			
FS14	Initiatives to improve access to financial services for disadvantaged people	Responsible Products and Services			
Aspect: Anti-Corruption		Identified Material Aspect			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Society			
G4-SO4	Communication and training on anti-corruption policies and procedures	Society			Training on prevention of misbehaviour. Training on Code of Business Ethics.
G4-SO5	Confirmed incidents of corruption and actions taken	Society			
Aspect: Public Policy		Identified Material Aspect			
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Society			
Aspect: Anti-competitive Behaviour		Identified Material Aspect			

G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	No cases in 2013.			
Aspect: Compliance		Identified Material Aspect			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	<u>Society</u>			
Aspect: Supplier Assessment for Impacts on Society		Identified Material Aspect			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	<u>Supply Chain</u>			Included in risk assessments in supplier management and procurement agreements, when necessary.
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	<u>Supply Chain</u>			Included in risk assessments in supplier management and procurement agreements, when necessary.
Aspect: Grievance Mechanisms for Impacts on Society		Identified Material Aspect			
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	No cases in 2013			
Product Responsibility					
Aspect: Product and Service Labelling		Identified Material Aspect			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant products and service categories subject to such information requirements	<u>Product Responsibility</u>			
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	No cases in 2013			
G4-PR5	Results of surveys measuring customer satisfaction	<u>Customer Satisfaction</u>			
FS16	Initiatives to enhance financial literacy by type of beneficiary	<u>Financial Literacy</u>			
Aspect: Marketing Communications		Identified Material Aspect			
G4-PR6	Sale of banned or disputed products	Not reported because the figure is not applicable to OP-Pohjola's operations. The indirect impacts of operations are included in the business process descriptions.			
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No cases in 2013			
Aspect: Customer privacy		Identified Material Aspect			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	<u>Product Responsibility</u>			

Aspect: Compliance	Identified Material Aspect		
G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No cases in 2013	●	○

Global Compact Reporting

Human Rights	Additional information
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Executive Chairman's CSR Statement Code of Business Ethics Supply Chain
Principle 2: Businesses should make sure they are not complicit in human rights abuses	Executive Chairman's CSR Statement Code of Business Ethics Supply Chain
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Executive Chairman's CSR Statement Code of Business Ethics Labour/Management Relations Supply Chain
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	Executive Chairman's CSR Statement Code of Business Ethics Supply Chain
Principle 5: Businesses should uphold the effective abolition of child labour	Executive Chairman's CSR Statement Code of Business Ethics Supply Chain
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	Executive Chairman's CSR Statement Code of Business Ethics Supply Chain GRI Index G4-HR3
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges	Executive Chairman's CSR Statement Risk Management
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Executive Chairman's CSR Statement Environmental Responsibility Responsible Products and Services Supply Chain
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	Executive Chairman's CSR Statement Environmental Responsibility Responsible Products and Services Supply Chain

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

[Executive Chairman's CSR Statement](#)

[Code of Business Ethics](#)

[Society](#)

GRI Performance Indicators

	2011	2012	2013
EC3 Coverage of defined benefit pension plan in excess of obligations (EUR mill.) ¹	71	-6	-4
EC6 Percentage of local suppliers	97	98	99
G4-10 Number of company employees	13,229	13,290	11,983
Permanently employed	12,213	12,468	11,241
Employed for fixed term	1,016	822	742
G4-10 Number of employees			
Full-time	12,149	12,176	11,047
Part-time	1,080	1,114	936
G4-11 Percentage of total employees covered by collective bargaining agreements	..	92%	91%
G4-54 Difference between highest and median annual earnings (only in Finland)	..	..	22*
G4-55 Change in highest and median annual earnings (only in Finland)	..	..	0.9%*
G4-LA1 New employee hires	..	..	1,445*
G4-LA1 Terminated work relationships	..	..	2,720*
G4-LA1 Terminated permanent work relationships	..	..	1,643*
G4-LA1 Turnover of permanent employees	6.4	6.1	9.8**
G4-LA3 Return to work rate after parental leave (only in Finland)	..	..	97%*
G4-LA3 Retention rate after parental leave (only in Finland)	..	..	94%*
G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	..	..	88%*
G4-LA6 Percentage of sick days of regular working hours (only in Finland)	3.5	3.6	3.6
G4-LA9 Percentage of training expenses of the payroll bill (only in Finland)	2.5	2.5	2.0
G4-LA11 Percentage of employees receiving regular performance and career development reviews	90*	87	88
G4-LA12 Breakdown of employees by gender			
Male	27	27	26
Female	73	73	74
G4-LA12 Breakdown of employees by age group			
Under 30 years	17%	16%	15%
30–39 years	21%	25%	27%
40–49 years	25%	23%	21%
over 49 years	37%	36%	37%
G4-LA12 Breakdown of employees by employee category			
Management	2%	4%	4%
Supervisors	11%	10%	10%
Experts	27%	30%	28%
Employees	60%	56%	58%
G4-LA12 Average age of staff	43.0	43.1	43.2
EN3 Energy consumption (GJ) ²	162,229	205,900	179,483
EN15 and 16 Greenhouse gas emissions (tons)	46,369	41,519	42,924

¹ OP-Pohjola Group's Financial Statement, Note 39, Provisions and other liabilities.

² Contains: Electricity consumed by office premises in OP-Pohjola Group Central Cooperative Consolidated's use, and by data centres within the Haaga and Teollisuuskatu premises, and heating energy consumed by office premises in OP-Pohjola Group Central Cooperative Consolidated's use.

* These indicators have not been reported before 2013, so no comparison data is available.

** Excluding business transfers

Management Approaches

At OP-Pohjola, corporate social responsibility management takes place as part of ordinary operational management. The purpose of OP-Pohjola Group's CSR Programme is to direct and coordinate actions related to CSR and to collect results on the main areas of CSR at the group level.

The CSR aspects identified as material for OP-Pohjola are described in the materiality assessment and the GRI Content Index. OP-Pohjola's operations, products, services and business relations involve many significant economic, social and environmental impacts. OP-Pohjola Group as a whole has major direct and indirect economic impacts on both the Finnish society as a whole, and on local households.

The main environmental impacts caused by OP-Pohjola arise from energy consumption, greenhouse gas emissions and the use of products and services. With responsible products and services, OP-Pohjola can influence environmental impacts arising outside of the scope of its own operations, which are often significantly larger than those caused directly by the Group. The environmental impacts of companies that supply the Group with goods and services may also be significant, and this is why environmental requirements set for suppliers play an important role in CSR management.

With regard to social responsibility, some of the major impacts are related to personnel and working conditions, because OP-Pohjola is a large employer. The Group's human resource management practices cover all the CSR aspects identified as material. OP-Pohjola's own operations do not involve any direct human rights risks or impacts of significance. Indirectly, such impacts may arise from the supply chain or from the operations of investees and financed parties. The major social impacts are related to active fighting of financial crime and abuses, including corruption, and removal of anti-competitive behaviour. The main CSR impact of OP-Pohjola's products and services is related to the confidentiality of customer data and to data security. Product and service information and marketing practices may also comprise significant social impacts.

OP-Pohjola Group's management approaches mostly cover actions related to CSR management. One of the advantages of this integrated approach is that CSR issues are linked to existing management processes. The management approaches of corporate social responsibility in OP-Pohjola Group comprise the following elements:

- OP-Pohjola's CSR Policies
- UN Global Compact principles
- Code of Business Ethics
- OP-Pohjola's Corporate Social Responsibility Programme

The main management approaches are defined in OP-Pohjola's corporate governance principles. OP-Pohjola's operations are guided by good banking and insurance practices. We comply with laws, standards and regulations and adhere to the principles of honest and fair operations everywhere. The Operational Risk and Compliance function oversees risks and compliance related to CSR.

OP-Pohjola's products and services may lead to economic, social and environmental impacts. At OP-Pohjola Group, corporate financing is guided by ethical principles and guidelines for lending. OP Fund Management Company Ltd and Pohjola Asset Management have signed the UN Principles for Responsible Investment.

In its own operations, OP-Pohjola develops the management of significant CSR aspects by adopting Green Office systems and following LEED requirements.

Impacts related to personnel and working conditions are led through strategic HR alignments and OP-Pohjola's HR Policy. Some of the practical management tools are OP-Pohjola's Principles of Good Management, the remuneration system and policy, a common equal opportunities framework plan, and the OP Academy.

OP-Pohjola is committed to responsible marketing and advertising. The Group complies with marketing legislation and the self-regulation guidelines of international organisations, including those of the International Chamber of Commerce (ICC). It also adheres to the marketing guidelines of the Finnish Consumer Agency. Continuous training is provided to enhance employees' professional expertise, giving a wide range of training opportunities in various areas of banking and insurance, including insider regulations, ethics, data security and legislation.

GRI Aspects in the Financial Sector

The GRI Financial Services Sector Supplement specifies and provides guidance on special issues related to the sustainability reporting of banks and insurance companies, including a responsible product and service portfolio and responsible investment and ownership. With regard to the product and service portfolio, responsibility refers to the reporting organisation's activities and initiatives aimed at developing and marketing products and services that meet responsibility criteria.

Particular attention is paid to products and services that generate benefits related to social responsibility or environmental impacts, and thereby reduce any negative economic, social or environmental impacts caused by the value chain. A further objective is to describe the share of such products and services in the existing product and service portfolio, as well as how the organisation promotes new sustainable product innovations in the financial sector.

Responsible Products and Services

Responsible products and services are one of the focus areas of OP-Pohjola Group's corporate social responsibility, and responsibility is therefore a critical aspect of product and service development. Many financial services, such as insurance or financial or risk management tools, are responsible in their very nature. Additionally OP-Pohjola actively offers electronic products and services which are beneficial in terms of efficiency and environment. Responsibility is also an indivisible part of the Group's investment operations.

Product Portfolio

Percentage of the portfolio for business lines by sector (FS6)

The Group's product portfolio is composed of various financial sector products and services. The distribution of the product portfolio is shown in detail in Note 59 (Segment reporting) to the Consolidated Financial Statements.

Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose (FS7)

OP-Pohjola actively offers young first-time property buyers state-subsidised housing loans (ASP) with favourable terms and conditions. These ASP loans help young people in buying their first home and at the same time teach them about responsible financial management and target-oriented savings. In 2013, a total of 29,144 new ASP accounts were opened in Finland, of which OP-Pohjola accounted for 46 per cent.

Pohjola Bank has in its use EUR 170 million in funding from the Council of Europe Development Bank (CEB), which is mostly intended for social housing provision.

Total value of products designed to deliver a specific environmental benefit (FS8)

Pohjola Bank has a loan agreement with the Nordic Investment Bank (NIB) whose purpose is to transmit funding to corporate and NGO customers of Pohjola Bank for investments into specified initiatives that increase energy efficiency and reduce negative environmental impacts. The credit facility totals EUR 30 million.

In June 2013, the Group signed a deal with the European Investment Bank for a EUR 100 million loan programme, within whose scope funding may be granted on special terms to SMEs in relation to functions such as waste management, energy production, health care services or waterworks.

Auditing

Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures (FS9)

OP-Pohjola Group develops its CSR audit methods as part of its overall management approaches. Because CSR is integrated into daily operations, the fulfilment of environmental and social responsibility policies and related risks are assessed within ordinary business processes. Compliance with CSR procedures is evaluated for instance when assessing credit risk, approving new products, business models and systems, and monitoring business ethics. In line with our procurement guidelines, we require CSR compliance with our contractual partners. CSR risks and compliance are assessed as a part of supplier risk assessment.

Pohjola Asset Management's portfolio managers regularly meet with the managements of Finnish, European and Russian investment targets as part of their ordinary investment activities. Typically meetings with Finnish investees take place at least once a year, and European and Russian investees are also met with regularly. Meetings with parties from other markets are less frequent. At the meetings, regular discussions are conducted on the companies' CSR.

Responsible Investment

Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issue (FS10) and Voting policies (FS12)

Active ownership is an integral part of responsible investment. OP Fund Management Company exercises the voting rights of the mutual funds it manages in accordance with the ownership policy approved by the company's Board of Directors. The Group does its best to discuss grievances directly with the companies prior to AGMs, so that it will be possible to support the board's proposal if it comes to voting. Pohjola Asset Management contributes to the practical implementation of OP Fund Management Company's ownership policy by actively participating in general meetings of Finnish companies, in particular, under the authorisation of OP Fund Management Company. In 2013 OP Fund Management attended 46 Annual General Meetings or Extraordinary General Meeting. Additionally, representatives of OP Fund Management were appointed to the nomination committees of 2 companies in 2013.

One of the most important ways for OP-Pohjola to obtain information on and assess the responsibility of companies to invest in, are meetings with the companies' executives. At year-end 2013, the OP-funds managed by Pohjola Asset Management contained shares from 54 Finnish listed companies. Pohjola Asset Management discussed issues related to environmental and social responsibility with 19 per cent of these during the year.

Pohjola Asset Management and OP Fund Management also have different ways of influencing companies. If their investments include companies with violations of international standards or other operations which are not responsible or in line with the investor's long-term interests, Pohjola Asset Management and OP Fund Management may encourage or pressure them to address the situation.

Percentage of assets subject to positive and negative environmental or social screening (FS11)

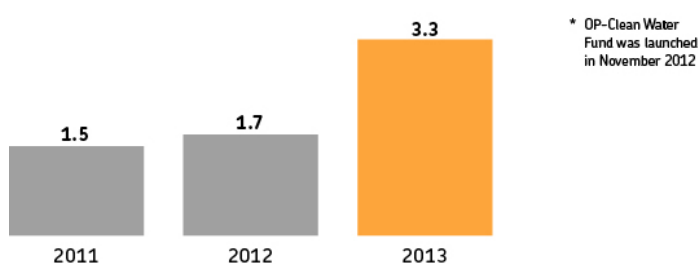
Positive Screening

OP Fund Management Company and Pohjola Asset Management encourage their investees and partners to operate responsibly and in line with international standards. Primarily, the most attractive investment targets in any fund are issuers whose operations are irreproachable in relation to international ethical standards.

Positive screening is particularly visible in the OP Climate and OP Clean Water funds. The OP Climate Fund portfolio includes companies that will be in a good position when societies and businesses adapt their energy solutions and use of materials towards lower-carbon alternatives. OP Clean Water, in turn, invests in companies operating sustainably in the water resource management field, especially within development of water-saving technology, pollution prevention and construction of reliable water infrastructures. At the end of 2013, the total value of these funds was EUR 160.3 million or 3.3 per cent of OP Fund Management's equity fund capital.

OP-Climate and OP-Clean Water Fund's share of the capital invested in all equity funds

% *



Negative Screening

Pohjola Asset Management will not make active direct investments in companies that produce anti-personnel mines or cluster weapons as banned by the Ottawa (1997) and Oslo (2012) Treaties. Companies that violate international standards may also be removed from the lists of potential investment targets if they do not change their operations despite attempts to influence them.

In 2013, OP Fund Management Company and Pohjola Asset Management initiated collaboration with the Swedish company GES Investment Service for the purposes of negative screening. GES Investment Service produces continuous analyses of the fulfilment of international standards by investment targets, for use by investors. Additionally, GES Investment Service checks all of Pohjola Asset Management and OP Fund Management's investments twice a year for any violations. This screening applies to all direct equity and business loan investments managed by Pohjola Asset Management, which at the year-end 2013 totalled EUR 11.4 billion in value, i.e. 32 per cent of all the assets managed by Pohjola Asset Management.

Economic Responsibility

Economic responsibility encompasses both the economic sustainability of operations and taking account of the wider economic impacts on society and the company's stakeholders. In the financial sector, economic responsibility is of key importance, since responsibility for customers and the role of companies as capital and insurance providers are emphasised during difficult economic times.

In accordance with its mission, OP-Pohjola creates local, regional and national prosperity and stability. The Group contributes to regional vitality and builds long-term trust in local communities.

OP-Pohjola generates long-term financial prosperity for its stakeholders. Direct economic effects on stakeholders are indicated in the following table:

EC1 Direct economic value generated and distributed to stakeholders

		2011	2012	2013
Direct economic added value created (EUR mill.)				
a) Income	Customers	2,059	2,271	2,428
Breakdown of economic value added				
b) Purchases	Suppliers	547	575	639
c) Personnel costs	Personnel	696	749	753
d) Returns to owner-members	Owners	176	192	193
e) Income tax for the period	Government	107	149	133
f) Donations and other community investments	Non-profit organisations	3	3	3
Business development		549	633	808

* Income tax for the period includes income tax for the financial year. Income tax in the income statement also includes changes in deferred tax liabilities and assets recognised in future financial years.

Economic Impacts

Economic Impacts (G4-EC1, G4-EC8, FS13)

Economic impacts are created by direct cash flows, such as bonus payments to customers, purchases from suppliers and service providers, employee compensation, tax payments to the state and municipalities, and support for community activities. OP-Pohjola Group's goal is to offer its owner-members the financial sector's best loyalty benefits. OP-Pohjola has Finland's largest network of banking and non-life insurance services. This network seeks to ensure that customers have equal opportunities to carry out transactions. The Group's cooperative banks and their offices across Finland enable effective interaction with customers and the local community. The Group's member banks had 485 branches at the end of 2013, as well as some 1,570 Otto ATMs (shared between Finland's banks) around the country.

The number of branches dropped by 35 during the year. Primarily the Group closed down less-used branches which were located either close to another branch or in a sparsely populated area. The number of ATMs dropped by around 20. Decisions to close down ATMs are mostly based on usage statistics, but in order to guarantee the coverage of the network, no machines are closed down which are located over 20 kilometres away from the next ATM, regardless of their usage.

OP-Pohjola Group is a significant purchaser of Finnish goods and services. In 2013, Finnish suppliers of goods and services accounted for 99 per cent of the value of purchases made by the Group's centralised procurement. OP-Pohjola Group aims to further develop its purchasing policy by, for example, applying more detailed guidelines to the assessment of supplier and service provider responsibility.

OP-Pohjola Group is a major employer in many municipalities and, consequently, a driver of the regions' purchasing power. The member banks are often some of the largest taxpayers in their local municipalities, and OP-Pohjola Group as a whole is one of the major taxpayers in Finland. OP-Pohjola also paid EUR 46 million in bank levy and EUR 29.3 million in contribution to the Deposit Guarantee Fund.

OP-Pohjola Group directs economic benefits towards non-profit organisations through support, donations and sponsorship.

In 2013, OP-Pohjola decided to donate over EUR 1 million to the construction of a new children's hospital. Also during the year, the Group donated the subscription fees attributable to the charity portions of the OP Clean Water fund to the Finnish Association for Nature Conservation, earmarking it for the rehabilitation of rivers in Ostrobothnia. This sum totalled EUR 6,000 in 2013. The estimated number of hours spent on pro bono work in OP-Pohjola Group in 2013 was 200.

Economic impacts on stakeholders may also be indirect. Such indirect impacts are created through contributions to local and regional economic vitality, as well social contributions. Examples of indirect economic impacts are:

- Employment (creation of new jobs, work placements, summer jobs, apprenticeship training);
- Procurement (purchases from local suppliers and service providers);
- Investments (properties, maintenance, local infrastructure and building projects);
- Financing (financing for start-ups, local financing, ethical lending criteria by sector);
- Tax payments (income tax, bank tax, local taxes, property taxes, other taxes).

Risks and opportunities due to climate change (G4-EC2)

As a financial sector operator, OP-Pohjola and its products and services have a relatively minor impact on climate change. Environmental risks, on the other hand, including climate risks, can have direct impacts on OP-Pohjola's operations, as well as indirect impacts through effects on customers and stakeholders.

Regulations aiming to combat climate change may raise the cost of energy consumption for both OP-Pohjola and for its manufacturing-related customers, for whom energy prices can be a crucial element in terms of profitability and solvency. It also increases pressure on OP-Pohjola to make energy savings in its own operations.

Physical site risks related to increasingly common extreme weather phenomena are particularly significant for the insurance sector, where increasing environmental risks form a part of the insurance choice and pricing models and the preventive consulting related to site inspections. Extreme weather is also an operational risk included in OP-Pohjola's own continuity planning.

Concerns related to climate change may pose reputation risks if any conflicts with climate change prevention efforts should be identified in the operations of OP-Pohjola or even those of its partners or customers. On the other hand, the general improvement in environmental awareness is bringing new business opportunities, for example in the form of investment products that emphasise environmental responsibility, and diverse property insurances that provide cover from the increasingly common phenomenon of flooding, when the government's flood compensation ceases as of the beginning of 2014.

Coverage of the organisation's defined benefit plan obligations (G4-EC3)

At OP-Pohjola Group, retirement benefits are determined by pension legislation and OP-Pohjola Group's own pension plans. Statutory pension cover for OP-Pohjola's employees is arranged through pension insurance taken out with OP Bank Group Pension Fund or insurance companies. A few companies within OP-Pohjola Group have provided supplementary pension cover for their employees through OP Bank Group Pension Fund or an insurance company.

Further information: Financial Statements, [note 39](#)

Financial assistance received from the government (G4-EC4)

Pohjola Insurance received approximately EUR 21,000 in de minimis subsidies from the Centre for Economic Development, Transport and the Environment for the purpose of labour recruitment training. OP-Pohjola's telephone and web services also received around EUR 2,000 in grants from diverse educational institutions for the purpose of customer service personnel training.

Environmental Responsibility

Carbon Footprint, Greenhouse Emissions Intensity and Reduction Measures (G4-EN6, G4-EN15-19)

The operations of OP-Pohjola Group have both direct and indirect environmental impacts. The Group aims to reduce the environmental impacts of its operations with regard to energy, waste and materials, and to systematically develop its environmental management practices. Additionally, OP-Pohjola is an indirect opinion leader in encouraging customers to take environmental impacts into account when making financing, insurance and investment decisions, and in recommending the use of e-services and electronic documents.

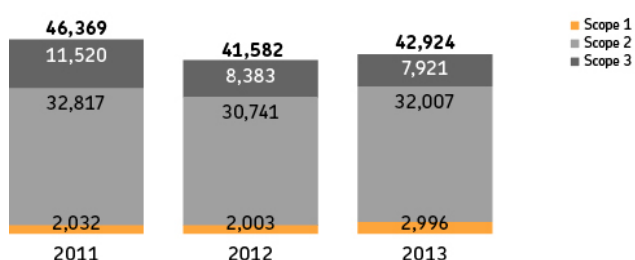
During 2013, the energy efficiency, waste management and indoor air conditions of the Vääksyntie 2 property in the Vallila block were improved in order to fulfil the requirements of LEED certification. An energy inspection was carried out on the property, which identified actions such as optimisation of HVAC equipment and modernisation of lighting systems which would cause a saving of 508 GJ in energy consumption or around EUR 17,000 in costs and approx. 109 CO₂ tn in emissions. During the year, 184 GJ of these savings were already implemented (46 CO₂ tn).

New parts of the Vallila block were connected to the district cooling network, which reduced annual air conditioning needs by around 11,681 GJ compared to the previous year's consumption. According to the emission factor of the electricity used in the Vallila block in 2013, these savings are equivalent to 555 tn CO₂.

The use of video conferencing equipment spread quickly at OP-Pohjola in 2013. One-to-one instant messaging was by far the most common tool, but more than 50,000 voice or video meetings between three or more people were also held, representing a sharp growth during the year. The reduction of travel for meetings significantly improves work efficiency and reduces transport emissions.

Total greenhouse gas emissions

tonne

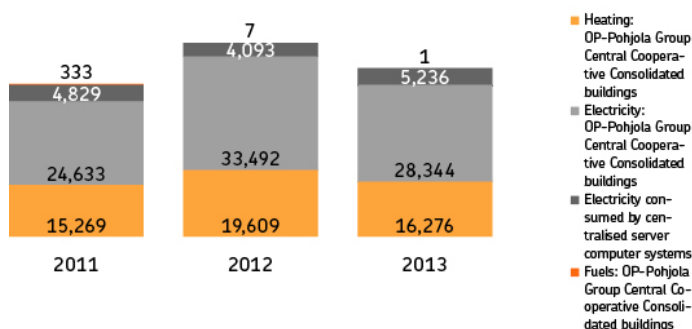


OP-Pohjola Group's carbon footprint (Scopes 1+2+3) in 2013 totalled approximately 42,924 tonnes carbon dioxide, i.e. 3.5 tonnes per person. The greenhouse gas emissions of OP-Pohjola's own operations (Scope 1+2) totalled 35,003 CO₂e tonnes i.e. 2.9 tonnes per person.

Energy Consumption (G4-EN3), Energy Intensity (G4-EN5)

Energy consumption

MWh



The total electricity consumption of OP-Pohjola Group's biggest properties in Helsinki (Vääksyntie 2 and 4, Elimäenkatu 5, Elimäenkatu 15, Lapinmäentie and Hiomotie) was 169,971 GJ in 2013 (199,174 GJ in 2012). The energy intensity (i.e. total energy consumption per person) was 38 GJ. The change in electricity consumption was largely attributable to the Vallila 2015 property development project, in which old premises in the Vallila block have been renovated or demolished to create new, more efficient buildings.

OP-Pohjola pays attention to the indirect emissions from its operations, based on electricity and heating purchased for the offices and data centres used by its large Helsinki properties and the member banks.

The large Helsinki properties are connected to the district heating network so their fuel management and energy production are the responsibility of the power companies. Indirect energy consumption in these properties totalled 546,097 GJ. Testing of a back-up generator for the Lapinmäentie property used around 1,200 litres of fuel.

An energy tracking system to be commissioned in 2014 will, if possible, also include a system for identifying and reporting on consumption peaks.

Other greenhouse emissions caused by indirect energy consumption (G4-EN17)

Out of the emissions listed in the GHG protocol's Scope 3 for calculating the carbon footprint, OP-Pohjola Group takes into account business travel, purchased transports and paper use. The Group has instructions to be applied to business travel by personnel. Business travel caused emissions of 3,378 tn CO₂ in 2013 (2012: 3,880 tn CO₂). The Group has made investments in video and online conferencing technology to reduce business travel. Its travel guidelines state that trains or buses must be favoured in travel within Finland. Transports run or managed by OP-Pohjola Group caused 12.8 tonnes (2012: 22.1 tn CO₂) and paper consumption 2,884 tonnes (2012: 3,304 t CO₂) of CO₂ emissions in 2013.

Social Responsibility

Employment

Personnel structure (G4-LA1, G4-LA12)

The number of employees of OP-Pohjola Group fell by 1,307 in 2013. At the year-end the Group employed 11,983 persons (2012: 13,290). Of these, 94 (94) per cent were in permanent employment, while 6 (6) per cent had temporary contracts. In Finland, there were 11,609 employees, in Estonia 134, in Latvia 118, in Lithuania 120 and in Russia two employees.

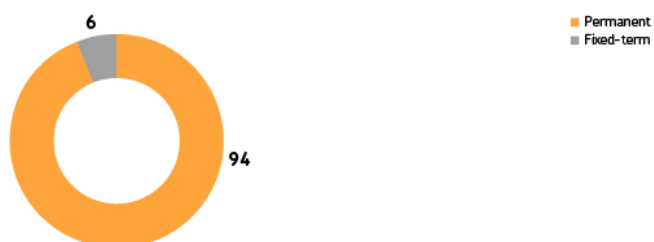
The turnover of permanent personnel excluding business transfers was 9.8 (6.1) per cent, a figure greatly influenced by the results of the employee negotiations of autumn 2012 and the subsequent streamlining-related redundancies. Additionally, 541 employees were transferred from the Group into the employ of partners as a consequence of business transfers.

OP-Pohjola wants to provide equal working opportunities for all employees. In 2013, 74 per cent (73) of the personnel were women and 26 (27) per cent were men. The average age at the end of 2013 was 43.2 years (43.1). The average age of those retiring in 2013 was 61.6 (61.5), and they had been in the Group's service for an average of 34.5 (34.0)* years.

* The comparative figure for 2012 was revised due to an adjustment of the calculation method.

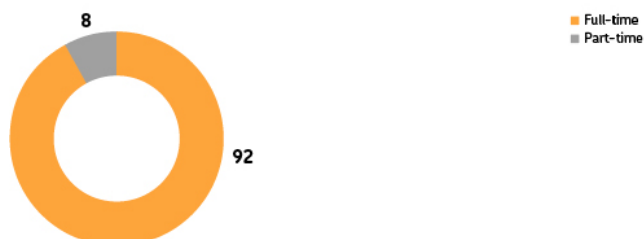
Employees by contract type

%

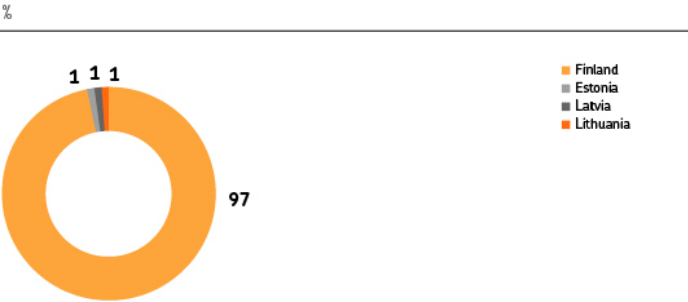


Employees by employment type

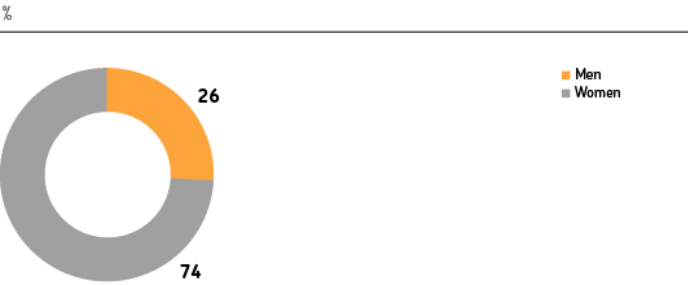
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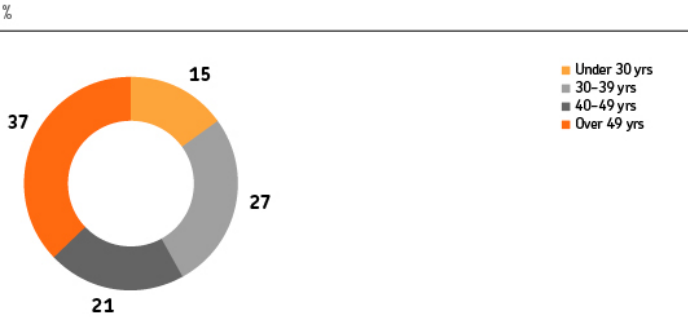
Employees by country



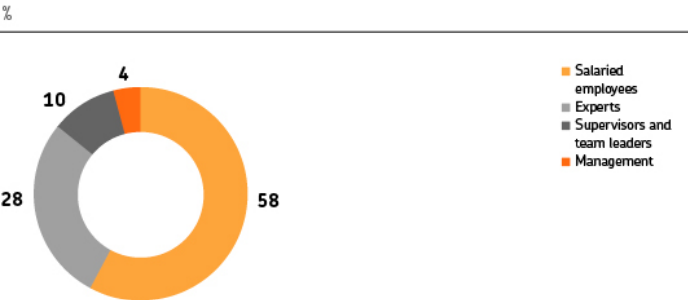
Employees by gender



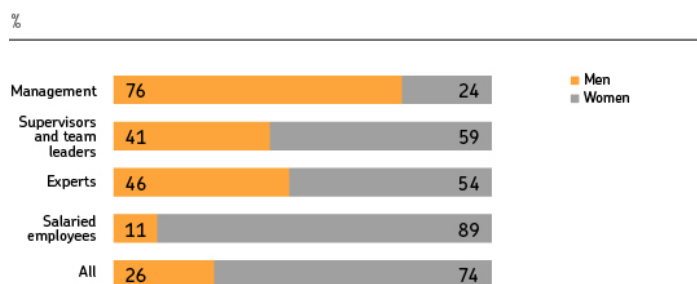
Employees by age group



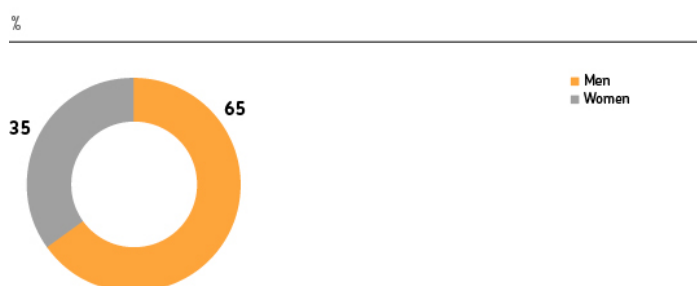
Employees by personnel group



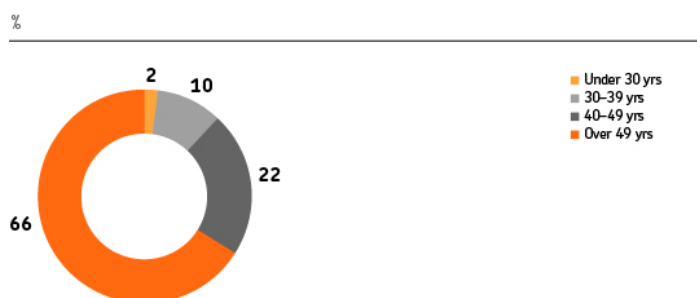
Employees by personnel group and gender



Governing bodies by gender



Governing bodies by age group



Labour/Management Relations (G4-LA4, G4-11)

OP-Pohjola abides by local legislation in all its operations. In Finland, the main regulations concerning corporate reorganisations are found in the Act on Co-operation within Undertakings. According to the Act, in cases of business transfer, staff representatives must be given one week's notice. Written proposals for personnel negotiations must be submitted to staff representatives five days prior to the start of negotiations.

In Finland, 94 percent (92) of OP-Pohjola personnel are covered by universally binding collective labour agreements. No binding collective agreements exist in the sector in the Baltic region.

Remuneration

Remuneration Policies for the Highest Governance Body and Senior Executives (G4-51)

The remuneration of the Executive Board consists of a fixed monthly salary, a variable salary portion and benefits. OP-Pohjola Group's scheme for variable remuneration comprises short-term company-specific incentives and long-term Group-wide incentives. The long-term scheme for the entire OP-Pohjola Group consists of a management incentive scheme and a personnel fund for other staff.

The management incentive scheme consists of consecutive three-year performance periods, the first of which was 2011–13. Those persons included in the scheme will be entitled to receive a certain number of Pohjola Bank plc Series A shares, if OP-Pohjola Group reaches the strategy-based targets set for the respective performance period. The bonus based on the scheme will be paid out to the beneficiary in terms of shares and cash and in three instalments in 2015–2017 after the performance period, provided that the Group's capital adequacy is higher than the internal minimum requirements on the payout date. Bonus payout includes conditions relating to the duration of employment or executive contracts.

OP-Pohjola Group Central Cooperative's Supervisory Board shall decide on salaries and other emoluments and benefits payable to OP-Pohjola Group's Executive Chairman, who also acts as OP-Pohjola Group Central Cooperative's CEO, and to other members and deputy member of OP-Pohjola Group Central Cooperative's Executive Board and to the Chief Audit Executive. A written executive contract, approved by the Supervisory Board, stipulates the terms and conditions governing each Executive Board member's, deputy member's and the Chief Audit Executive's employment.

OP-Pohjola Group's Executive Chairman and CEO received EUR 779,659 in salary, EUR 27,856 in fringe benefits and EUR 669,761 in bonuses under short-term and long-term schemes, i.e. a total of EUR 1,477,276. Other Executive Board members, deputy member and the Chief Audit Executive received EUR 2,089,277 in salary, EUR 94,462 in fringe benefits and EUR 1,178,749 in bonuses under the short-term and long-term schemes, i.e. a total of EUR 3,362,488.

Salaries and bonuses include the amount of the performance-based bonuses for 2011 and 2012 and paid in 2013. A total of EUR 220,498 of the performance-based bonuses earned by the Executive Chairman and Executive Board members in 2012 has been deferred to be paid in three instalments in 2014–2016. This deferment is based on the procedures in accordance with Decree (1372/2010) of the Ministry of Finance on remuneration schemes in credit institutions and investment firms (Valtiovarainministeriön asetus luottolaitosten ja sijoituspalveluyritysten palkitsemisjärjestelmästä). A description of the procedures can be found in Note 57 "Variable remuneration" to OP-Pohjola Group's IFRS Financial Statements 2013.

The Executive Chairman and CEO's retirement age is 62. The other Board members, deputy member and the Chief Audit Executive retire at 63. Pension benefits are determined in accordance with pension laws and OP-Pohjola Group's own pension plans.

The Executive Chairman and CEO is covered by OP Bank Group Pension Foundation's supplementary pension scheme. Pension accrued under the supplementary pension scheme may begin to be paid out as a paid-up pension before the old-age pension, if employment with OP-Pohjola Group terminates.

Supplementary pension for the other Executive Board member, deputy member and the Chief Audit Executive (8 persons) have been arranged through OP Life Assurance Company Ltd. In addition, one Executive Board member is covered by OP Bank Group Pension Foundation's supplementary pension scheme.

Further information: [Personnel and remuneration](#)

Incentive Schemes (G4-52)

Remuneration and rewards at OP-Pohjola Group follow the Group's remuneration principles. These principles are posted on the Group's intranet and are therefore available to all personnel. Remuneration systems based on the principles are in place to support the fulfilment of the Group's strategy, taking into account the special nature of its areas of operation. OP-Pohjola sets great store by the equality and transparency of its remuneration systems, and employees and employee representatives are actively engaged in the development of practices.

There are joint objectives for long-term remuneration of executive management and personnel. Short-term remuneration is decided on within each company, but the terms of the system are the same, and known to all employees. OP-Pohjola has taken significant steps towards ensuring the uniformity of all its remuneration systems Group-wide. Remuneration systems must be in line with proper, effective risk management, and payment of rewards should be based on performance figures, capital adequacy and any changes in risk exposure. The tightened regulations in the financial sector also emphasise the importance of linking remuneration to risk management, in addition to engaging and incentivising personnel.

When remuneration schemes are being planned, the HR Management of the parent company in the Central Cooperative Consolidated formulates policies, directions and principles for used in decision-making. New remuneration systems and changes to existing systems, principles or alignments are handled by the remuneration committee in question and presented for decision-making to the appropriate board of directors. Once the principles and policies have been decided on, HR Services is in charge of developing and implementing the system. The use of external consultants is limited and does not apply to decision-making – only, for example, to interpreting regulations. The use of consultants is specified when presenting policies, alignments or principles for decision-making.

How Stakeholders' Views are Sought and Taken into Account (G4-53)

OP-Pohjola Group's remuneration principles and policies are discussed by the Supervisory Board of OP-Pohjola Group Central Cooperative or, depending on the issue, by the chairs of the Supervisory Board or an appropriate remuneration committee, examining the application and the systems and evaluating their suitability. For systems applying to the whole Group, the decisions are made by the Supervisory Board or OP-Pohjola Group Remuneration Committee. The Group Remuneration Committee and the Supervisory Board's Remuneration Committee consist either entirely or partly of owner-members and their compositions are diverse, so the views of stakeholders are extensively reflected in the work of the committees and the board. Within the member banks, remuneration-related decisions are ultimately made by the Board of Directors, which also consists of owner-members.

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation (G4-LA2)

The fringe benefits of the Central Cooperative are the same for all personnel, regardless of their employment contract, meaning that temporary and/or part-time personnel are offered the same benefits as full-time and/or permanent personnel. The member banks decide independently on the benefits they offer, while following the benefit model provided by the Central Cooperative to a reasonable degree.

Health and safety topics covered in formal agreements with trade unions (G4-LA8)

OP-Pohjola is a unionised employer. The Group companies apply three collective labour agreements: the collective agreement for the finance industry in banking operations, the collective agreement for the insurance industry in insurance operations, and the collective agreement for the medical services industry at Omasairaala. As a large-scale financial sector employer, OP-Pohjola plays a major role in developing the industry. The collective agreements for the finance and insurance industries were updated based on negotiations that ended on 25 October 2013. Both negotiations led to an agreement to initiate a review of a potential finance sector labour market project. This project, chaired by a representative of OP-Pohjola Group, has as its aim increasing occupational well-being among financial sector personnel while improving productivity and competitiveness in the sector.

Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation (G4-LA13)

Equal treatment is a key principle in OP-Pohjola's personnel administration and salary policy. OP-Pohjola seeks to pay the same salary for the same jobs.

Education

Competence Development (G4-LA10)

Competence development is one of the strategic areas of focus for OP-Pohjola Group, and personnel are given good opportunities for training and development. Future competence needs are explored during annual planning. Competence management is supported through development plans drawn up during performance reviews. The OP Academy supports the fulfilment of the strategy by offering a comprehensive selection of training events for people in various positions.

As a major employer in the financial sector, OP-Pohjola offers its employees ample opportunities to develop their skills by transferring from one position to another. Other development techniques, such as mentoring and coaching, are also used in competence development, and attention is paid to target-oriented on-the-job learning.

Employees are encouraged to make use of the diverse competence development methods available in the Group. The strategy demands that support be provided for internal personnel mobility in future. Employee performance reviews also play an important role in training and education.

Performance Reviews (G4-LA11)

Performance and career development reviews are conducted with all OP-Pohjola Group employees in Finland and overseas.

Society

Total number and percentage of operations assessed for risks related to corruption and the significant risks identified (G4-S03)

The organisations of OP-Pohjola Group apply a guideline entitled Procedures for Managing Operational Risk. The Central Cooperative formulates a risk analysis plan indicating which entities are to be analysed. If necessary, the entities to be analysed can be agreed with the Group's member organisations. In 2013, the Group included nearly 300 entities for analysis.

These entities update their operational risk analyses annually based on the procedural guidelines. The risk analyses are based on the organisations' self-evaluations concerning operational risks and their management. In line with the analysis process, each organisation identifies and evaluates the most important risks affecting its operations. To assist in identification, the Group has a shared risk library which lists diverse risks subdivided into seven risk categories. The Internal Abuse category includes the risk Giving and Receiving Bribes.

Bribery was only recognised as a material operational risk in the Pohjola Group's banking operations within the St. Petersburg delegation of the International Partnerships organisation.

In line with the process, the recognised risks are analysed for typical effect, likelihood, maximum effect and effect on reputation. Controls, i.e. various ways of reducing the likelihood of realisation and mitigating the effects of the risk, are also evaluated. Finally the overall risk level is determined, taking into account the aforementioned analyses and controls. In OP-Pohjola Group as a whole, more than 3,000 risks were identified of which less than one per cent were deemed critical in terms of overall risk level. Most of these risks were related to the continuity of operations.

Communication and training on anti-corruption policies and procedures (G4-S04)

The guideline for Handling Conflicts of Interest in OP-Pohjola Group is intended to prevent cases of corruption. All of the Group's member organisations are responsible for applying the guidelines internally. Each and every executive and employee within the institutions must know the guidelines. Every manager is in charge of supervising compliance with the guidelines, with the CEO and board of each organisation having ultimate responsibility. The guidelines concerning conflicts of interests must be handled by each organisation and its employees on a regular basis, and whenever a new person receives job orientation. A compulsory online course for all employees of the Group was implemented to ensure familiarisation with the guidelines at all levels.

Confirmed incidents of corruption and actions taken (G4-S05)

In 2013, two cases were resolved in which persons involved in the Administration of an OP Bank were accused of offences taking place outside the bank. In one of the cases the person in question resigned from the board of the bank, while the other person was deemed innocent by verdict of the Court of Appeal.

Total value of political contributions by country and recipient/beneficiary (G4-S06)

The Code of Business Ethics unequivocally states that OP-Pohjola Group does not support political parties or organisation, and that the Group will not participate in funding individual candidates' campaigns.

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (G4-S08)

One case: a corporate fine of EUR 15,000 and a personal fine of EUR 5,320. An entrepreneur subcontracted for the demolition of a liquidation property neglected to fulfil statutory waste disposal duties. As the parties commissioning the work, the bank and the CEO of the bank were sentenced to pay fines for environmental damages. The verdict is not yet valid by law.

Product Responsibility

Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant products and service categories subject to such information requirements (G4-PR3)

OP-Pohjola Group complies with legislation which requires that customers be informed of certain terms, properties or risks related to a product or service. This notification obligation applies to all three business areas of the Group: banking, non-life insurance and asset management.

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data (G4-PR8)

During 2013, OP-Pohjola Group was made aware of 10 breaches of customers' privacy. These were situations in which customers were shown other customers' data due for instance to a mailing error or other mistake, or to a customer mistakenly logging in to a web service with another customer's codes. The cases caused no financial damages.

Programmes related to compliance with laws, standards and voluntary principles of marketing communications (incl. advertising, sales promotion and sponsorship materials (G4-PR7) and Procedures related to responsible development and sale of financial services and products (FS15)

The financial sector is closely regulated and therefore OP-Pohjola complies in all of its operations with laws, standards and voluntary principles. The Group complies in its marketing with marketing legislation and the self-regulation guidelines of international organisations, including those of the International Chamber of Commerce (ICC). The Group also abides by the marketing guidelines of the Consumer Agency and the Financial Supervisory Authority. During 2013, OP-Pohjola Group received no reprimands related to its marketing communications.

GRI Reporting Principles (G4-18)

This report is OP-Pohjola Group's second Corporate Social Responsibility Report prepared in accordance with the Global Reporting Initiative (GRI) Guidelines. OP-Pohjola enhanced its CSR reporting during 2013 by adopting the new GRI G4 Guidelines. Reporting at OP-Pohjola fulfils the most extensive recommendations for the Financial Services Sector Supplement of the GRI Guidelines (i.e. "in accordance, comprehensive").

The Group's GRI report also meets the reporting obligations related to the UN Global Compact and the promotion of human rights, labour, environmental and anti-corruption policies in OP-Pohjola's business.

OP-Pohjola Group's Corporate Social Responsibility Report includes the data for 2013, in accordance with the Group's structure and financial reporting principles. The CSR Report is divided into three parts. Corporate Social Responsibility at OP-Pohjola Group explores corporate responsibility from the perspective of business and strategy. It describes the areas of focus, measures and leadership related to OP-Pohjola Group's CSR Programme based on the principle of materiality. The section on the Corporate Social Responsibility Programme presents the content, most recent measures and targets of the areas of emphasis within CSR at OP-Pohjola. The section on GRI within CSR presents the main aspects identified based on the materiality assessment, with KPIs in accordance with the GRI G4 Guidelines. The Executive Board of OP-Pohjola Group has approved the content of this report and assumes liability for it.

Definition of Materiality (G4-18)

OP-Pohjola determines the content of its CSR report based on the reporting principles in the GRI G4 Guidelines. In identifying the material aspects of CSR, the most significant economic, social and environmental impacts of OP-Pohjola's operations, products, services business relations were taken into account. Other aspects that were considered were ones which may affect stakeholders' decisions or choices. In order to rate the priority of its CSR aspects, OP-Pohjola carried out a stakeholder survey in 2013, whose results are presented in conjunction with the materiality assessment. Additionally, the significance of the aspects was internally evaluated in relation to the Group's strategy and business functions. Based on this evaluation, the aspects were put in order of priority and the main areas of emphasis of CSR efforts and the central content of the CSR report were determined. The Executive Board of the OP-Pohjola Group has checked and approved the outcomes of the materiality assessment. OP-Pohjola's material CSR aspects are presented in the GRI Content Index and listed below.

Identified material aspects (G4-19)

In the process for defining materiality the following GRI-aspects were identified as material for OP-Pohjola's reporting:

- Financial service specific: Product portfolio, Auditing and Active ownership.
- Economic: Economic performance and Indirect economic impacts.
- Environmental: Energy, Emissions, Products and services and Supplier environmental assessment.
- Labour practices and decent work: Employment, Labour/management relations, Occupational health and safety, Training and education, Diversity and equal opportunity, Equal remuneration for women and men, Supplier assessment for labour practices and Labour practice grievance mechanisms.
- Human rights: Non-discrimination, Supplier human rights assessments and Human rights grievance mechanisms.
- Society: Local communities, Anti-corruption, Public policy, Anti-competitive behaviour, Compliance, Supplier assessments for impacts on society and Grievance mechanisms for impacts on society.
- Product responsibility: Product and service labelling, Marketing communications, Customer privacy and Compliance.

Entities Included (G4-20, G4-21)

OP-Pohjola Group's sustainability reporting is mainly performed within the same boundaries as the Group's financial reporting. The KPIs and GRI indicators of the CSR Programme are calculated and are presented in accordance with the accounting principles. The boundary applied to environmental responsibility data is different, as these data is based on information from the Group's facilities management services. Detailed energy consumption data is available on the premises of the Central Cooperative, while the member banks' data is based on a survey of a representative sample. Any deviations or limitations in the boundary are reported next to the applicable data.

Numerical data is presented for the reporting period and comparative data for at least two previous financial years. For indicators for which no comparative data is available from previous financial years, only the data for the reporting period is presented in the report.

KPI Calculation Principles

The “Capital adequacy ratio under the Act on Supervision of Financial and Insurance Conglomerates” was calculated by dividing OP-Pohjola Group's total capital resources by the minimum amount of capital resources. The figures came from the OP-Pohjola Group's consolidated financial statements.

Customer service performance reliability refers to the availability of essential banking and insurance business systems. The availability of business services is reported monthly, by providing the uptime percentage compared to the total minutes measured during that month. The annual figure is the average of the monthly figures.

The figures for “Support for local projects” were derived from accounting records by taking into account donations, awards and sponsorship. Sponsorship classified as sports advertising was manually removed from the data. Support for local projects does not include the Baltic operations.

Bonuses to owner-members includes bonuses accrued in 2013 by the cooperative banks' owner-members and Helsinki OP Bank Plc's bonus customers.

The percentage of owner-members belonging to banks with a Representative Assembly was calculated based on the total number of approved members of the cooperative banks on 31/12/2013. Banks with a Representative Assembly are those whose rules of procedure include regulations applying to a Representative Assembly.

Job satisfaction is derived from an annual employee survey whose 12 questions are collated to form a job satisfaction index. In 2013, the survey applied to 7,599 employees from OP-Pohjola Group Central Cooperative Consolidated and 3,355 employees from cooperative banks across Finland. The structure of the employee survey changed in 2011, so the previous figures are not comparable.

The average retirement age is an average of the ages of retired personnel on the day of their retirement. The figure does not include Seesam insurance companies.

The numbers of e-invoices received by private customers and sent and received by corporate customers (excluding printing services) are gathered monthly using a service statistics system.

Pohjola Bank's dividend payout ratio is the total dividends paid divided by the net earnings for the period.

For OP-Pohjola Group's private customers, the recommendation rate is followed using a continuous OP-Pohjola tracking study. In the survey, respondents grade their main bank and insurance company on a scale of 1–5. Those responding that they are “fairly certain” or “completely certain” to recommend the company are counted as recommenders, while those who are “fairly unlikely” or “completely unlikely” are deducted from the figure. The survey received responses from 9,725 private customers in 2013.

Among corporate customers, measurements of recommendation willingness are done annually using Net Promoter Score (NPS) surveys. NPS is based on a recommendation question graded on a scale of 0–10. The NPS figure is obtained by deducting those who are dissatisfied (score of 0–6) from the number of those who are likely to recommend the services (score of 9–10). The survey received responses from 1,353 SMEs in 2013.

The Group's carbon footprint figure includes the Group's direct greenhouse gas emissions (Scope 1) and the Group's indirect emissions resulting from the generation of electricity and heat purchased from other entities (Scope 2). The calculations are explained in more detail in the GRI reporting principles. The calculations do not include the Baltic operations.

The number of employees working in Green Office-labelled offices is calculated on the basis of the numbers reported by the offices concerned.

Bases for Calculation of GRI Performance indicators

GRI indicators specific to the financial sector (FS)

In relation to the GRI indicators specific to the financial sector, the information is based on figures provided by business units, the accuracy of which has been internally assured.

Financial Reporting (G4-EC1, G4-EC3, G4-EC4 and G4-EC9)

Data on economic responsibility are based on figures audited for the consolidated IFRS financial statements of OP-Pohjola Group for 2013.

The proportion of Finnish suppliers of goods and services is calculated from purchase data entered in a Group-level purchase accounting system, and refers to suppliers with a Finnish business ID

Social Reporting

Personnel data were gathered from the SAP Personnel system and from the Baltic Seesam insurance companies. Unless otherwise stated, the figures apply to the whole OP-Pohjola Group.

G4-10 The number of employees is reported for the entire OP-Pohjola Group, broken down by employment type, employment contract, age and country.

G4-11 The percentage of total employees covered by collective bargaining agreements is reported for the entire OP-Pohjola Group-

G4-54 The ratio of highest and average salaries applies to Finland.

G4-55 The ratio of percentage increase of highest and average salaries applies to Finland.

G4-LA1 New and terminated employment contracts are reported for the entire OP-Pohjola Group. The figures do not include internal personnel turnover (when employees change jobs within the Group). The personnel turnover for permanent personnel does not include business transfers.

G4-LA3 The return to work and retention rates after parental leave figures apply to Finland.

G4-LA5 The percentage of the total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs are reported for the entire OP-Pohjola Group. The employee turnover rate for permanent personnel excludes business transfers.

G4-LA6 The proportion of sickness absences out of regular man-years applies to Finland.

G4-LA9 The training costs in relation to total salary apply to Finland.

G4-LA11 The percentage of employees receiving regular performance and career development reviews are reported for the entire OP-Pohjola Group. Employees who joined the Group after the period covered by the previous performance and career development reviews were excluded from the calculations.

G4-LA12 The breakdown of employees per employee category according to gender and age group is reported for the entire OP-Pohjola Group.

The following are included in administration broken down by age and gender: members of the Representative Assembly and Supervisory Board, chairman and deputy chairman of the Supervisory Board, members of the Board of Directors, chairman and vice chairman of the Board of Directors, and deputy members of the Board of Directors.

Environmental Reporting

Energy and climate (G4-EN4 and G4-EN16)

OP-Pohjola's carbon footprint was calculated in accordance with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development. The following emission sources were taken into account, in line with the division of the Greenhouse Gas Protocol;

- Direct greenhouse gas emissions from the Group's operations (Scope 1 – must be included): fuel consumption of emergency power systems and vehicles owned by the Group (incl. vehicles of the Group's leasing company);
- Indirect greenhouse gas emissions from consumption of electricity and heat purchased from other entities (Scope 2 – must be included): electricity and heat on office premises used by OP-Pohjola Group Central Cooperative Consolidated including the Vallila 2015 project (excl. the Omasairaala hospital) and the member banks;
- Other indirect emissions (Scope 3 – inclusion is voluntary): waste and wastewater, electricity consumption in a server room located on a service provider's premises, business travel, purchased transport and mailing, lifecycle emissions of paper consumption.

The following were left out of calculations: specific impacts of the Vallila 2015 project, Omasairaala, energy consumption in holiday properties, in the Kuusiniementie housing corporation and on rented premises for ATMs; overseas operations; commuting; and business travel by train, bus and local transport. Insufficient emission factor data is available for any material consumption other than office paper.

Energy consumption is reported for OP-Pohjola Group's largest properties in Helsinki (Vääksyntie 2 and 4, Elimäenkatu 5 and 15, Lapinmäentie and Hiomotie), because accurate electricity consumption data is available for these.

The carbon footprint data for 2013 is not comparable to prior carbon footprint calculations for the OP-Pohjola Group due to the effects of the Vallila 2015 construction project.

GRI Level Check / External Assurance

According to the Group's own assessment, CSR reporting at OP-Pohjola fulfils the most extensive recommendations for the Financial Services Sector Supplement of the GRI Guidelines (i.e. "in accordance, comprehensive"). In line with this level, OP-Pohjola reports on those corporate responsibility data and indicators that are material to its operations, in such a manner as to provide an adequate and balanced account of the Group's corporate social responsibility and its impacts.

The report has not been externally assured. The correctness of the presented data has been assured internally. GRI has checked that the materiality assessment corresponds to the GRI G4 Guidelines. This check applied to the materiality of social responsibility aspects (G4-17–23) and the descriptions of data and processes related to stakeholder engagement (G4-24–27). Based on the check by GRI, the OP-Pohjola Corporate Social Responsibility Report for 2013 complies with the principles for content definition of the GRI G4 Guidelines.

Contact Information

Contact persons for CSR issues:

Carina Geber-Teir

Chief Communications Officer, Executive Board member

Stina Suominen

Senior Vice President, Sustainability and Brands

Tiina Junttila

Communications Manager, Sustainability and Brands

Ilkka Korhonen

Development Manager, Financial Communications and CSR Reporting

Inquiries and other contacts: viestinta (at) op.fi

Case: Quick help from Omasairaala

The Omasairaala hospital based in Pikku Huopalahti, Helsinki, delivers on its promise. This is what **Olli Rimpiläinen** thinks, a man who broke his collarbone on a downhill slope.

- I have suffered all kinds of minor injuries when snowboarding. Compared with my previous experience of hospitals, the service provided by Omasairaala is faster and smoother. Everything here goes as scheduled and I have not even once had to sit and wait for treatments, says he.

Olli was injured during the last day of his downhill vacation in Italy. Immediately after the trip, Olli called Pohjola which recommended Omasairaala specialising in orthopaedic illnesses and injuries. He could make an appointment with a doctor for Tuesday and was already on an operating table on Wednesday.

In addition to quick access to treatment at Omasairaala, all the red tape that filing a separate claim would have required could be avoided. It is also possible to deal with insurance-related matters at the insurer-owned hospital.

Rimpiläinen gives Omasairaala top marks for how he felt about care at the hospital.

- On the whole, this has been my best experience of medical care that went quickly and smoothly. I have been treated properly and professionally during every visit all the way from the appointment.

Omasairaala treats a lot of knee, shoulder, arm and wrist fractures, muscle strains and ligament injuries. Surgery is not an end in itself but we aim to find the right and effective treatment for every trouble and injury. Quick access to treatment shortens the sickness time, which means cost-savings in many ways. Our mission differs from that of conventional clinics: it is not based on the amount of treatment and care but on the outcome. This will benefit both patients, employers and ultimately our society as a whole, says **Markus Torkki**, Chief Medical Officer of Omasairaala.



Case: Fund saving, a way to support the protection of small rivers and lakes

OP-Clean Water Fund is an equity fund that invests funds globally in companies offering products and services in the water sector.

"Scarcity of clean water and the challenges of water distribution are cause for concern, but they also create business opportunities. This is why the fund appeals to savers and investors alike, with its nature preservation theme and also financially," explains **Samuli Sipilä**, Managing Director of OP Fund Management Company.

In the spring of 2013, we introduced a philanthropic share class alongside the accumulation and distribution units, enabling OP-Pohjola Group and the unitholders to jointly help protect water resources. Investors in mutual funds have welcomed this warmly, and by the end of 2013, more than EUR 200,000 had been invested in the philanthropic units.

The underlying investments and expected return of the philanthropic units are equivalent to normal accumulation units in the fund, but the two per cent subscription fee will be donated in full to the Finnish Association for Nature Conservation (FANC). The donations are used to finance projects to restore small Finnish rivers and lakes back to their natural state. The subscription fees accumulated in 2013 were used to restore rivers in Southern Ostrobothnia and to introduce European crayfish and sea trout into them.

Pirjo Itkonen of FANC who coordinates cooperation with businesses explains that the donations have enabled the restoration of small rivers and lakes to continue in Ostrobothnia. For example, the beds of Itäjoki brook in Teuva and Töniluoma brook in Kristiinankaupunki were worked on in September. Such work improves the water quality and creates environments for the endangered sea trout and for the European crayfish, the original crayfish species in Finland. These are prime examples of how a relatively small investment has achieved a lot and restored and created new habitats for valuable species. The objective is to expand such restoration outside Ostrobothnia, as there is plenty of need for this in other parts of the country, too.



Structure and Governance of OP-Pohjola Group

OP-Pohjola Group comprises the amalgamation of the cooperative banks and those companies of which entities belonging to the amalgamation hold more than half of the total votes.

The most important of these are the insurance companies with which the amalgamation forms a financial and insurance conglomerate. [Read more: Legal structure of OP-Pohjola Group.](#)

SHARE OF OWNERSHIP 31.12.2013, %	MEMBER COOPERATIVE BANKS	OP-POHJOLA GROUP CENTRAL COOPERATIVE	POHJOLA GROUP	GROUP TOTAL
OP-Pohjola Group Central Cooperative	100	0.0	0.0	100
Pohjola Bank plc	16.0	37.5		53.5
Pohjola Insurance Ltd			100	100
Eurooppalainen Insurance Company Ltd			100	100
Seesam Insurance AS			100	100
Pohjola Health Ltd			100	100
Omasairaala Oy			100	100
A-Insurance Ltd			100	100
Pohjola Asset Management Ltd			100	100
Pohjola Asset Management Execution Services Ltd			100	100
PAM USA Funds Ltd			100	100
Pohjola Property Management Ltd			100	100
Pohjola Finance Estonia As			100	100
Pohjola Finance SIA			100	100
UAB Pohjola Finance			100	100
OP Life Assurance Company Ltd	15.0	76.0	9.0	100
Aurum Investment Insurance Ltd		100.0		100
Helsinki OP Bank Plc		100.0		100
OP-Kotipankki Oyj	60.7	22.5	16.9	100
OP Mortgage Bank		100.0		100
OP Fund Management Company Ltd		100.0		100
OP-Services Ltd		100.0		100
OP Process Services Ltd		100.0		100
OP Bank Group Mutual Insurance Company	78.5	21.5		100

Member cooperative banks account for 13.4% and OP-Pohjola Group Central Cooperative for 61.3% of Pohjola Bank plc's votes.

Amalgamation of Cooperative Banks

The amalgamation of cooperative banks is an amalgamation of deposit banks, as referred to in Laki talletuspankkien yhteenliittymästä (Act on the Amalgamation of Deposit Banks).

The amalgamation consists of its central institution, OP-Pohjola Group Central Cooperative; companies and member credit institutions belonging to the Central Cooperative's consolidation group and, further, companies belonging to their respective consolidation groups; and credit institutions and service companies in which the above-mentioned entities jointly hold more than half of the votes.

The minimum consolidated capital requirement for and liquidity of the companies within the amalgamation of cooperative banks is controlled on a consolidated basis. The Central Institution is liable for its member credit institutions' debts, and the member credit institutions are jointly and severally liable for each other's debts.



OP-Pohjola Group's Corporate Governance

In their decision-making and corporate governance, OP-Pohjola Group and its central institution, OP-Pohjola Group Central Cooperative, comply with Finnish legislation. OP-Pohjola Group's operations are specifically governed by the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä), the Act on Cooperative Banks and Other Cooperative Institutions, the Act on Credit Institutions, the Insurance Companies Act and the Co-operatives Act. OP-Pohjola Group Central Cooperative's subsidiary Pohjola Bank plc (Pohjola) complies with provisions and instructions governing public limited companies, in addition to its Articles of Association, and has issued its own Corporate Governance.

Taking into account the specific characteristics of the cooperative system, The Group's Corporate Governance conforms, whenever applicable, with the Finnish Corporate Governance Code approved by the Securities Market Association in June 2010. In preparing this Corporate Governance, OP-Pohjola Group has also taken account of the Financial Supervisory Authority's standard on internal governance and organisation of activities.

This Corporate Governance describes the structure and tasks of OP-Pohjola Group and its key functions and units, the duties and responsibilities of key administrative bodies, the corporate governance applied by subsidiaries, Group control and steering principles, as well as internal control and financial reporting. The Corporate Governance enables OP-Pohjola Group to ensure that its operations are open and transparent. This Corporate Governance is available online at op.fi.

Executive Board

Reijo Karhinen

Executive Chairman and CEO, OP-Pohjola Group Central Cooperative

- b. 1955
- Chairman
- Member of the Executive Board since 1994
- Area of responsibility: Group's strategic control, Group unity and stakeholder relations
- Chairman of the Board of Directors of Pohjola Bank plc
- Vuorineuvos (Finnish honorary title), M.Sc. (Econ. & Bus. Adm.), Doctor Honoris Causa, Turku School of Economics



Relevant previous experience:

- OP Bank Group Central Cooperative: President 1997–2006, Executive Vice President 1994–96
- Kuopion Osuuspankki: Managing Director 1990–94
- Savonlinnan Osuuspankki: Managing Director 1988–90
- Varkauden Osuuspankki: Managing Director 1985–88
- Juvan Osuuspankki: Assistant Director 1979–84

Other relevant positions:

- Central Chamber of Commerce: Vice Chairman of the Board of Directors
- Savonlinna Opera Festival Ltd: Vice Chairman of the Board of Directors
- HelsinkiMissio: Chairman of the Delegation
- New Children's Hospital 2017 support association: Vice Chairman of the Board of Directors
- The Mannerheim Foundation: Member of the Board of Directors
- Unico Banking Group: Member of the Board of Directors

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 56,540 on 1 January 2013 and 76,677 on 31 December 2013

Tony Vepsäläinen

Chief Business Development Officer and Deputy to Executive Chairman and CEO

- b. 1959
- Vice Chairman
- Member of the Executive Board since 2006
- Area of responsibility: Business Management – CRM, business
- Vice Chairman of the Board of Directors of Pohjola Bank plc
- LL.M., eMBA



Relevant previous experience:

- OP-Pohjola Group Central Cooperative: President 2007–2010
- Tampereen Seudun Osuuspankki: Managing Director 1998–2006
- Turun Seudun Osuuspankki: Deputy Managing Director 1996–1998
- Kuopion Osuuspankki: Bank Manager 1993–1996
- Suomen Säästöpankki SSP Oy: Deputy to Area Manager 1992–1993
- Pohjois-Savon Säästöpankki: managerial duties 1985–1992

Other relevant positions:–

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 11,655 on 1 January 2013 and 25,552 on 31 December 2013

Harri Luhtala

Chief Financial Officer

- b. 1965
- Member of the Executive Board since 2007
- Area of responsibility: Financial Management – financial management asset/liability management, central banking and Group efficiency
- M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

- OP-Pohjola Group: various expert and managerial duties 1989–2007

Other relevant positions:

- Deposit Guarantee Fund: Chairman of the Board
- Confederation of Finnish Industries EK: Member of the Finance and Tax Commission

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 4,677 on 1 January 2013 and 9,286 on 31 December 2013



Tom Dahlström

Chief Strategy Officer

- b. 1970
- Member of the Executive Board since 2010
- Area of responsibility: Planning and Development Management – strategic planning, development management, ICT management, security, macroeconomic monitoring, sector and competitor monitoring, and research activities.
- D.Soc.Sc.



Relevant previous experience:

- OP-Pohjola Group: various expert and managerial duties 2000–2010

Other relevant positions:

- Confederation of Finnish Industries EK: Member of the General Assembly

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 124 on 1 January 2013 and 2,916 on 31 December 2013

Carina Geber-Teir

Chief Communications Officer

- b. 1972
- Member of the Executive Board since 2009
- Area of responsibility: Identity and Communications – brands, marketing, communications and corporate social responsibility
- M.Soc.Sc.

Relevant previous experience:

- Varma Mutual Pension Insurance Company: Communications Director 2002–2009

Other relevant positions:

- Federation of Finnish Financial Services: Chairman of the Communications Committee
- Yle: Member of the Board of Directors

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 0 on 1 January 2013 and 2,364 on 31 December 2013



Erik Palmén

Chief Risk Officer

- b. 1959
- Member of the Executive Board since 2010
- Area of responsibility: Risk Management Control – capital adequacy management, risk management methods, types of risk, risk exposure and joint liability
- M.Sc. (Econ. & Bus. Adm.), M.Sc. (Eng.)

Relevant previous experience:

- Nordea Bank Finland Plc: various expert and managerial duties 1987–2009

Other relevant positions:

- Deposit Guarantee Fund: Chairman of the Delegation

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 965 on 1 January 2013 and 0 on 31 December 2013



Teija Sarajärvi

Chief Human Resources Officer

- b. 1969
- Member of the Executive Board since 2012
- Area of responsibility: HR Management
- M.A.

Relevant previous experience:

- Metso Corporation: SVP, Human Resources, Energy and Environmental Technology, from 2009 and SVP Human Resources, Paper and Fiber Technology, from 2011
- Nokia Corporation: HR director in various duties in both Finland and China 1998–2009
- ABB: various expert and managerial duties 1994–98

Other relevant positions:

- Federation of Finnish Financial Services: Chairman of the Labour Market Committee

Holdings in Pohjola shares and share-based entitlements:

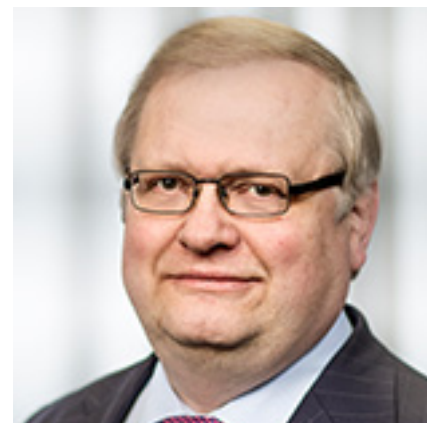
- No. of Series A shares: 0 on 1 January 2013 and 0 on 31 December 2013



Markku Koponen

Chief Legal Officer

- b. 1957
- Deputy member
- Secretary of the Executive Board and Supervisory Board
- Member of the Executive Board since 2009
- Area of responsibility: Legal Affairs and Supervision of Group Interests
- Master of Laws trained on the bench, eMBA



Relevant previous experience:

- OP Bank Group Central Cooperative: Senior Vice President in charge of Corporate Communications 1998–2009 OP-Pohjola Group Central Cooperative (and its precursor), Secretary of the Executive Board and Supervisory Board since 1996
- OKO Bank plc: Secretary of the Executive Committee 1996–2006
- Pohjola Bank plc (OKO Bank plc): Secretary of the Board of Directors since 2006
- OKO Bank and Opstock Ltd: Issue Financing Chief and Issue Chief 1989–96
- OP-Pohjola Group: various expert and managerial duties 1985–89

Other relevant positions:

- Federation of Finnish Financial Services: First Vice Chairman of the Board of Directors
- European Association of Cooperative Banks (EACB): Executive Committee
- Central Chamber of Commerce: Member of the Legislation Committee
- HSO-säätiö: Chairman of the Board of Trustees
- Helia Foundation: Vice Chairman of the Board

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 2,061 on 1 January 2013 and 3,725 on 31 December 2013

Leena Kallasvuori

Chief Audit Executive

- b. 1956
- Attending Executive Board meetings since 2010
- Area of responsibility: Audit
- M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

- Financial Supervisory Authority (Finnish Financial Supervision Authority): various expert and managerial duties 2005–2010
- Trema Finland Oy 2000–2005
- Aktia Savings Bank 1997–2000
- Säästöpankkien Keskus-Osake-Pankki 1983–1996

Other relevant positions:

- Sisäiset Tarkastajat ry (the Institute of Internal Auditors Finland): Member of the Board of Directors since 2011

Holdings in Pohjola shares and share-based entitlements:

- No. of Series A shares: 0 on 1 January 2013 and 1,722 on 31 December 2013



Supervisory Board of OP-Pohjola Group Central Cooperative

Members of OP-Pohjola Group Central Cooperative's Supervisory Board and their terms of office:

Etelä-Pohjanmaa

- Jorma Vierula, Director, Seinäjoki, 2012–15
- Jussi Ruuhela, Managing Director, Alavus, 2009–(2015)*

Etelä-Suomi

- Vesa Lehtikoinen, Managing Director, Janakkala, 2011–14, 2nd Vice Chairman of the Supervisory Board
- Annukka Nikola, Director, Administration, Kirkkonummi, 2012–(2015)*
- Jorma Pitkälä, maakuntaneuvos (Finnish honorary title), Hämeenkoski, 2012–(2015)*

Kaakkois-Suomi

- Jari Himanen, Managing Director, Lappeenranta, 2012–(2015)*
- Tapani Eskola, Managing Director, Kotka 2012–(2015)*

Kainuu

- Mervi Väisänen, Senior Lecturer, Marketing, Sotkamo, 2013–2016, 1st Vice Chairman of the Supervisory Board

Keski-Pohjanmaa

- Hannu Simi, Planner, Alavieska, 2013–2016
- Ulla Järvi, Senior Lecturer, Kokkola, 2013–2015*

Keski-Suomi

- Jaakko Pehkonen, Professor, Jyväskylä, 2011–2014, Chairman of the Supervisory Board
- Tuomas Kupsala, Managing Director, Korpilahti, 2012–(2015)*

Lappi

- Kalevi Korhonen, Chairman of the Board of Directors, Salla, 2013–2016
- Markku Salomaa, Managing Director, Rovaniemi, 2012–(2015)*

Pirkanmaa

- Ari Kakkori, Managing Director, Virrat, 2011–2014
- Timo Viitanen, M.A., Pälkäne, 2012–(2015)*

Pohjois-Karjala

- Seppo Laaninen, Principal, Nurmes, 2011–2014
- Paavo Pelkonen, Professor, Joensuu, 2012–(2015)*

Pohjois-Pohjanmaa

- Kaija Tölli, Export Coordinator, Tyrnävä, 2013–2016
- Timo Levo, kauppaneuvos (Finnish honorary title), Oulu, 2012–(2015)*

Pohjois-Savo

- Jukka Kääriäinen, Assistant Director, Iisalmi, 2012–2015
- Seppo Pääkkö, Managing Director, Nilsia, 2012–(2015)*

Satakunta

- Marita Marttila, Senior Nursing Officer, Vampula, 2011–2014
- Ilmo Aronen, R&D Director, Eura, 2012–(2015)*
- Simo Kauppi, Managing Director, Pori, 2012–(2015)*

Suor-Savo

- Kari Manninen, Managing Director, Mikkeli, 2012–2015
- Juha Kiiskinen, Headmaster, Sulkava, 2012–(2015)*

Sydkusten

- Ola Eklund, Product Group Director, Raasepori, 2013–2016

Varsinais-Suomi

- Juha Pullinen, Managing Director, Pöytyä, 2012–2015
- Jarna Heinonen, Professor, Kaarina, 2012–(2015)*
- Ari Mikkola, Rector, Tammela, 2012–(2015)*

Österbotten

- Leif Enberg, entrepreneur, Korsnäs, 2013–2016

Other members:

- Timo Parmasuo, teollisuusneuvos (Finnish honorary title), Espoo, 2011–14

The Supervisory Board members' term of office is three years.

* Members elected on the basis of capital adequacy of the member banks, whose term of office is a maximum of three years. The term of office may end earlier if the allotment between the Federation of Cooperative Banks changes.

op-pohjola-annualreport.fi/OP-Pohjola2013/en