

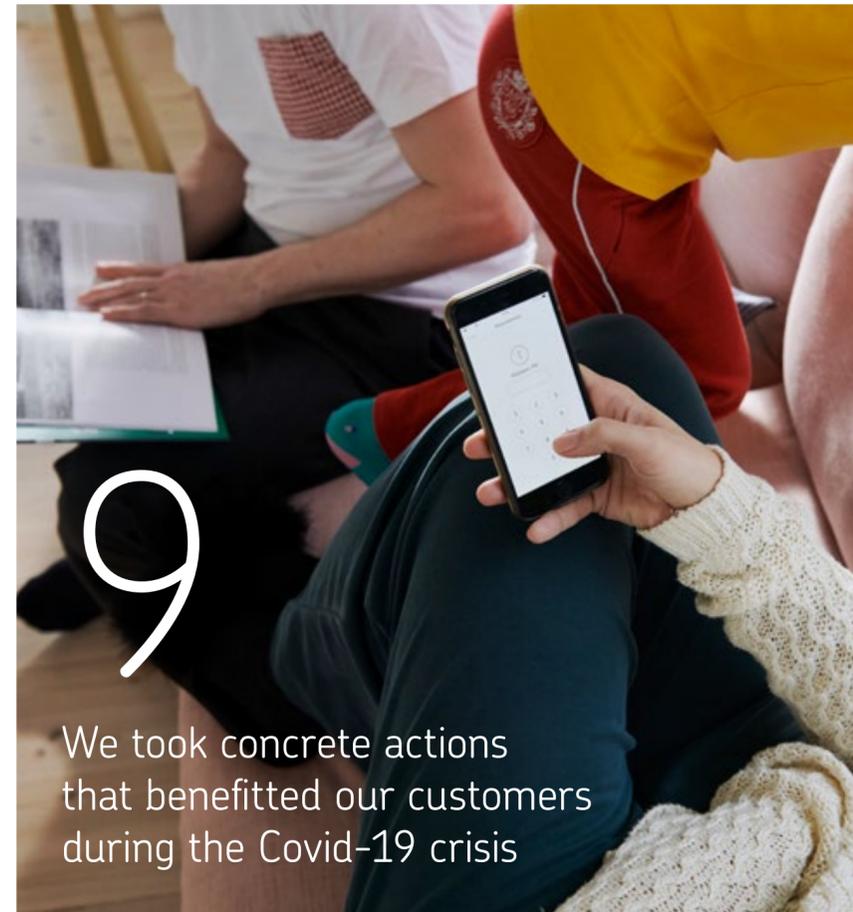
# Together through the ages

OP Financial Group's  
Year 2020

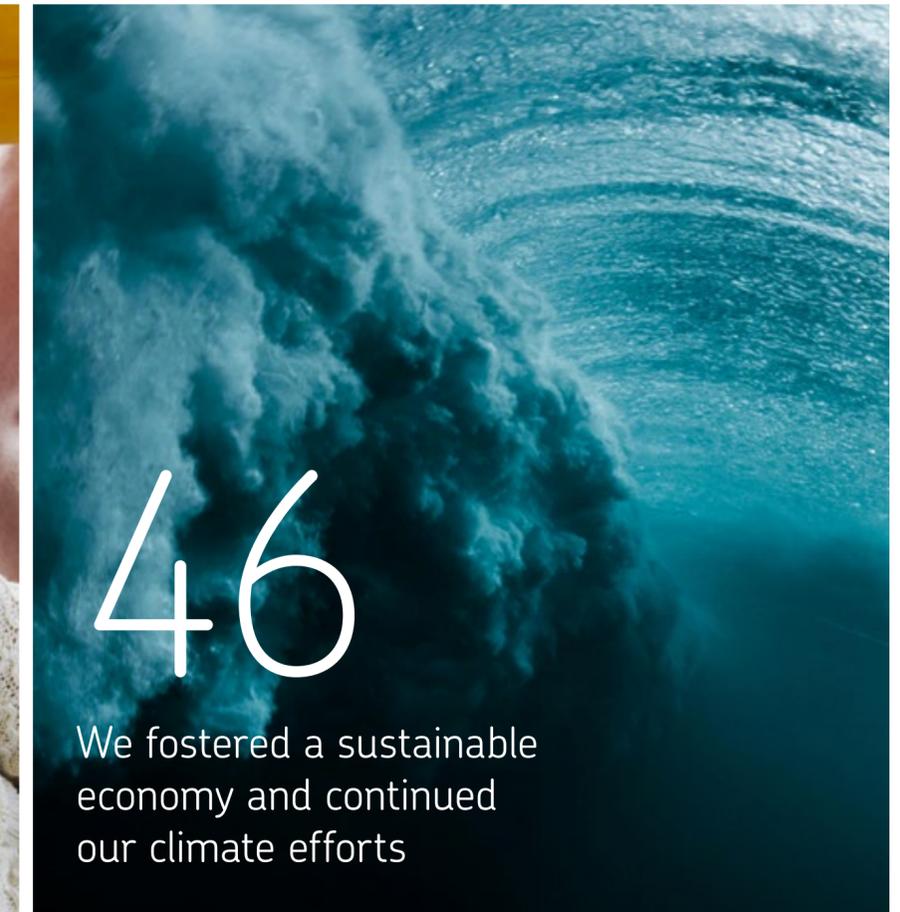


# Content

OP Financial Group .....	3
Review by the President and Group Chief Executive Officer .....	4
Key figures and ratios 2020 .....	6
Highlights 2020 .....	7
OP Financial Group in brief .....	10
<b>Strategy .....</b>	<b>16</b>
Business environment .....	17
Our strategy .....	20
How we create value .....	25
Corporate Responsibility Programme .....	27
<b>Dedicated to our mission .....</b>	<b>29</b>
Committed to our owner-customers .....	30
Taking action to support the community .....	36
We promote sustainable financial prosperity .....	40
We foster safety, security and wellbeing .....	47
<b>Foundation of Corporate Responsibility .....</b>	<b>50</b>
Responsible employer and actor .....	51
GRI indicators .....	57
TCFD report on climate risks .....	72
Principles for Responsible Banking .....	73
Independent Assurance Report .....	75



We took concrete actions that benefitted our customers during the Covid-19 crisis



We fostered a sustainable economy and continued our climate efforts

This OP Financial Group's Year 2020 review describes how the Group has carried out its mission and supported its customers and operating environment during the exceptional year 2020. It summarises the most important facts about OP Financial Group, its strategy, corporate responsibility efforts and the main events of the year. The review also contains sustainability reporting complying with the GRI Standards. This review forms part of OP Financial Group's annual reporting which also includes the Financial Statements, Reports by the Boards of Directors and Corporate Governance Statements of the Group, OP Corporate Bank plc and OP Mortgage Bank, as well as OP Financial Group's Capital Adequacy and Risk Management Report and the Remuneration Report and Remuneration Policy for Governing Bodies. All of this information is also available at [op-year2020.fi](https://op-year2020.fi).

OP Financial Group's reports 2020:  
[Report by the Board of Directors and Financial Statements](#)  
[Capital Adequacy and Risk Management Report](#)  
[Corporate Governance Statement](#)  
[Remuneration Report for Governing Bodies](#)  
[Remuneration Policy for Governing Bodies](#)

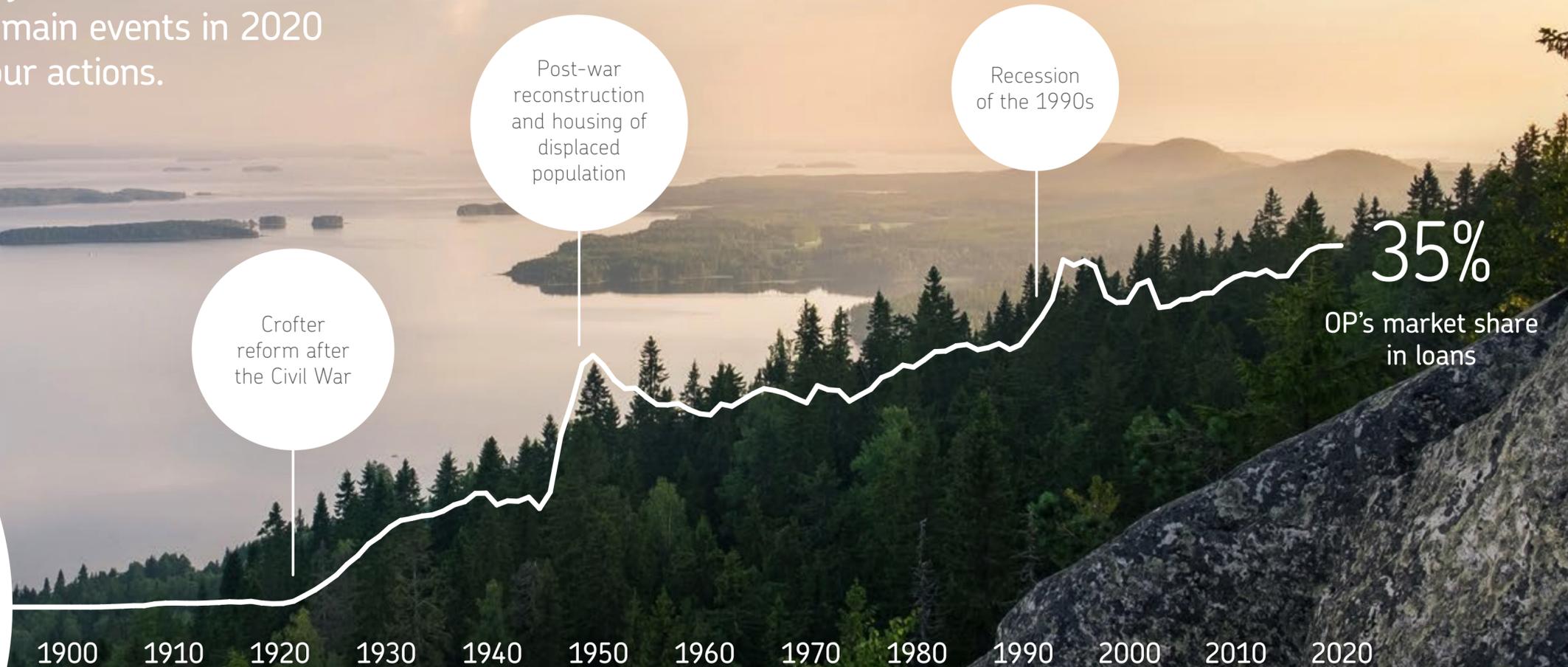
# OP Financial Group

OP Financial Group has been building Finnish society for nearly 120 years. In this section, we will tell you more about OP Financial Group and our businesses and main events in 2020 through figures and information regarding our actions.

## Together through the ages

OP was born in 1902 to fulfil the needs of local communities by, for example, providing small loans to people living on limited means in the countryside. In post-war years, cooperative credit societies played a major role as financiers of reconstruction and the housing of displaced population in Finland. In just a few years, OP's market share increased by 10 percentage points. OP Financial Group's role as the supporter of its customers and society at large has always been pivotal during crises.

Source: OP Financial Group, Bank of Finland



# Review by the President and Group Chief Executive Officer

The year 2020 was very exceptional for OP Financial Group as the global Covid-19 pandemic impacted our business environment in various ways. Our ability to change was put to the test when the pandemic spread to Finland at the beginning of March.

At first, we focused on ensuring the health and safety of our personnel and securing uninterrupted operations so that our customers continued to receive the banking and insurance services they needed. In the course of the year, we combined remote and in-office work in different duties as far as possible. Safety and productivity of working was at the centre of our actions. Through determined measures, we were able to ensure that our services critical to society were available also during the crisis.

Our mission obliges us to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region. Starting from spring, we fulfilled our mission by granting free-of-charge repayment holidays of up to 12 months to households and businesses. During the Covid-19 crisis, we granted a total of about 126,000 repayment holidays to our customers. During restrictive measures, OP cooperative banks reserved

separate serving hours for people who need special support, and we also opened a telephone helpline to support risk groups' use of banking services during the pandemic. We implemented our corporate responsibility by participating in an initiative to increase the coronavirus testing capacity and by donating the contribution of Pohjola Hospital staff to tasks critical to our society.

We executed our strategy that was revised in 2019 and made headway towards our strategic targets in a demanding business environment. We introduced several services that improve customer experience. We launched a digital investment advice service and a multi-bank service for viewing account information from different banks in one channel. OP was the first bank in Finland to provide corporate customers with the opportunity to make real-time mass payments in the form of SEPA instant credit transfers. Our Corporate Banking was specially commended in



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Through determined measures, we were able to ensure that our services critical to society were available also during the crisis.

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

2020: large Finnish corporations ranked OP Corporate Bank as Finland's best corporate bank in the annual Prospera survey.

In service development, we have carried out an extensive project where OP Financial Group's ICT infrastructure services were transferred to a new service provider. This transition project will increase the reliability,

cost-efficiency and smoothness of our services. At the same time, we have decreased our technology debt.

### Earnings power maintained in a demanding business environment

The restrictive measures caused by the Covid-19 pandemic changed our work environment, and a demand shock, comparable to a natural disaster, impacted several of our business divisions considerably. During the early part of 2020, the capital market decline that resulted from the pandemic decreased our investment income, particularly in the first quarter.

In the Insurance segment, property claims expenditure increased due to event interruptions and interruptions caused by the epidemic, as well as travel insurance claims. Meanwhile, a halt in travel, a significant decline in driving and lower activity in general reduced the number of other claims especially in spring.

The Covid-19 crisis has increased our customers' preparedness for the future. For instance, mutual fund investing increased in popularity notably during the year, and demand for life insurance grew. Overall, the financing situation of households and

businesses has remained good. The situation in the financial market calmed down after the spring shock, and monetary policy and the Government's economic policy have supported growth. The economy is expected to recover in 2021, but businesses are preparing for a long period of low economic growth. Interest rates are also likely to continue to stay low, which makes it more difficult for both banks and insurance companies to make a profit.

Our customer business grew in the demanding business environment, and our market position remained strong. Our fund assets, deposit portfolio and loan portfolio grew. Lower investment income and impairment losses reduced earnings. In addition to the Covid-19 crisis, regulatory changes increased the impairment loss on receivables. Early in the year, prior to the Covid-19 crisis, we sold our property located in Vallila, Helsinki to a South Korean-Finnish consortium. A notable capital gain on the sale was recognised in the 2020 income statement.

### Work for the benefit of Finns continues

After the exceptional year of 2020, it is important to us to take part in enabling economic growth and a return to normal in society as smoothly as possible.

We are here for our customers and succeeding together is one of our core values. We aim to help our customers move on from the crisis, towards more positive times.

Our top priority in 2021 is to improve the customer experience of our two million owner-customers and their experience of benefits. We are redesigning owner-customer membership and will introduce new benefits. We will also continue our corporate responsibility work in line with our core values. We anticipate that demand for green financing will continue to grow and aim to further increase our range of responsible investment and financing products.

OP Financial Group is Finland's leading and most trusted financial services group. It is our duty to contribute to our customers' wellbeing and the prerequisites for growth of the Finnish economy. The principles of our strategy process guide our work – we continuously evaluate our business environment, renew ourselves and take action for the benefit of both our customers and the Finnish society at large.

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



We aim to help our customers move on from the crisis, towards more positive times.

# Key figures and ratios 2020

2.0

million owner-customers

255

OP bonuses accrued to owner-customers, million €

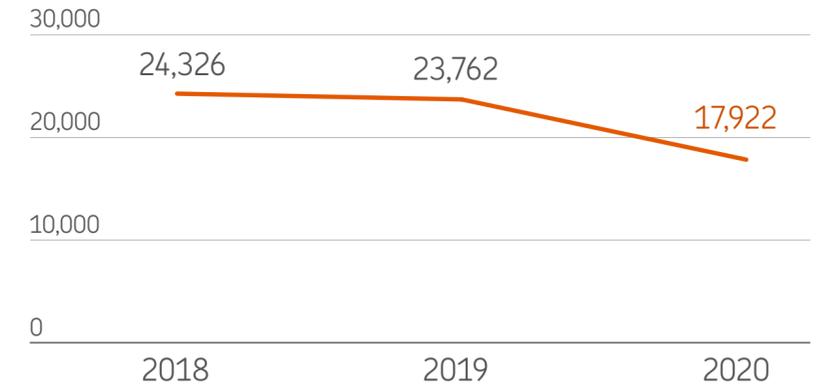
+2.4%

Loan portfolio growth

+10.8%

Deposit portfolio growth

Emissions from own operations, tonnes, CO<sub>2</sub>e



+4%

Net interest income

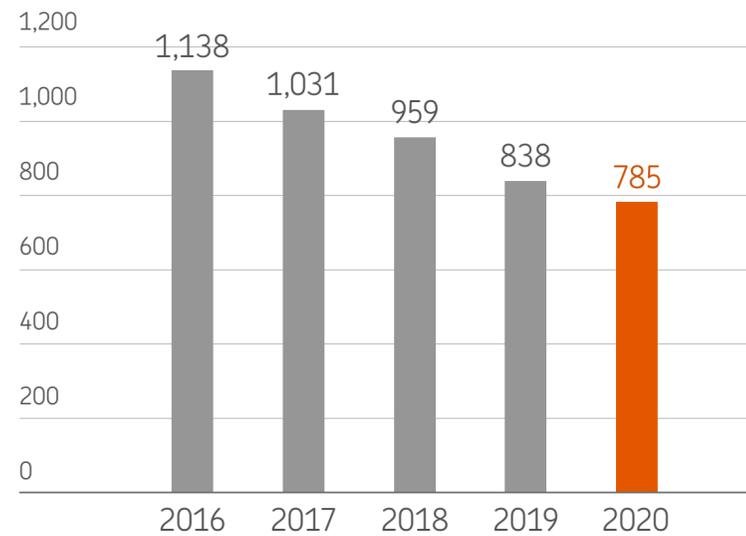
+36%

Net insurance income

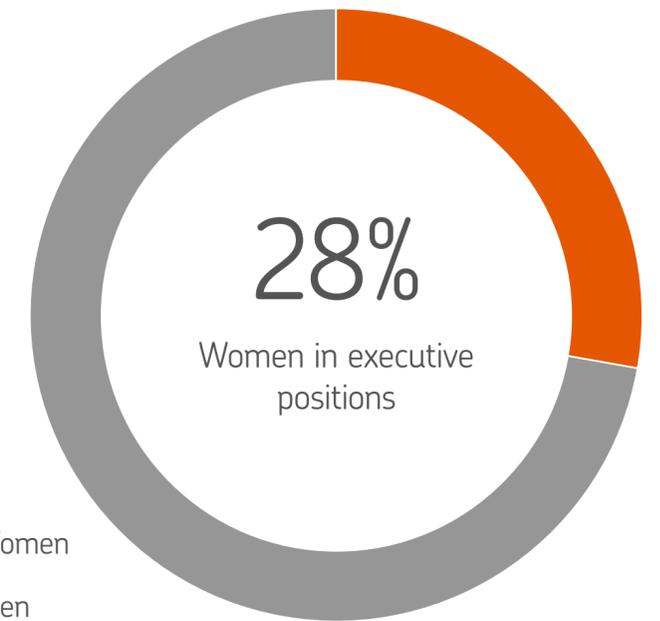
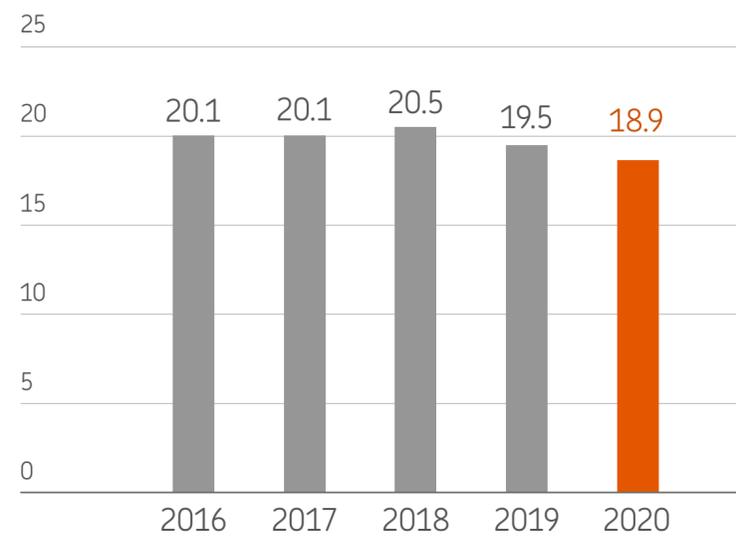
-1%

Net commissions and fees

Earnings before tax, € million



Common Equity Tier 1 ratio (CET1), %



# Highlights 2020

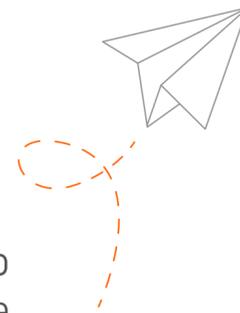
## New governance structure and Board to the central cooperative

OP Cooperative, OP Financial Group's central cooperative, adopted a three-tier governance structure on 1 January 2020. OP Cooperative's new Board of Directors took up its duties.

## 12 months

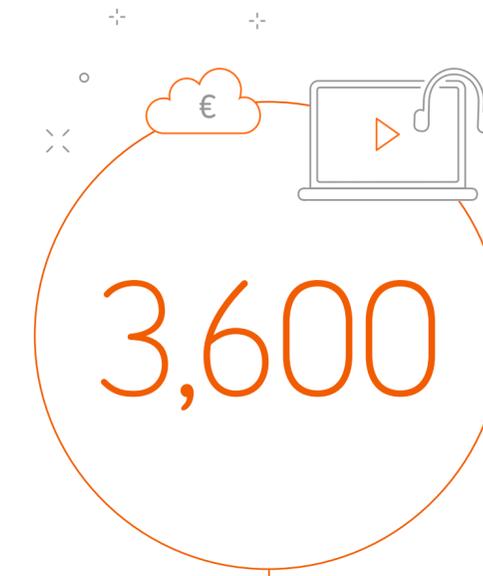
### Repayment holidays and changes to repayment schedules free of charge

Starting from March, OP Financial Group offered customers the opportunity to get repayment holidays of up to 12 months and changes to repayment schedules, free of charge, if the customer had run into financial problems due to the Covid-19 crisis.



## More payment time for insurance bills

Starting from April, Pohjola Insurance offered its customers flexibility in payment times due to the Covid-19 crisis. Over 20,000 customers took the opportunity of extending the payment time of their insurance bills.



## Remote teaching of financial literacy

Financial literacy education went online after the coronavirus outbreak. OP taught 3,600 schoolchildren remotely how to manage their personal finances. With virtual events especially intended for upper comprehensive schools, OP supported teachers in remote teaching.



## Sale of the Vallila property

On 31 January 2020, OP Cooperative sold the Vallila property to a South Korean-Finnish consortium. OP Financial Group continues operating in the property under a long-term lease agreement.

## Telephone line for special groups

At the end of March, OP created a telephone line for those in need of special support, and their friends and family, to enable smooth banking for everyone even in the exceptional situation caused by Covid-19.

## +32%

### Summer cottage sales speed up

Sales of summer cottages and holiday apartments picked up in April and the number of related transactions brokered by OP Koti in 2020 rose by almost a third from 2019.

## Higher demand for responsible investment

Demand for OP's sustainability-themed funds increased at a faster pace during the Covid-19 crisis. There were nearly three times as many new unitholders in the spring than in the same period in 2019.

# Highlights 2020

OP Multi-bank Service shows account information from other banks

OP introduced multi-bank service for smoother management of personal finances. It enables viewing account information from different banks in one OP channel.

Real-time mass payments for businesses

In September, OP was the first bank in Finland to extend real-time SEPA instant credit transfers into businesses' mass payments.



Digital OP Corporate Hub

OP launched OP Corporate Hub, a digital service that helps companies in comprehensive financial monitoring, cash management and payment transactions.



OP Investment Partner

OP launched the digital OP Investment Partner service to help people start investing. The service helps the customer reach their investment goal using responsible investment funds.



# 9,600

Lunches for Families

Pohjola Insurance donated 9,600 lunches to low-income families in the Lunches for Families campaign that aimed to help families in need and support restaurant owners.

# 100,000 €

Supporting mental health work amid the crisis

As part of its corporate responsibility work, OP Financial Group donated 100,000 euros to the Crisis Helpline operated by MIELI Mental Health Finland.

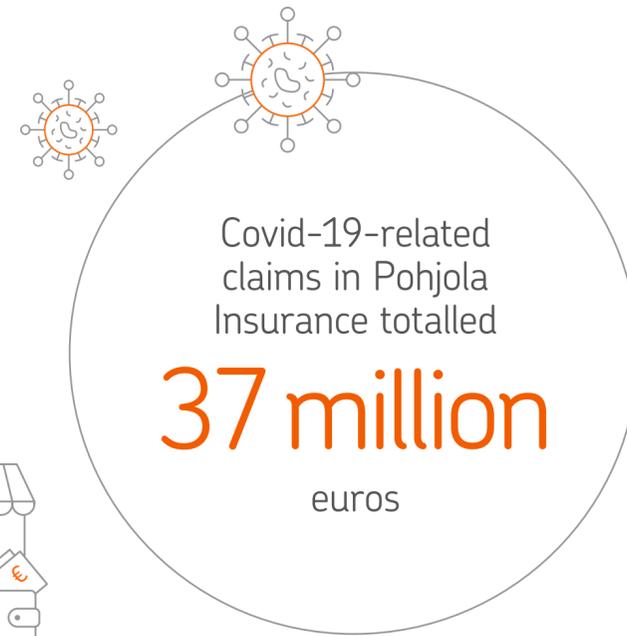
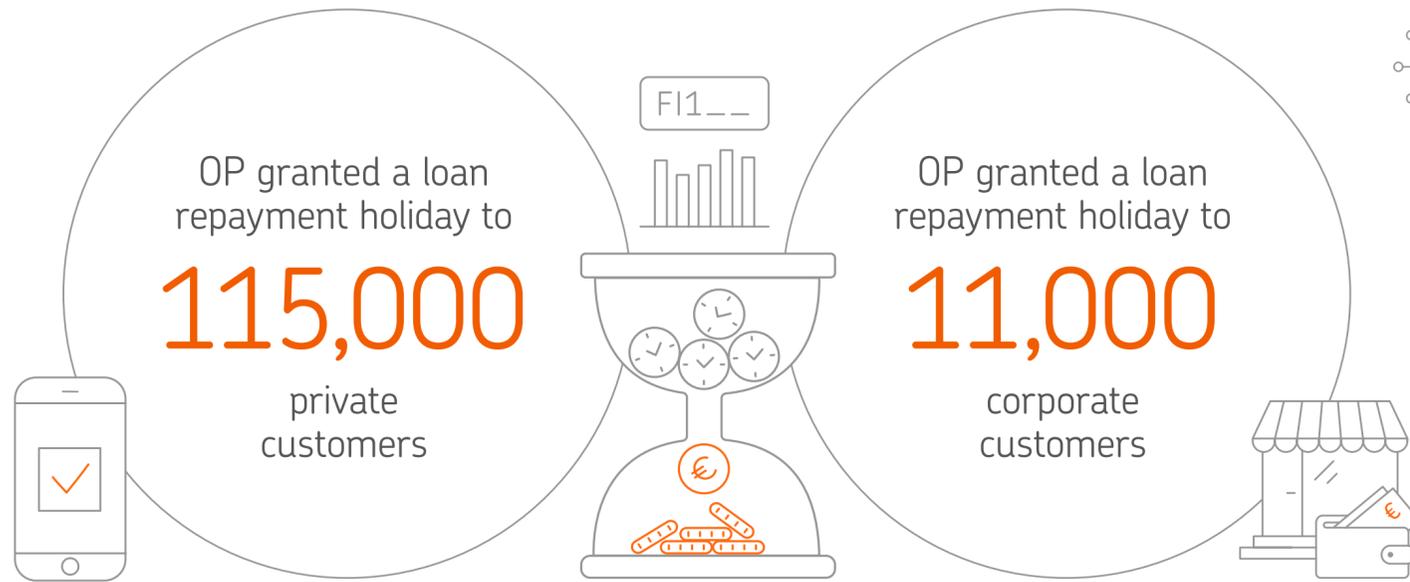
Getting subscriptions under control

OP opened a new Subscription management service that brings together the customers' continuous agreements and subscriptions, and their costs, in a single place. Their managing becomes easier as the customer can see at a glance how much they spend monthly on recurring subscriptions.

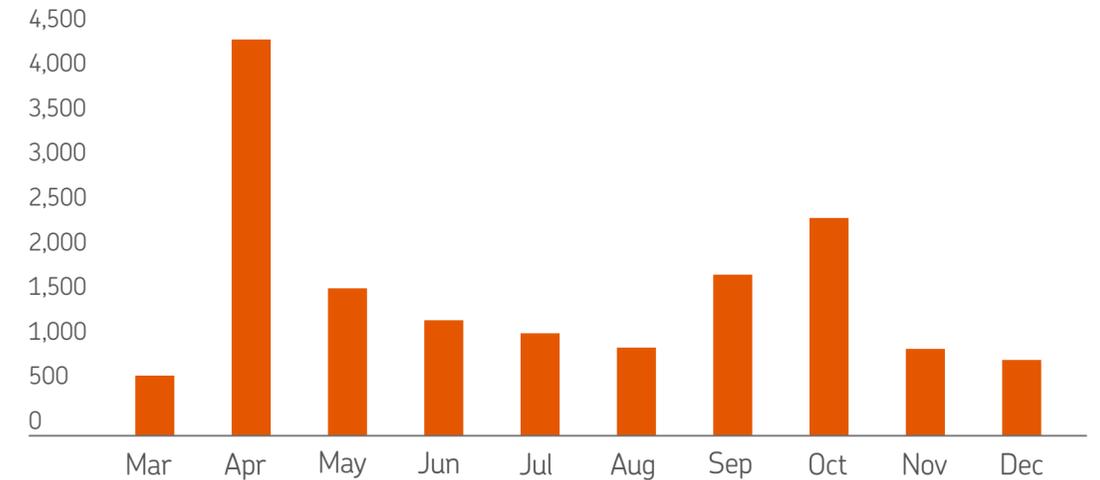
Work for the benefit of climate

During the year, OP Financial Group provided financing to businesses to support their contributions to sustainable economic growth, introduced new responsible products, reduced its emissions and increased information on the impacts of climate change.

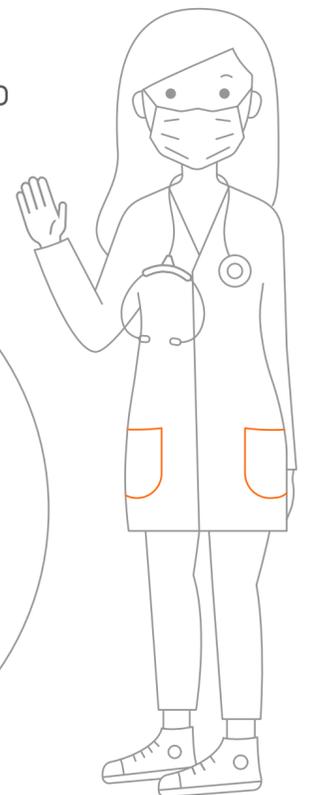
# Concrete actions amid the Covid-19 crisis



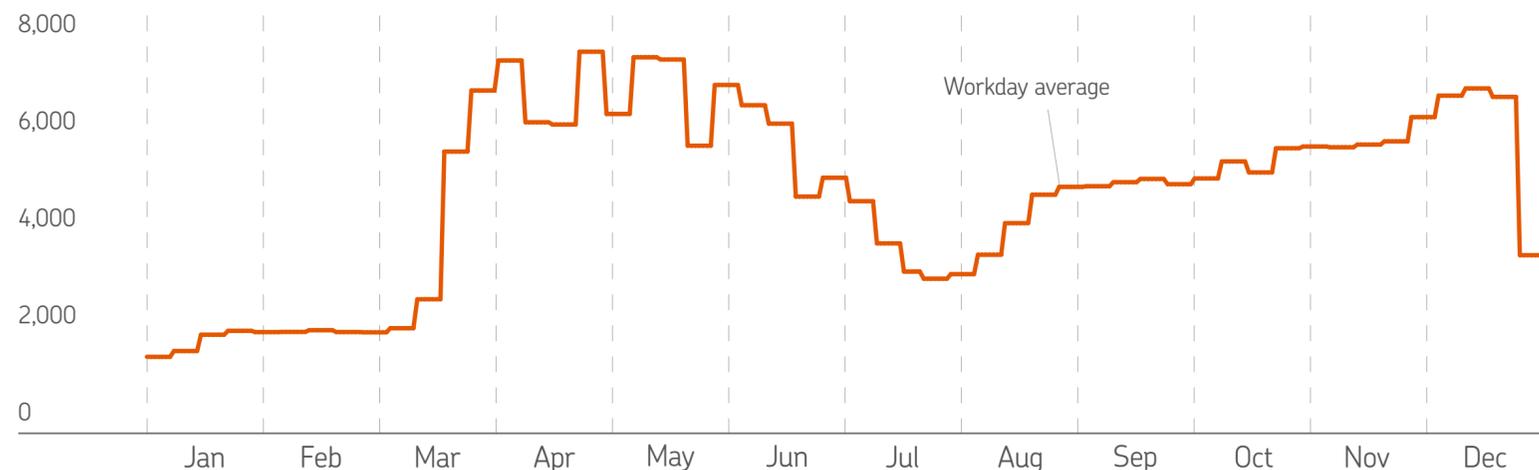
Calls to the telephone line for people who need special support



**11** employees of Pohjola Hospital offered their work contribution to critical tasks in health care



Enabling remote work at OP Financial Group: number of simultaneous users of remote access



OP Real Estate Asset Management and OP cooperative banks allowed flexible rent payments for their tenants

Pohjola Insurance offered an extended insurance premium payment time to **20,000** customers

# OP Financial Group in brief

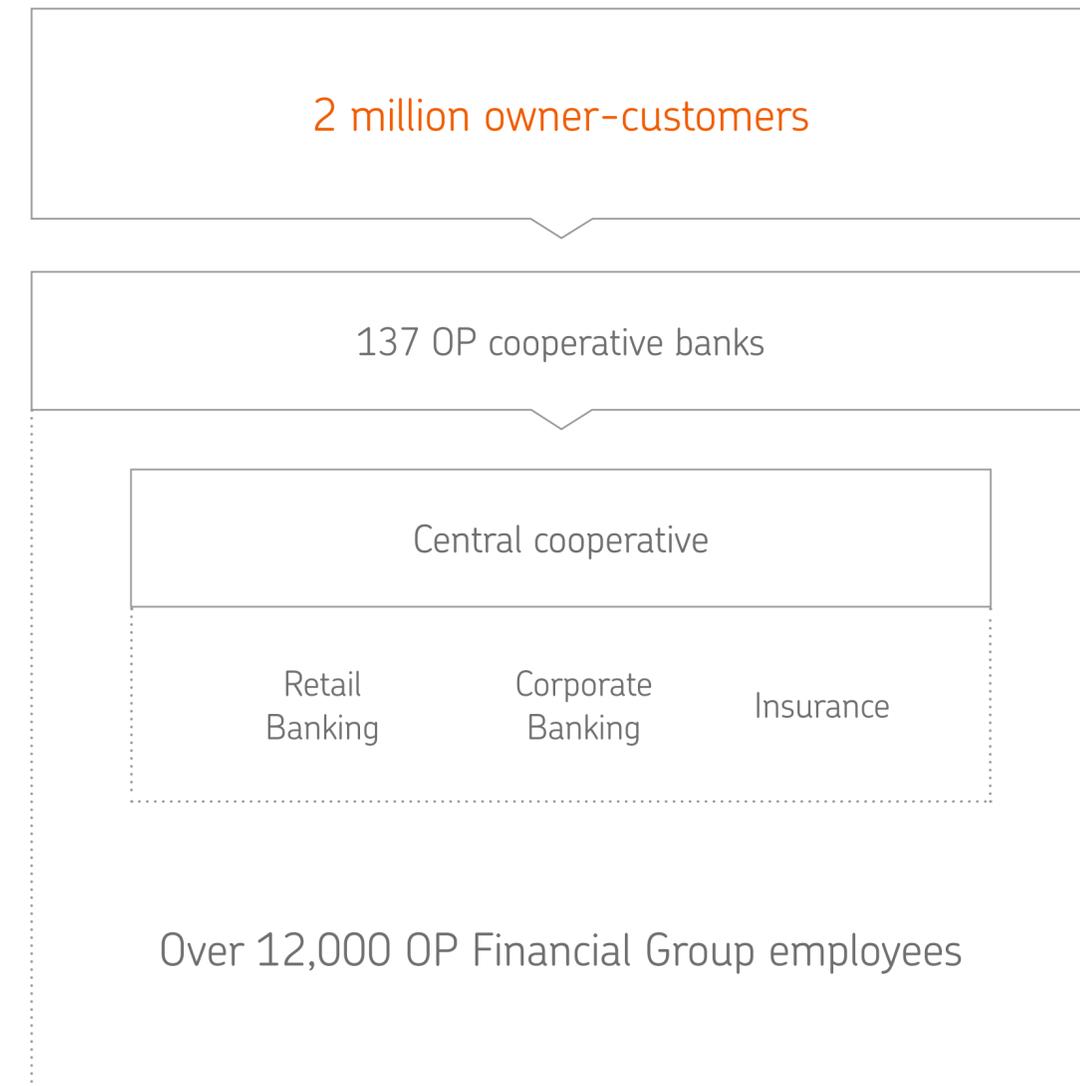
OP Financial Group, owned by its customers, is Finland's largest financial services group. Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region.

OP Financial Group is made up of 137 OP cooperative banks and the central cooperative which they own, including its subsidiaries and affiliated entities. Over 2 million owner-customers own the OP cooperative banks and thereby the entire OP Financial Group with a staff of over 12,000. OP Financial Group's vision is to be the leading and most appealing financial services group in Finland for our customers, employees and partners.

OP Financial Group's business consists of the following three business segments: Retail Banking (Banking for private and SME customers), Corporate Banking (Banking for corporate and institutional customers), and Insurance (Insurance customers). We provide our customers with the most extensive and diversified range of banking, investment and insurance services and the best loyalty benefits in the country. We are a local player with services available through a diverse

range of digital channels and an extensive network of branches nationwide.

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



# Retail Banking

The Retail Banking segment consists of banking for private and SME customers at OP cooperative banks and at the central cooperative consolidated.

OP is Finland's leading provider of home and corporate loans. We wish to provide the best customer experience both locally and digitally, and to be a reliable and flexible financial partner for our owner-customers in their various situations. We seek to secure financial prosperity for our owner-customers and to promote their personal financial management and success.

## Wide range of tools for personal financial management

Services for private customers include daily banking, loans, savings and investments and housing-related services as well as extensive owner-customer benefits. We serve our customers in digital channels, by phone and through a comprehensive branch network across Finland. We provide personal customer service both at branches and digitally. Through Finland's most extensive network of banking and non-life insurance services, we want to ensure

that customers have equal opportunities to carry out transactions. Our customers can do their daily banking transactions and make payments in various channels regardless of time and place. We are continuously developing our services to meet our customers' changing needs. We seek to provide the best multichannel customer experience in the sector. OP-mobile is the main channel for our owner-customers' daily transactions. At the end of 2020, there were already nearly 1.2 million active OP-mobile users.

We provide our customers with a wide range of savings and investment services, including a customised and award-winning Private Banking service. In addition, we provide investment advice at our branches. In 2020, the international Euromoney magazine ranked OP as Finland's best provider of Private Banking services.

During the year, we earned several recognitions for our products and services and were again selected Bank of the Year in Finland by The Banker, an esteemed publication.

## Services for housing and buying a home

We want to help make our customers' housing and everyday dreams come true in a financially sound and smooth way. We provide our customers with all services related to buying, selling or renting a home. Our digital home loan service enables OP customers to apply for and receive a home loan decision and offer online, which are binding on the bank. In 2020, we made 21,000 loan offers through the service. We receive most of our home loan applications through digital channels. Our customers can talk to us about loans over the phone, through online meetings or face to face at a bank branch, and loan documents can even be signed electronically. Along with the Covid-19 pandemic, home loan negotiations were held in electronic channels more and more often.

OP Koti combines housing-related services into a single entity at [op-koti.fi](https://op-koti.fi), providing high-quality real estate agency services in 170 offices across Finland. OP Koti has been ranked as Finland's most reliable real estate agency for 11 years in a row (Finland Today survey 2020, Taloustutkimus Oy). OP Koti provides its customers with digital sale or purchase of a home. This allows

Earnings before tax

**115**  
€ million

Loan portfolio

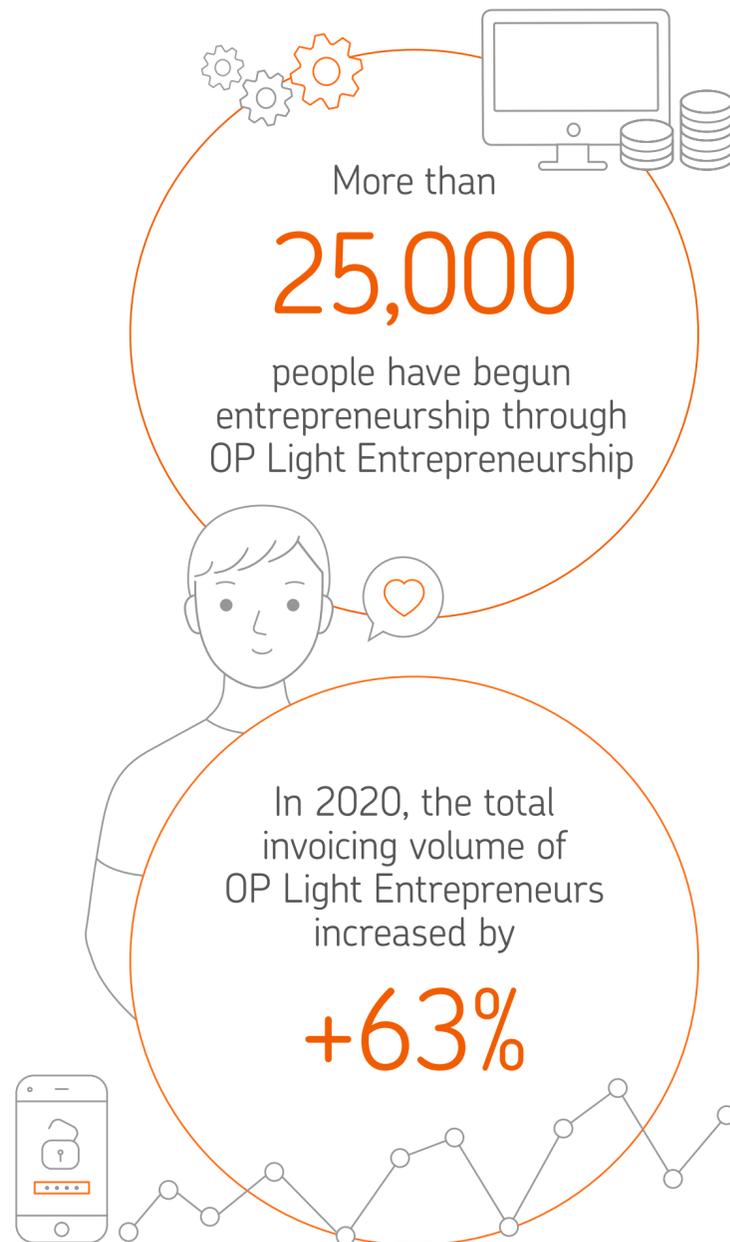
**69.4**  
€ billion

Deposit portfolio

**59.1**  
€ billion

Market share  
in home loans

**39.1**  
%



both the seller and the buyer to approve the contract of sale with their online bank user identifiers. A sale can be completed anywhere and at any time, as there is no need to visit a bank in person.

### Long-term partner for SME customers

As a partner for SMEs, we want to promote the success and growth of local business. Knowing our customers well and working closely with them allows us to build solutions to each customer's needs. We provide SME customers with all corporate and entrepreneur banking services, financing, payment transaction and cash management services, investment services, and expert services related to business de-

velopment. We provide new SMEs with a wide range of services and support individuals in starting a business. OP Light Entrepreneurship is the leading service for private traders in Finland, through which more than 25,000 entrepreneurs had started a business by the end of 2020. The OP Light Entrepreneurship service makes starting a business as easy as possible. Routines from bookkeeping to invoicing are handled directly in the service.

For more detailed information on events in Retail Banking in 2020, read the sections [Committed to our owner-customers](#) and [Taking action to support the community](#).

# Corporate Banking

OP Financial Group's Corporate Banking segment consists of banking and asset management services for corporate and institutional customers. It comprises OP Corporate Bank plc's banking, OP Asset Management Ltd, OP Fund Management Company Ltd and OP Real Estate Asset Management Ltd.

OP Corporate Bank is Finland's leading bank for corporation and institutions. Through long-term cooperation, we support our customers' success, growth and internationalisation. We also seek to foster the sustainable economy of our corporate customers.

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

OP Corporate Bank's services include financing, interest rate and currency hedging, payment services, management of cash flows and working capital, asset management and risk management. It operates in Finland, Estonia, Latvia and Lithuania. Our strength is an extensive local service network in Finland. We also offer extensive services and a wide partner

network for the international needs of our corporate customers. We always tailor our solutions to the needs of our customers and continuously improve our services in various service channels in order to deliver the best customer experience in the market. Our excellent employee experience is visible to our customers in terms of better service. Customer satisfaction with OP Corporate Bank was excellent in 2020: NPS 84 (range -100 – +100).

OP Corporate Bank provides comprehensive debt and equity financing solutions from our balance sheet and from the capital markets. In capital market services, we provide comprehensive services to all customer groups for hedging against market risks and trading in financial markets. The goal of our working capital solutions that streamline purchasing and sales is, for their part, to support customers' liquidity management as well as asset and liability management. We seek options to customer financing of consumers and companies, in Finland and abroad. We bring solutions to online purchases and payments. We support the effective management of cash flows with account

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

We recognise our role as one of the largest financiers in Finland and take this responsibility seriously. We want to help our customers in transitioning to a climate-sustainable economy by developing diverse products for responsible investment and green finance.

For more detailed information on events in Corporate Banking in 2020, read the section [We promote sustainable prosperity](#).

Earnings before tax

349  
€ million

Loan portfolio

24.0  
€ billion

Assets under management

64.2  
€ billion

Market share in corporate loans

38.6  
%

# Insurance

The Insurance Customers segment comprises Pohjola Insurance, OP Life Assurance Company and Pohjola Hospital.

Pohjola Insurance is Finland's leading non-life insurer. We aim to ensure that our customers have a versatile and comprehensive insurance cover. We work as a risk management partner, helping our customers to manage and anticipate risks.

We provide an extensive range of non-life and life insurance services to private, corporate and institutional customers. We are further developing our service concepts, our digital insurance and claims services and our claims services partner network in order to deliver a uniform and high-quality customer experience.

## Pohjola Insurance offers protection and covers losses in the event of an accident

Pohjola Insurance helps its customers to manage risks, stay safe and prevent losses, and ensures a smooth and efficient claims settlement process in the event of an accident. We evaluate potential risks and safety concerns together with the customer and

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

The key insurance lines for private customers include motor vehicle, home and other property policies as well as personal insurance, such as accident and health policies, for both home life and travelling. Our Pohjola Claim Help service provides a quick way of managing loss situations. The service provides customers with information in the case of loss or damage, the contact details of our partners and information on what each insurance covers. The service is available on both OP-mobile and OP Business mobile. Private customers file approximately 67 per cent and corporate customers 44 per cent of their loss reports either online or through mobile. In claims services, Pohjola Insurance has partnership agreements with firms representing over 20 industries, such as healthcare services providers, car repair shops, eyeglass retailers, building renovation firms

and household appliance retailers. Through partnerships, Pohjola Insurance ensures excellent customer experience, cost-efficient and even-quality claims settlement services and their easy availability.

The Health Advisor service is offered to Pohjola Insurance's customers free of charge, and its purpose is to assess the need for care. Our Health Advisors are also qualified to comment on whether the customer's illness or injury is covered by their policy and to authorise our partner hospitals and clinics to bill Pohjola Insurance directly. In many cases, the customer only needs to pay the deductible.

Pohjola Insurance is also a risk management partner for corporate customers. We seek to safeguard the business continuity of our customers, support employees' work ability and help to create a safe working environment. We provide our customers with extensive and diversified risk management services, which enable them to better ensure trouble-free and secure business operations in the case of problems. The most important insurable assets of corporations include the entrepreneur, their human resources, fixed and current assets, shipments, vehicles and the business itself. Additionally, we offer corporations cyber-insurance against data damage.

Earnings before tax

348

€ million

Insurance premium revenue

1,506

€ million

Unit-linked insurance assets

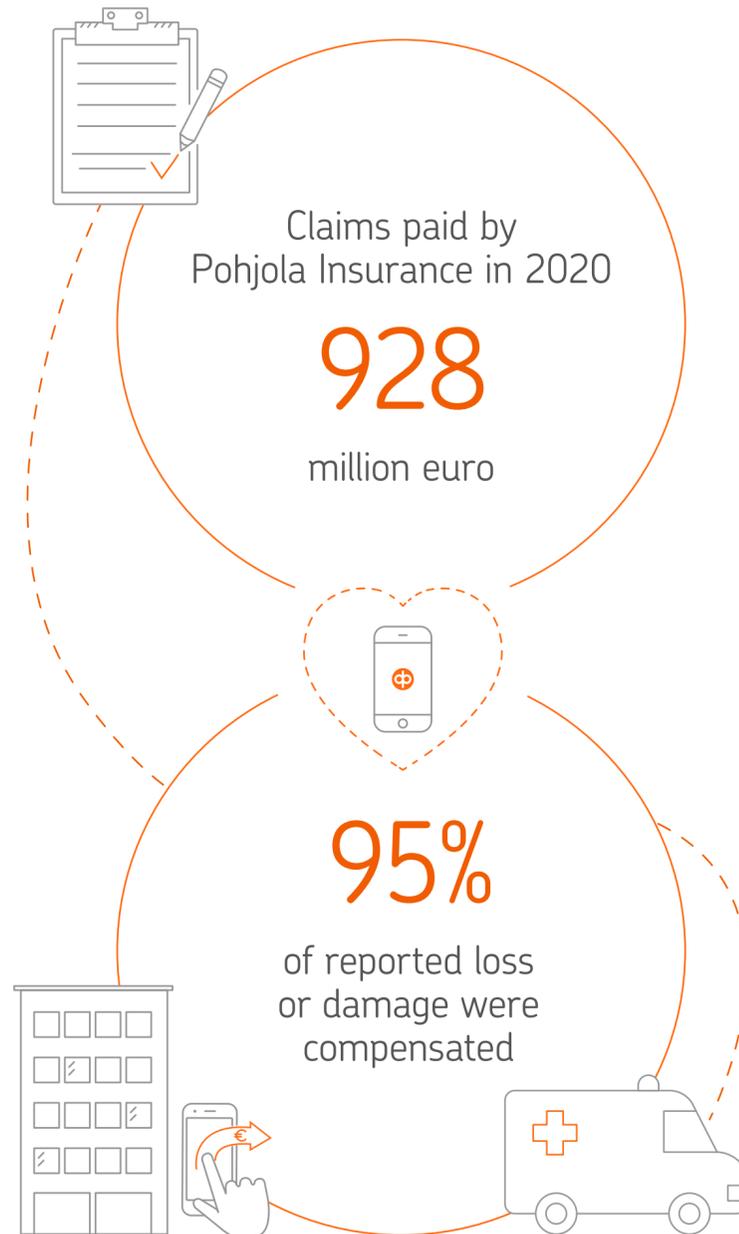
11.3

€ billion

Market share in non-life insurance

33.5

%



### OP Life Assurance Company helps in preparing for the future

OP Life Assurance Company gives our customers access to a full range of term life insurance, savings and investment products and services. For employee remuneration and a company's investment needs, OP Life Assurance Company offers a diverse range of supplementary pension and investment solutions.

With term life insurance, our customers can secure the livelihood of themselves and their family, without the worry of loved ones being burdened by loan repayments in the event of death. Saving through insurance is an easy way of investing in funds and building wealth in the long term. The pension solutions offered by OP Life Assurance Company to businesses are a way to reward the personnel: they help strengthen commitment in the present and create safety for the future by supplementing statutory pension cover.

OP Life Assurance Company is the third largest life insurer in Finland in terms of premiums written and the second largest in terms of unit-linked assets. In 2020, its customer satisfaction (NPS) was excellent at 80.

### Pohjola Hospital gets customers back on track

Pohjola Hospital's core task is to provide first-rate diagnostics, treatment and rehabilitation for occupational accidents and sports or other injuries. Five Pohjola Hospitals (located in Helsinki, Kuopio, Oulu, Tampere and Turku) form part of the Insurance business segment, promoting wellbeing and security in their operating regions in line with OP Financial Group's mission. Pohjola Hospital has succeeded in shortening a patient's stay on the clinical pathway significantly, which benefits employees, employers and society as well as non-life and pension insurers through shorter absences and lower costs, claims paid and loss of income. The NPS among Pohjola Hospital surgery patients has been excellent since the first hospital's opening, attaining 97 in 2020.

For more detailed information on events in Insurance in 2020, read the section [We create security and wellbeing](#) and [Taking action to support the community](#).

# Strategy

The Covid-19 crisis has made the outlook of the economy and the financial sector exceptionally uncertain. This section describes OP Financial Group's business environment and strategy during a time when an unexpected crisis forces us to rapidly respond to changes.

GDP per capita  
Index: 1926=100

1900 1910 1920 1930 1940 1950 1960 1970 1980 1990 2000 2010 2020

## Finland's GDP development through economic crises

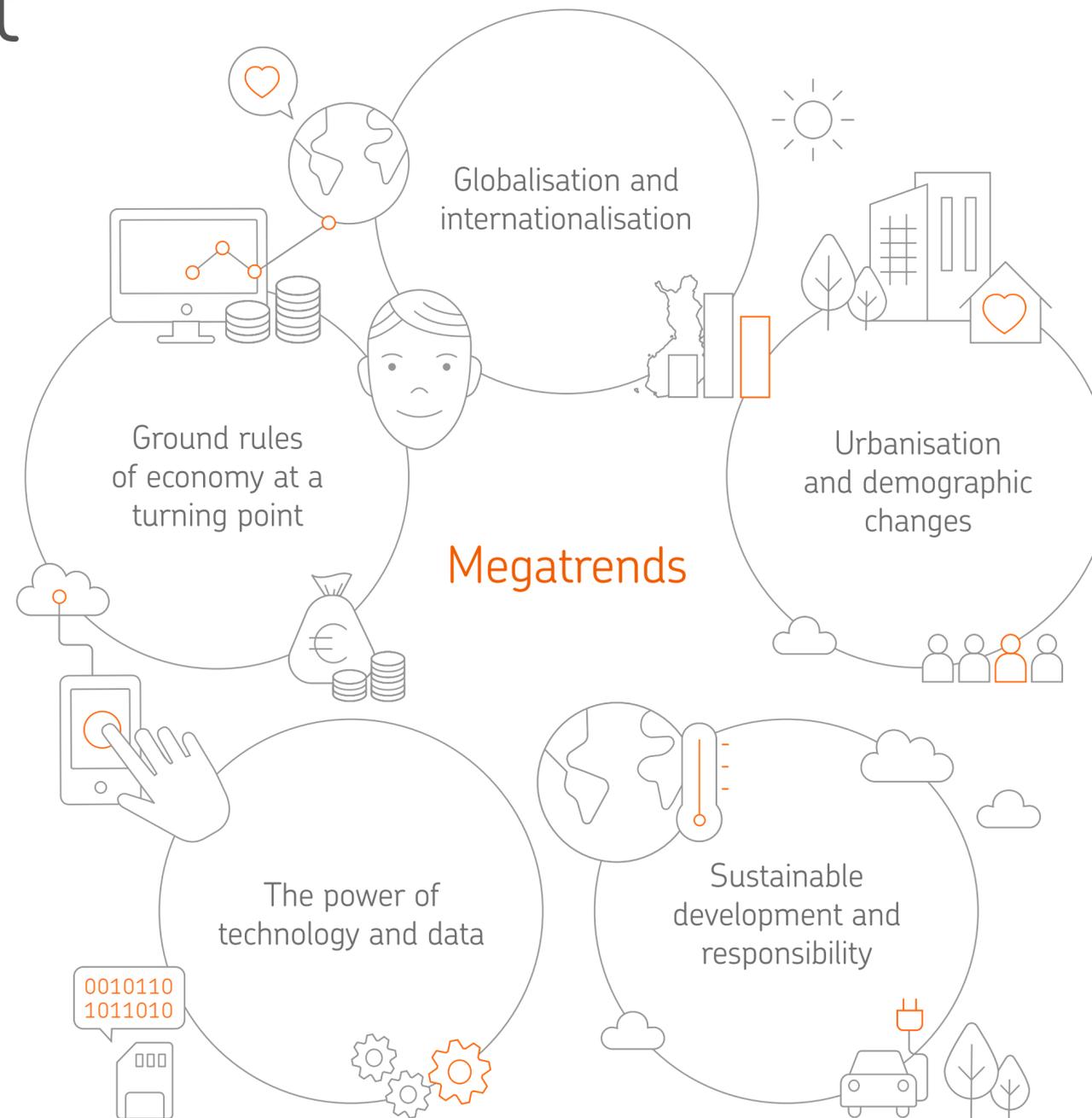
During its independence, Finland has gradually become one of the world's most developed countries in terms of the standard of living. While crises cause only brief drops in the upward curve of economic growth, they cause major difficulties and costs to numerous individuals and businesses. At the beginning of 1990s, Finland experienced its most severe economic crisis. Eventually, the nation recovered from the recession to see one of the strongest periods of economic growth. Before the Covid-19 crisis, the economic situation approached record high, following the end of the financial crisis and the European debt crisis of the 2010s. The Finnish economy has sustained the shock of Covid-19 better than many other countries, and the premises for positive development remain good.

Sources: Macrobond, StatFin, OP

# Business environment

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

In the 2020s, we will face a variety of factors in our operating environment that will create pressure for change. Megatrends, such as migration, urbanisation and ageing of the population will continue to affect our customer segments. Our customers continue to move to digital channels at a brisk pace. Increasing regulation affects banks' business environment. The economic outlook, competitive environment, customer behaviour, technology and regulation undergo constant changes that must be carefully observed.



OP Financial Group's worldviews 2021–2025

**Economy:**  
Reasonable recovery

**Regulation:**  
Regulation challenges and enables

**Technology:**  
Business involves technology management

**Competitive environment:**  
More diverse competition

**Customer behaviour:**  
New standards for customer experience

## Predicting future amid great uncertainty

It is difficult to predict the pace of change – it may be faster or slower than we expect, and the direction of change may take us by surprise. In 2020, this was concretised by the global Covid-19 pandemic that changed people’s behaviour instantly: our customers took the digital leap, we developed new technology to solve challenges brought on by the exceptional situation, temporary regulatory changes were made to support the overcoming of the pandemic and the economy took a nosedive.

The Covid-19 pandemic inflicted a considerable and unforeseen discontinuity on our business environment. Some of these changes appear to remain permanent. At the initial phase, the Covid-19 crisis was reflected in the financial sector as unease in the market. When restrictive measures took effect, economic activity in society decreased and customers’ credit risks increased. However, once the restrictions were eased, the economy started to gradually recover. The support provided by governments and central banks has calmed the market, and low interest rates have further alleviated the situation of companies in debt and supported asset values. The Covid-19 pandemic has not only speeded up but also slowed down some existing megatrends

and new counter-phenomena have emerged alongside them.

## Globalisation and internationalisation

The progress of globalisation is shaping financial sector’s operating environment. The Finnish financial market is mainly dominated by domestic and Nordic companies, but also international companies’ digital services reach across state borders. The EU’s competition policy that aims to harmonise regulation facilitates new companies’ entry into the Finnish market but at the same creates opportunities for Finnish businesses to seek growth in the international market. This challenges us to improve on our services so that they remain competitive in the increasingly fast-changing and diversifying competitive environment.

In the global world, economies, capital and people are intrinsically interconnected. The coronavirus was first detected in China, but it fast spread around the world with the movement of people. Preventing the virus from spreading demanded tough decisions, like restricting free travel. At the same time, many companies got into difficulties as global production chains were disrupted.

## Urbanisation and demographic changes

Urbanisation and population ageing are transforming the structures of our society. Population is increasingly concentrated into growth poles, and Finland is no exception. The Covid-19 pandemic challenges the players in the financial sector to develop even more seamless and user-friendly digital services that also older people can use regardless of time and place. As a responsible player, OP Financial Group is committed to serve all its customers all over Finland.

## Sustainable development and corporate responsibility

Sustainable development refers to the change that aims to ensure the prospects of a good life for present and future generations. Concern about climate change and its effects on biodiversity and wellbeing of people continues to grow. As a financier and an investor, the financial sector plays a significant role in promoting sustainable development, especially in mitigating climate change and adapting to it.

The Covid-19 pandemic challenges companies to operate in responsible ways and safeguard the health and safety of their personnel and customers, for example. Corporate responsibility is an integral part of OP Financial Group's strategy and it's based on OP Financial Group's mission and core values.

### The power of technology and data

Technological development enables financial-sector service providers to operate more efficiently. It also creates new opportunities for designing services that meet customer needs better than before. Earnings models based on data utilisation result in more attractively priced services for customers. This challenges especially companies relying on traditional earnings models. Data collected from a service may enable new earnings for the service's provider or lead to the launch of completely free services to consumers. Since customers own their data themselves, they will ultimately decide how and on which terms their data can be used. The restrictions on movement resulting from the Covid-19 pandemic have further increased the use of digital channels and the adoption of services provided without a physical encounter.

### Ground rules of economy at a turning point

Digitalisation and the emergence of platform economy have revolutionised the world. Dynamics of the global economy running 24/7 in real time may change the rules of economy permanently. Increasing interdependencies, trade wars and international conflicts increase the financial industry's risks too. Record-low interest rates challenge banks' and insurance companies' traditional earnings models. At the same time, the amount of public debt has reached an unprecedented level. The impacts of the Covid-19 pandemic on business and people's spending place new demands also on the services provided by the players in the financial sector.

# Our strategy

Our mission, core values, vision and strategic priorities form a whole whose parts complement each other. Our mission and core values guide our operations and choices and give a meaning to our work. Our vision shows us the direction. To achieve our vision, we are continuously monitoring our business environment and focusing on our strategic priorities.

OP Financial Group's mission is to promote the sustainable prosperity, security and wellbeing of its owner-customers and operating region. Our mission has stood the test of time – for several decades, it has remained practically unchanged and provided a direction for our work. Our core values – people first, responsibility, and succeeding together – guide our daily work.

## OP Financial Group's strategy process

We are living in an era of rapid changes, which demands of OP Financial Group the ability to respond quickly and agilely to changes in the business environment. In these times, the assumptions underlying our strategy and the actions based on them cannot be nailed down for several years.

We regularly and systematically assess our business environment and operating model to be able to make and implement new strategic choices whenever needed. A successful strategy process is based on a sufficient number of alternative assumptions on the direction in which the world is changing.

As part of OP Financial Group's strategy work, we draw up various scenarios for developments in our business environment, whose realisation we monitor, identifying trends for which the Group needs to prepare. In this way, we seek to ensure that we prosper, no matter how the business environment will evolve.

The continuous strategy process helps meeting our owner-customers' changing needs and expectations

and reacting flexibly to the ongoing changes and uncertainties in the business environment. Our strategy process proved efficient also during the exceptional pandemic year of 2020.

## Our vision provides a direction

A strategy is not only about responding to changes; it must also promote continuity and longer-term impact. Our vision describes the direction where we want to go in the long term: our goal is to be the leading and most appealing financial services group in Finland.

Whatever changes occur in the world, our vision requires that we have solid finances and a strong market position. OP Financial Group aspires to be the number one choice for its customers and partners. With our partners, we want to do business that creates added value that we cannot provide on our own. As customer behaviour changes – either rapidly or slowly – we must be present where our customers are. Our vision requires us to be the most appealing employer where the most talented people want to work.

To increase our appeal, we boldly transform the financial sector based on our core values. We aspire to be a reliable, responsible and knowledgeable player.

# OP Financial Group's strategy



Globalisation and internationalisation

Urbanisation and demographic changes

Sustainable development and responsibility

The power of technology and data

Ground rules of economy at a turning point

### Strategic priorities steer us towards achieving our vision

Our strategic priorities define the tangible steps to be taken this year to achieve the goal outlined in our vision:

1. Best customer experience
2. More benefit for owner-customers
3. Excellent employee experience
4. Faster growth in revenues than in expenses
5. More efficient, higher quality operations.

These priorities will guide our work in 2021, and we will measure our progress under these themes with our own indicators. Compared to the previous year, we added one new strategic priority for 2021: More efficient, higher quality operations.

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

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

### Best customer experience

In 2021, we will aim to provide the best customer experience in the financial sector in line with our strategic priorities. The best customer experience at OP Financial Group means quick and easy access to personal and professional services. We are our customers' partner in finances and risk management. We will improve our availability and make our customers' service paths smoother, develop our digital services, payments and sales processes, while increasing the volume of remote meetings.

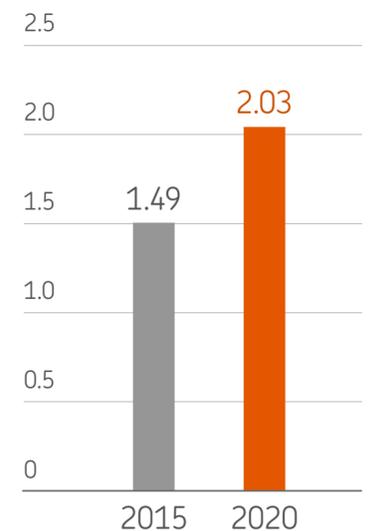
OP-mobile has become our number one service channel, and we will continue to invest in developing its features. The ease of use of our digital services plays, in fact, a key role in building customer experience. We want our customers to be able to reach

us as easily and quickly as possible, in the service channel they choose. We also want to offer our customers more tools and ways to develop their finances towards their goals. For this purpose, we have introduced new services on OP-mobile for managing personal finances and investing. Our new launches for our customers in 2020 included the Subscription management service and OP Investment Partner.

### More benefit for owner-customers

We started the year 2020 with two million owner-customers and began efforts to reform the owner-customer benefit package. In 2021, we will implement a redesigned owner-customer membership programme and communicate its benefits to customers in a clear and interesting way. Our goal is that our owner-customers get from OP Financial Group the best benefits and the best service in the financial sector. As part of the owner-customer membership reform, we are clarifying our benefit scheme so that owner-customers know where they can earn benefits and how to use them. We will make OP-mobile the main channel for owner-customer membership. We will make better saving and investment services available to our

Owner-customers, million



owner-customers with the aim of making people in Finland wealthier. Going forward, we also want to give our owner-customers more say over OP Financial Group's responsibility actions.

### Excellent employee experience

The foundation of our financial business is the work that our people do. To create an attractive customer experience, we need to have satisfied, motivated and competent employees. In 2020, our efforts to improve employee wellbeing in OP Financial Group included fostering employees' self-management skills, supporting self-managed teams and coaching supervisors in matters such as work ability and managing remote work. Due to the Covid-19 pandemic, a special theme in 2020 was building practices that enable the safe and efficient combination of in-office and remote work and the wider use of digital tools.

Since autumn 2018, OP Financial Group's central co-operative has been gradually transitioning to an agile operating model based on self-managed teams. This

new model is based on continuous improvement. Our goal is to find, together with our people, means to increase the meaningfulness of work, encourage self-management and streamline working practices. The new model has increased teams' self-management and responsibility. Employees feel that targets now steer their work and prioritisation of tasks better than before – and that practices are continuously improved. Implementing and improving the self-managed method continued in 2020. The focus was on the continuous improvement of employee experience and enhancing the skills and capabilities required by the new method.

We will continue to enable excellent employee experience with high-quality leadership in line with OP Financial Group's Principles of Good Leadership and through systematic development of employees' competencies, wellbeing and tools. We continue to develop our self-managed culture and regularly collect employee feedback on the new method. In 2021, we continue to combine in-office and remote work, while ensuring profitable performance and employees' health and safety.

### Faster growth in revenues than in expenses

Our goal is to grow our business profitably. We have improved our operational efficiency by sharpening our strategic focus further, by concentrating on core business, by adjusting our development volumes to our business revenues and by streamlining and improving our processes. In ensuring revenue growth in 2020, we focused particularly on broad-based sales and increasing the level of customer activity.

In line with our strategy, we will continue to fully utilise our customer potential and grow the number of customers who use both banking and insurance services. We will improve the transparency and manageability of costs to make our operations more efficient. Due to low interest rates, sluggish economic recovery and increasing regulatory requirements, we need to continuously improve our operational efficiency. By doing so, we are maintaining our profitability and our solid capital base. It is only through profitable business that we can fulfil our mission.

### More efficient, higher quality operations

We have added a new strategic priority for 2021: More efficient, higher quality operations. It means that we will ensure the efficiency of our processes and the quality of data we use because they lay the foundation for the sector's best customer and employee experience, productivity growth and high-quality risk management. We will create a shared data basis and data model for our businesses, regulatory reporting, risk management and finance. We will use financial intelligence and robotics in everything that we do and continue to implement our core system upgrade.

To renew ourselves and improve our efficiency, we will revise both our ways of working and our technology. We have implemented an agile operating model that speeds up our reaction time. We aim to develop services and products that are innovative and meet customer needs, to sell an increasing amount of our products digitally and to use artificial intelligence and robotics.

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

	31.12.2020	31.12.2019	Target 2025
Return on equity (ROE) excluding OP bonuses, %	6.6	7.1	8.0
CET1 ratio, %	18.9	19.5	At least CET1 ratio requirement + 4 pps
Brand recommendations, NPS (Net Promoter Score, private and corporate customers)	23	26	30
Credit rating	AA-/Aa3	AA-/Aa3	At least at the level of AA-/Aa3

# How we create value

OP Financial Group creates value for its customers, stakeholders and operating region on many levels. OP was created to fulfil the needs of the surrounding community. Since then, we have developed new solutions to current challenges together.

We provide competitive products and services while ensuring our profitability and capital base. As a cooperative business, we promote the long-term success and wellbeing of our owner-customers and operating region. This involves impactful actions for the benefit of the community at both local and national level.

Our value creation model depicts what kinds of resources and capital we use to implement our mission and strategy, and what kinds of outputs and impacts our activities have. Our most important resources consist of highly skilled and motivated employees, services and systems that are continuously developed further, high-quality data (i.e. our data capital), economic capital and capital of trust based on strong values and close stakeholder relations. Everything we do is aimed at adding value to our owner-customers through responsible use of our resources. Our most important outputs create excellent employee and customer experience,

strengthen our capital base and reputation, and foster a sustainable economy and regional vitality. We seek to provide the best customer experience in the sector by creating relevant service encounters in all channels.

## Value chain – OP as part of society

OP influences society on a wide front through its operations. The financial sector plays a key role in economic prosperity, both directly and indirectly. We provide necessary basic services and opportunities for citizens, companies and organisations. We take care of the performance of cash services and payment transactions, we provide protection and prevention in the case of loss events, and we promote a sustainable and responsible economy. Also, during the Covid-19 crisis, we have managed to ensure that our services that are critical to society are available at all times.

We act on our corporate responsibility principles throughout the entire value chain. A strong capital base and effective risk management enable us to continue our operations even during potential crisis situations. OP Financial Group's centralised procurement is in charge of procuring the most important products and services within the Group. We expect our product suppliers and service providers to conform with OP Financial Group's Supplier Code of Conduct, OP Financial Group's General Procurement Terms and Conditions, Code of Business Ethics and any applicable legislation and international agreements.

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

# Value creation model

## Our most important assets

Satisfied, motivated and highly skilled personnel (12,604)

Systems and services supporting customer experience – responsible and innovative development

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

Partner with a strong capital base – economic capital

Close partner for stakeholders – cooperative values, trust and reputation

## Strategic focus areas



## Outputs and impacts



- The most attractive employer in the financial sector (Universum 2020)
- Employee training: 12 hours/person
- Diversity: proportion of women in executive positions 28%
- Employee turnover: 8.7%



- Customer experience: service encounter NPS 63, brand NPS 23
- Product and service development expenditures €282 million
- Digital channels account for 99% of service encounters with private customers



- CET1 ratio: 18.9%
- Return on equity (excluding OP bonuses): 6.6%
- Interest paid on owner-customer investments: €97 million
- One of the biggest taxpayers in Finland: income tax €144 million



- More than 2 million owner-customers
- New OP bonuses accrued to owner-customers: €255 million
- Thriving local communities: regional impacts
- Promoting sustainable economy: sustainability-linked loans, green loans and credit limits granted €1,523 million

# Corporate Responsibility Programme

Based on our vision, we aspire to be a reliable, responsible and knowledgeable player and a forerunner transforming the financial sector.

Our corporate responsibility actions are guided by our Corporate Responsibility (CR) programme, which was updated at the end of 2019. To support the update of the CR programme, we carried out a stakeholder survey in summer 2019 and, based on its results, a materiality analysis.

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

## We improve financial literacy in Finland

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

## We foster a sustainable economy

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

## We support local vitality and community spirit

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

## We use our information capital responsibly

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

The CR programme's progress in 2020 is described in more detail on the following page.

OP has made a commitment to pursuing the UN Sustainable Development Goals (SDGs). In connection with the updating of the CR programme, we

have identified the SDGs with the most relevance to OP Financial Group and factored them into our new programme. We aim to develop reporting on the SDGs more extensively in the future. OP has also signed the National Commission on Sustainable Development's Commitment 2050 pledge.

For more information about OP Financial Group's stakeholder engagement, go to [our website](#).

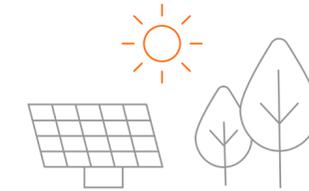
# Implementation of OP Financial Group's Corporate Responsibility Programme in 2020

## We improve financial literacy in Finland



Target	Metric	2020
We are the leading financial literacy coach in our sector.	Children and youth encountered as part of financial skills projects organised with our partners	52,000
We advise our customers and help seniors to manage their personal finances digitally.	Customers encountered at digital literacy events	4,500

## We foster a sustainable economy



Target	Metric	2020
We provide financing products that support sustainable development.	Issued sustainability-linked loans, green loans and credit limits	€1,523 million
We are the most preferred partner in responsible investment products, counselling and reporting.	Assets managed in responsible investment funds	€4.9 billion
Our own operations will be carbon neutral by 2025, and we help our customers in reducing their emissions.	Direct emissions (scope 1 and 2)	17,922 tonnes CO <sub>2</sub> e

## We support local vitality and community spirit



Target	Metric	2020
We are our sector's leading promoter of physical activities in Finland through our partnerships with sports clubs and federations.	Number of people in Finland reached through sports clubs	289,000
We increase the diversity of our personnel and take account of equality issues in everything we do.	Percentage of women in executive positions at least 40%	28%

## We use our information capital responsibly



Target	Metric	2020
Our privacy protection policies are in order.	Completion percentage of the online course on data protection, mandatory for all employees	100%
We are a forerunner in the responsible use of artificial intelligence.	No. of persons who completed the online course Introduction to AI	673

# Dedicated to our mission

The essence of OP Financial Group's mission is emphasised during times of crises. This section describes how we fulfilled our mission in our various businesses in 2020 and how our customers managed through the exceptional year.

### Consumer spending and Covid-19 infections

In 2020, the Covid-19 cases confirmed in Finland followed the pattern of waves as expected. An assessment of consumer spending based on OP's payment card data describes the behaviour of people and the rapid changes in it during the exceptional times. During the first wave of Covid-19, the decrease in consumer spending was considerably larger than during the second wave in autumn 2020.

Sources: Macrobond, OP



# Committed to our owner-customers

OP Financial Group is owned by over two million owner-customers of OP cooperative banks. OP Financial Group aims not to maximise profits for its owners but to provide, as efficiently as possible, high-quality services which the owner-customers need.

In line with cooperative values and principles, OP Financial Group acts in the best interests of the broader-based community. The Group will not pursue any targets it or individual actors might have if they conflict with the long-term prosperity in the operating region. The shared success is used for the benefit of owner-customers in the form of loyalty benefits and other financial benefits as well as the maintenance and further development of service capabilities.

Anyone can become an owner-customer by paying a member cooperative contribution to their own OP cooperative bank. The contribution gives the member access to a diverse range of benefits and the right to vote in the election of the bank's Representative Assembly. In most OP cooperative banks, the member contribution is 100 euros. It will be refunded if the customer wishes to end their ownership at some point.

## Redesign of the owner-customer membership – financial and service-related benefits

In line with cooperative principles, owner-customers can impact OP cooperative banks' decision-making and development of operations. One way to do it is through their own OP cooperative bank's governing body. Through their representatives in the OP cooperative bank's governing body, owner-customers can promote businesses and prosperity in the region. The Representative Assembly or Cooperative Meeting is an OP cooperative bank's highest decision-making body which consists of the bank's owner-customers. Every owner-customer has the opportunity to run as candidate and vote in their bank's Representative Assembly election. Most OP cooperative banks will organise their Representative Assembly elections in autumn 2021.

A significant part of OP Financial Group's business profit is returned to owner-customers as OP bonuses. OP bonuses are earned from loans, investments and insurance, and they automatically offset service charges and insurance bills. Owner-customers also get discounts on their insurance policies.

Owner-customers can buy, sell and switch the majority of OP funds' units with no transaction costs. For the year 2020, owner-customers were also able to buy and sell index ETFs (exchange traded funds) free of charge. In addition to the services provided by OP cooperative banks, owner-customers can also enjoy a variety of benefits provided by OP Financial Group's partners, for example through the OP Group Buying service.

A total of 119 million euros (113) of OP bonuses were used to pay for banking and wealth management services and 130 million euros (129) to pay non-life insurance premiums in 2020. Since 1999, we have granted a total of over 2.8 billion euros in OP bonuses.

In 2020, our owner-customers earned a total of 255 million euros (254) in OP bonuses. Non-life

insurance loyalty discounts amounted to 66 million euros (69). Owner-customers benefitted 27 million euros (35) from the reduced price of the daily services package of Retail Banking. In addition, owner-customers bought, sold and switched the majority of the mutual funds without separate charges. The value of this benefit amounted to 6 million euros (5).

At its meeting in August, the Supervisory Council of OP Financial Group's central cooperative confirmed the main principles governing the owner-customer membership reform that aims at improving owner-customers' experience of benefits. The first change concerned the mechanism of earning OP bonuses as of 1 November 2020. An owner-customer will still earn OP bonuses from home or student loans, mutual fund investments and funds in savings accounts, among other things. The earned OP bonuses will then be automatically used to pay the owner-customer's service charges and fees. OP Visa Credit purchases and funds in a current account, for example, will no longer contribute towards OP bonuses. Owner-customer benefits and the bonus system will continue to provide a significant total benefit to our owner-customers.



## Did the Covid-19 pandemic hit your finances? Four tips for balancing them

The Covid-19 pandemic may lead to layoffs, job cuts and other bad news which can be a blow to consumers' finances. Harri Nummela, heading Banking Private and SME Customers at OP, has some advice on what you could do if your finances are affected by the pandemic.

Read the article on [OP Media](#) (in Finnish only).

The owner-customer membership reform will continue in 2021, as we will introduce notable new financial and service-related benefits for owner-customers.

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

Profit Shares are long-term equity contributions made by OP cooperative banks' owner-customers to their local OP cooperative banks. Since 2014, owner-customers have been able to make additional contributions to their local OP cooperative bank by means of Profit Shares. A return target is set annually on Profit Shares. For 2020, this target was 3.25 per cent. The 2021 interest target is 3.25 per cent too. Interest on Profit Shares is paid annually out of the bank's distributable surplus, based on the decision by the Representative Assembly or the Cooperative Meeting. Respecting the recommendations of the European Central Bank and the Finnish Financial Supervisory Authority to postpone profit distribution in 2020 due to the Covid-19 crisis, we paid interest on Profit Shares for the year 2019 in February 2021.

### Support for managing personal finances

We want to increase financial literacy in Finland, provide the best customer experience both locally and digitally, and to be a reliable and flexible financial partner for our customers, whatever their situation.

In 2020, we launched several new services and features for managing personal finances, including OP Multi-bank Service and the Subscription management service. OP Multi-bank Service enables the customer to view in OP channels the details of their accounts in other banks. The customer gets a clear picture of their finances in a single multi-bank view. The service is available in both OP-mobile and op.fi. The new Subscription management service included in OP-mobile, under My financial balance, groups the user's recurring subscriptions – such as streaming services, electricity agreements or phone subscriptions – and their costs into a single place. It makes managing them easier, as the customer can see at a glance how much they pay monthly for such subscriptions.

## Digital services and mobile payments

OP-mobile has been our customers' most used channel for a long time already. The exceptional Covid-19 year spurred the move towards digital channels further, especially among older people. A leap was seen in the use of OP-mobile, as the number of the app's users aged 70–74 rose in March by over 50 per cent from March 2019. Total logins into OP-mobile grew by 34 per cent in 2020. In December 2020, the total number of logins into OP-mobile was 37 million and into OP Business mobile 1.5 million.

Mobile payments using Pivo or the Siirto mobile payments increased in 2020 as well. In December, Pivo had some 259,000 active users. Around 315,000 users had used Pivo for payment in 2020. In the spring, Pivo introduced the new Kevytmaksu feature which allows businesses and associations to receive payments from all Pivo, OP-mobile or Siirto payments users.

The number of users making Siirto payments on Pivo or OP-mobile totalled almost 900,000 in December, up 35 per cent from a year ago.

The number of new users gained was at its highest during the first wave of Covid-19 in May. Siirto has a total of 1.1 million users in Finland. Since April 2020, Siirto mobile payments have been available to any bank's customers.

In spring 2020, the Covid-19 crisis shook up consumers' payment habits in Finland. According to OP's payment card data, the average value of purchases by consumers grew by 25 per cent in April–May, while non-travel related online shopping increased by nearly a third. OP's customers reduced their cash transactions in all channels by over 20 per cent in 2020. The value of cash withdrawn by customers from ATMs was around 800 million euros lower in 2020 than in 2019.

## Helping people build their wealth

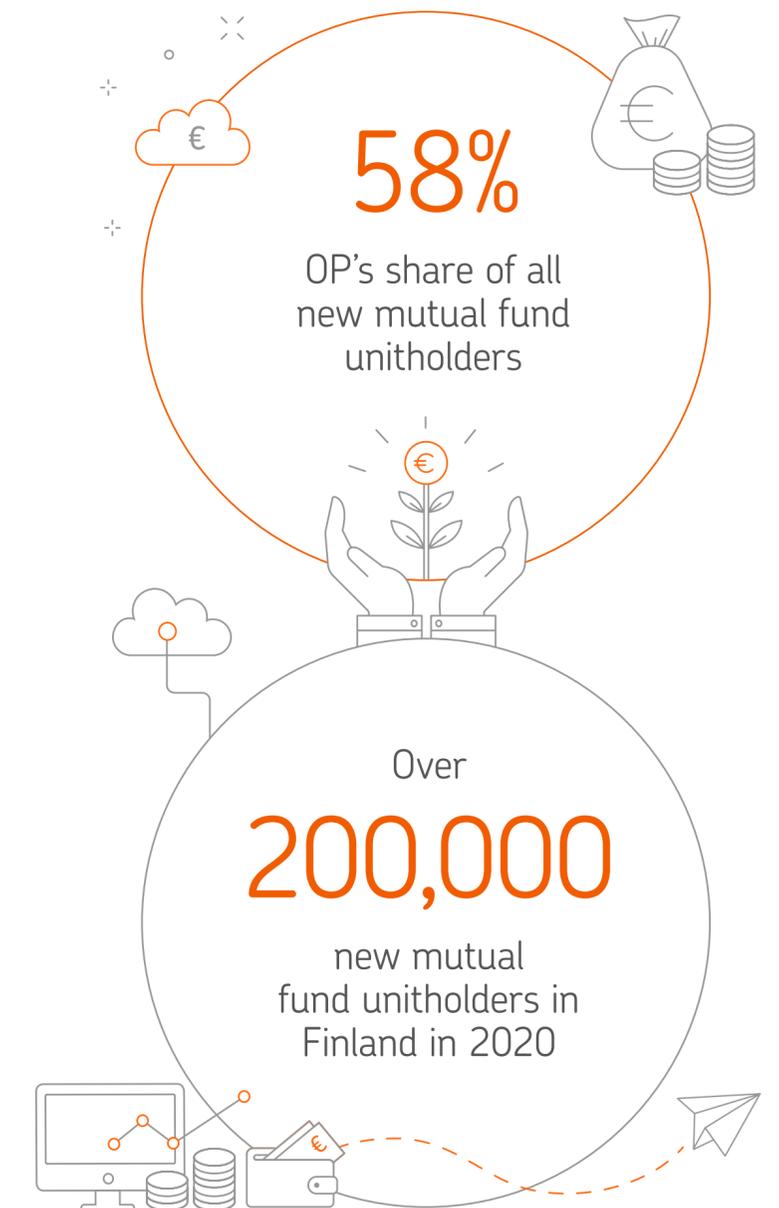
Banks play a major role in securing people's finances and improving financial literacy in Finland.

The Covid-19 crisis made it clear how important it is to secure one's finances and save something for a rainy day. More and more people in Finland started saving and investing during the crisis.

The Finnish mutual fund market grew in 2020 by almost 200,000 unitholders, with OP accounting for nearly 58 per cent or 115,000 new unitholders. The spring decrease in share prices also boosted equity brokerage. OP's Wealth Management increased its gross sales in digital channels in 2020 by a total of 114 per cent.

In November 2020, we launched OP Investment Partner, a service that helps people start investing. OP Investment Partner is a digital investment advisor that helps customers realise their dreams. Based on the customer's goal, such as building wealth or buying a home, the service will create an investment plan for the customer. It also encourages the customer to keep up with investing towards the target. The service includes three new OP-Target funds that are global, sustainability-themed and cost-efficient mutual funds.

In the autumn, we launched the OP-Alternative Portfolio special common fund that enables the customer to invest in a wide range of alternative asset classes. The fund raised over 100 million euros from retail customers in two subscription windows.



### Relief for loan repayment to households

We offered financial relief in the form of repayment holidays to those customers who had run into financial problems due to the Covid-19 crisis. Between March and September, we granted free-of-charge repayment holidays of at most one year. Mainly, repayment holidays were applied for home loans.

In total, repayment holidays were granted to 115,000 private customers or some 15 per cent of all OP's loan customers. Most repayment holiday applications came in during the spring. The majority of repayment holidays requested in the spring ended after seven months or in October and November. The granted repayment holidays made some 450 million euros available for households.

### Exceptional year in the housing market

Home sales were hit by the Covid-19 outbreak especially in April and May. The sales volume dropped by a third from last year and, correspondingly, the number of home loan applications fell by 6 per cent. However, home sales recovered already

over the summer and by the second half of the year OP Koti was already brokering homes at the same pace as in 2019. Terraced and semi-detached houses performed the best as their sales volumes grew in 2020. The number of new home loan applications rebounded during the spring and autumn, and stayed around 7 per cent above the 2019 level for the rest of the year.

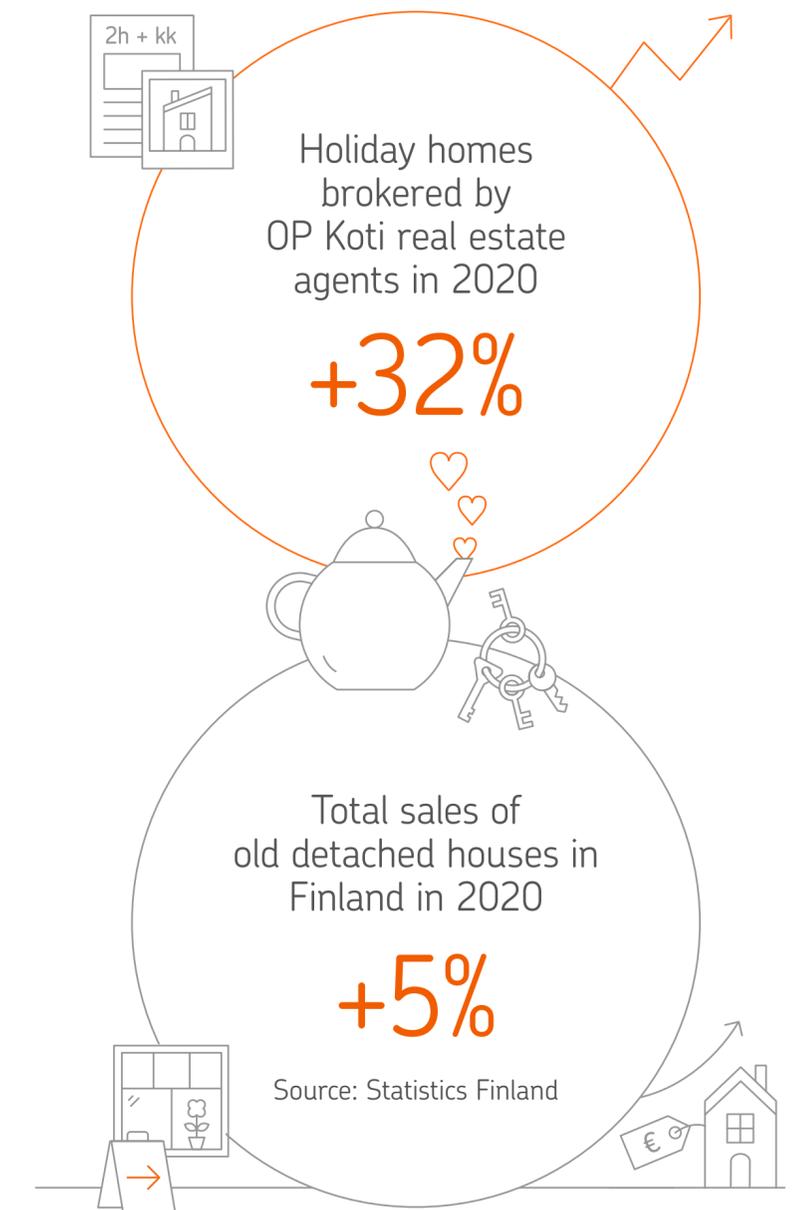
Holiday home sales picked up in April after the Uusimaa lockdown was lifted. The number of cottages and holiday homes brokered by OP Koti during the full year rose by almost 32 per cent on the previous year. The significant increase in holiday home sales is attributed to the decline in foreign travel and the rapid and widespread shift to remote work due to the Covid-19 pandemic.

Spurred by the coronavirus outbreak, we developed in the OP Koti service range a new digital service that enables remote viewing of homes. The service lowers the threshold for attending home viewings also in cases where the customer lives far from the home being shown.

### Our financial literacy work is based on cooperation with schools

Supporting financial literacy in Finland forms part of OP Financial Group's corporate responsibility. In 2020, we strengthened the financial literacy of 52,000 children and young people. The cornerstone of our financial literacy work are OP cooperative bank representatives' visits to schools and educational institutions, and banks' open days, during which we meet children and young people around Finland. In 2020, teaching financial literacy skills went online. Through virtual events, we met as many as 3,600 pupils in 160 schools.

Cooperation with various players forms an important part of our work in promoting financial literacy in Finland. In the banks' joint Taloustaitohanke (financial literacy project), coordinated by the Helsinki Deaconess Institute, bank employees teach socially excluded young people financial literacy skills in workshops and individual sessions around Finland. The "Mun elämä" tour (My life), initiated with Economy and Youth TAT, reached around 11,000 vocational students in the first half of the year.



Due to the coronavirus situation, these events were held online. Together with the Association for Teachers of History and Social Studies (HYOL), we enhanced the personal finance skills of ninth-graders in the Financial Literacy Competition and in the events linked to it. Through our partnership with Junior Achievement Finland, OP is involved in the final of “Uskalla yrittää” programme and also supports the “Pikkuyrittäjät” programme aimed at strengthening the working life skills of primary and secondary school pupils and guiding them towards a path of entrepreneurship. OP cooperative banks support and participate in Yrityskylä business villages for sixth and ninth graders in Oulu, Tampere, Turku and Kuopio.

### Improving digital skills and accessibility

Digital skills play an important role in individuals' ability to manage their finances. Representatives of OP cooperative banks teach digital skills to seniors all around Finland in bank branches, libraries, care homes and local events. The Covid-19 situation

posed a challenge to digital skills sessions too. However, some sessions were held online and a couple of OP cooperative banks piloted Facebook Live events. In total, we met with 4,500 people in our digital skills sessions.

OP Financial Group aims to improve equal opportunities in the digital society by developing the accessibility of its digital services. Our service that best meets the accessibility requirements is OP Accessible, an easy-to-use web service for daily banking in clear language. It can also be used smoothly with various assistive software and devices. Accessibility of our other digital services is continuously improving as our development efforts progress. Our mobile apps already accept login with fingerprint, and key code lists are also available in Braille.

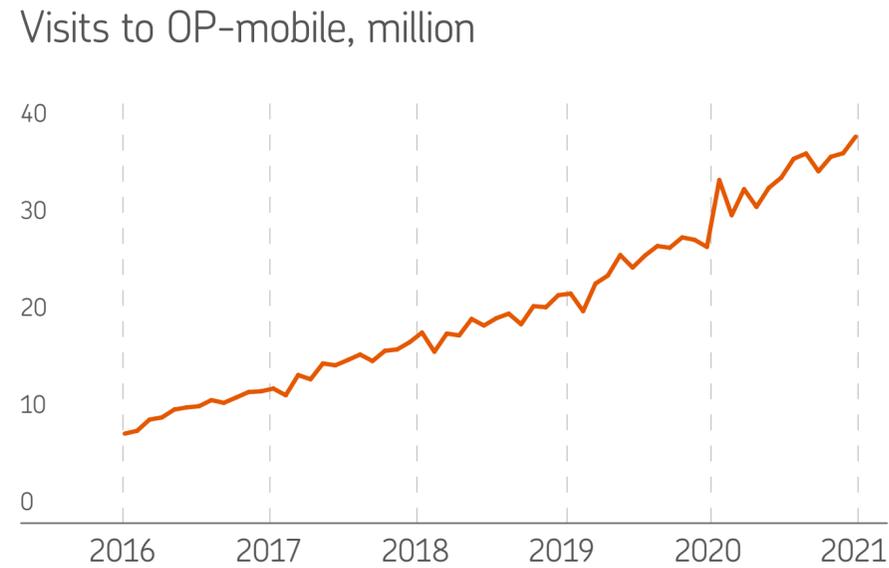
We provide a comprehensive range of services in Finnish and Swedish. Among corporate customers and in growth centres and the Helsinki Metropolitan Area, there is great demand for services in English. Our digital services for daily banking and insurance

(OP-mobile, Pivo and op.fi for corporate customers) are therefore also available in English. With respect to other services, we're continuously adding more resources in English to respond to customer demand. Some OP Koti branches also serve customers in Russian. OP Corporate Bank's Baltic branches operate in the local languages, while digital services are available in English.

# OP Financial Group's customers took a digital leap in 2020

**85%**  
of all home loan applications were submitted through digital channels

**5,700**  
digital sales or purchases of housing company shares on the DIAS platform



**+34%**  
in 2020

Logins to OP Business mobile increased by

**50%**  
in 2020

In March 2020, the number of OP-mobile users aged 70–74 increased by more than

**50%**  
year on year

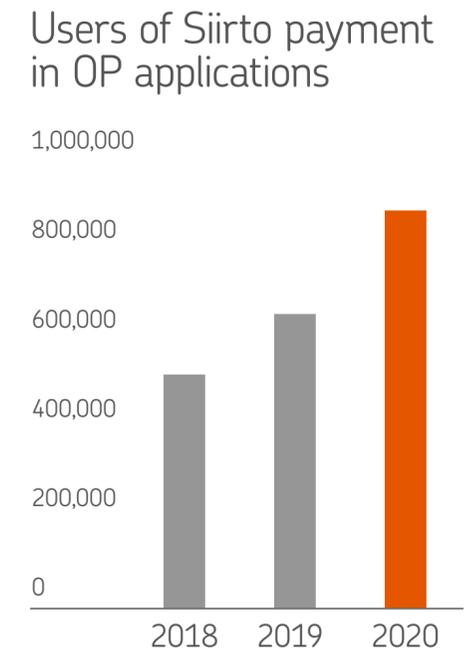
**52%**  
of all appointments with OP were remote meetings (2019: 30%)

OP's Wealth Management increased its gross sales in digital channels by

**114%**  
in 2020

Cash transactions by OP customers decreased by more than

**20%**



# Taking action to support the community

Our mission is to promote the prosperity and wellbeing of our owner-customers and operating region. We support local vitality and community spirit through concrete actions.

OP cooperative bank is a significant financier of business and private investments in its area, and OP cooperative banks' actions for the benefit of the local community foster wellbeing and economic development in the area. We are an active part of Finnish communities at both local and national level – digitally and physically.

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

OP cooperative banks and their network of branches and service outlets across Finland, combined with versatile digital channels, enable effective interaction with customers and the local community. At the end of 2020, the Group's member banks had 342 (352) branches and service outlets, and some 1,176 ATMs (shared between Finland's banks) around the

country were available to their customers. In 2020, OP Financial Group, Danske Bank and Nordea sold the entire share capital of Automatia Pankkiautomaatit Oy to Loomis AB, which specialises in cash handling. The new owner, with an international focus on cash and payment services, can ensure Automatia a solid basis for providing high-quality cash services to our customers also in future.

## Local actions – nationwide impacts

OP Financial Group and the nationwide network of OP cooperative banks are among Finland's most considerable sponsors of culture and sports. OP cooperative banks facilitate local activities and wellbeing through various concrete actions, sponsorships and donations. Important means of cooperation, besides financial literacy training and teaching digital skills to senior citizens, include promoting the wellbeing of children and young people and cultural activities.

Through their cooperation with sports clubs, OP cooperative banks promoted physical activities among a total of 289,000 people in Finland in 2020. At national level, OP Financial Group is the main partner of the Finnish Olympic Committee in promoting club activities and physical activities among children. The purpose of this cooperation is to advance opportunities for physical activities among people in Finland and children in particular. Pohjola Insurance enables safe exercise and sports in all age groups and at all levels by offering extensive insurance cover in cooperation with over 80 sports federations and leagues. In total, we insure nearly 380,000 athletes.

Free of charge, the Hippo Club is designed for OP cooperative bank customers aged 3 to 8 years. The goal of Hippo activities and events is to promote active family time and support smart everyday choices. At the beginning of the year, OP cooperative banks were able to hold some local Hippo events, but due to the Covid-19 crisis the number of events had to be cut. In November, the renewed [hippo.fi](https://hippo.fi) site was launched, including fun and games, puzzles and bedtime stories suitable for children.

In the Backpack for every back campaign, OP Financial Group, Hope – Yhdessä & Yhteisestiry and OP's customers joined forces for the fourth time





## Domestic travel emerging from Covid-19

New web services, luxury cruises, nettle pasties to hikers. Entrepreneurs in the tourism industry from Lapland, the archipelago, Savonlinna, Central Finland and Pirkanmaa reveal how they get on during the pandemic. They have the determination to develop their business.

Read the article on [OP Media](#) (in Finnish only).

to collect backpacks for children starting school. A total of 3,800 backpacks were donated for this purpose around Finland in July 2020. In its Summer jobs paid for by OP campaign, OP Financial Group provides non-profit organisations across Finland with the opportunity of employing young people. In summer 2020, OP cooperative banks offered over 1,800 summer jobs in non-profit organisations to young people aged between 15 and 17 years. The total donation amount was 720,000 euros.

Overall, OP Financial Group's charitable donations in 2020 totalled 2.7 million euros. One of the largest individual donations was the 100,000 euros donated to MIELI Mental Health Finland for their Crisis Helpline so that even more people would receive the help they need in the midst of the exceptional strain brought on by the Covid-19 crisis. The Research Foundation founded by OP Financial Group distributed a total of 47 grants, amounting to 1.2 million euros, on the basis of scientific merits for various research projects and as personal grants to senior researchers and for theses and dissertations. Additionally, the foundation gave away the Doctoral Thesis and Recognition Awards, a total of 30,000 euros. The OP Art Foundation continually supports music as a performing art by loaning its highly valued instruments to young musicians. The foundation also

promotes Finnish visual arts and oversees a collection of over 3,000 works.

### Supporting Finland together

OP Financial Group has invested in the safe use of services in the different service channels during the Covid-19 crisis and has reacted to customers' changing circumstances by providing flexibility to private and corporate customers. To ensure safe use of banking and insurance services, we centralised most of our services in digital channels at the start of the pandemic. Some OP cooperative bank branches offered separate service hours for people that need special support. The Group paid particular attention to hygiene and the safe use of services, and protective plexiglass was installed in bank branches. In March, we opened a special telephone line for customers in need of special support, and their friends and family. The purpose of these measures has been to ensure that those in need of special support can do their banking transactions easily also in exceptional situations.

We have offered financial relief to our customers who have run into financial difficulties due to the Covid-19 crisis. OP Financial Group offered both households and SMEs the opportunity to postpone

# 82%

of people in Finland are concerned about the survival of small businesses through the Covid-19 crisis.

Source: OP's survey (Taloustutkimus 1/2021)

their loan repayments if the Covid-19 pandemic was affecting their repayment capacity. During the Covid-19 crisis, we granted repayment holidays to 115,000 private customers and 11,000 corporate customers. No separate fees were charged for repayment holidays and loan modifications during the period 16 March–21 September 2020. The number of repayment holiday applications returned to its pre-pandemic level already during the summer.

In addition to repayment holidays and corporate loans, we channelled corporate financing guaranteed by Finnvera and focused the 2020 OP Group Buying campaigns on the products of local SMEs. Pohjola Insurance offered its customers flexibility in payment terms during the pandemic. Over 20,000 customers took the opportunity of extending the payment time of their insurance premiums. We also produced webinars for SMEs in order to support starting online stores and finding new growth.

In the spring and summer, OP Real Estate Asset Management Ltd supported the lessees of the business property units it manages with flexible lease payment if the Covid-19 pandemic was causing them financial difficulties. Also, OP cooperative banks granted brief reliefs on lease payment to

their customers on a case-by-case basis during the spring and summer. Towards the end of the year, the lessees' need for flexible lease payment was marginal.

### Everyday acts and help in emergency conditions

Promoting physical activity and sports among people in Finland forms an important part of the work of Pohjola Insurance and Pohjola Hospital too. Through our extensive cooperation with sports federations, we encourage physical activity among children by sponsoring low-threshold activities for children and young people. Our aim is to provide a range of activities for as many children as possible and to encourage children around Finland to become involved in clubs. Our Sports Advisor service helps prevent typical sports injuries by training sports clubs and coaches. Over 1,500 sport club actors who train children and young people used the Sports Advisor service in 2020.

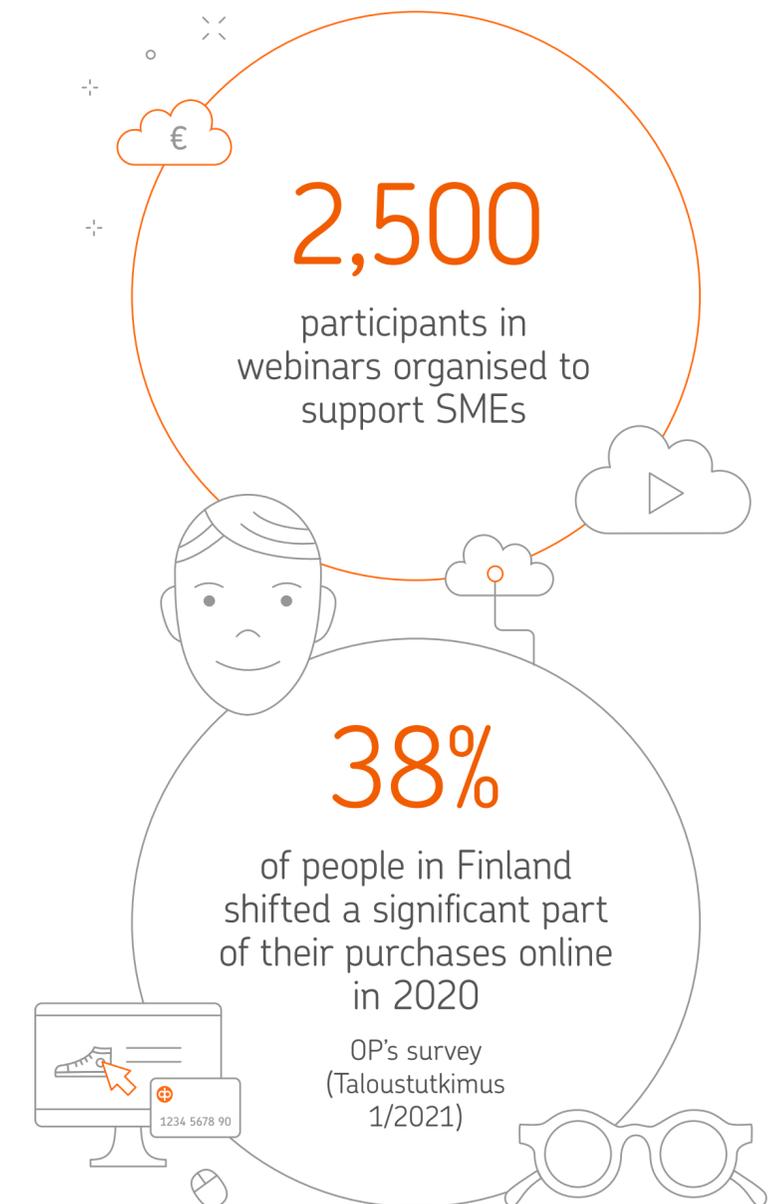
During the exceptional period of May–June, Pohjola Insurance and Pohjola Hospital offered seniors Sporttivartti 15-minute exercise sessions in cooperation with partner clubs. The Sporttivartti sessions

were run in five cities: in Helsinki, Oulu, Tampere, Kuopio and Turku. The cooperation between Pohjola Hospital and the Sports and Exercise Medicine Units in Finland initiated in autumn 2019 continued with the aim of increasing the number of healthy training and competition days among athletes.

In September 2020, Pohjola Insurance, the Finnish Pensioners' Federation, Age Institute and the Finnish Association for the Welfare of Older People carried out the Ask a friend out campaign. The campaign was designed to encourage older people who need assistance with outdoor activities to go outdoors safely with a volunteer friend. The volunteers received taxicards donated by Pohjola Insurance, making it possible to travel to the places where the older people wished to go.

In addition, together with Hope ry, we donated around 9,600 lunches to families in need. The purpose of the Lunches for families campaign was to also support restaurant owners whose customer numbers had decreased along with the Covid-19 restrictions.

In addition, Pohjola Insurance was involved in the virtual end-of-term celebration Kevätjuhla live



that was organised to cheer up children and young people after end-of-term celebrations had been cancelled due to the pandemic. About 30,000 children and young people all over Finland participated in the world's biggest end-of-term celebration.

### One of the biggest taxpayers in Finland

OP cooperative banks are among the largest taxpayers in numerous municipalities, and OP Financial Group is one of the largest taxpayers in Finland. All OP cooperative banks pay their corporate tax locally in their operating region. OP Financial Group's income taxes for the financial year 2020 totalled 144 million euros (168). The effective tax rate was 18.3% (20.1). By paying taxes in Finland, OP Financial Group is contributing to the prosperity of the whole of Finland.

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

### Tax footprint

€ million	2020
Direct taxes	295.2
Social security and pension contributions	177.7
Income tax	113.8
Real estate tax	3.7
Indirect taxes treated as expense	155.2
Value added tax treated as expense	155.2
Indirect taxes	299.3
Value added tax	57.5
Insurance premium tax	241.8
Taxes collected	224.7
PAYE tax	202.9
Tax at source	21.8

# We promote sustainable financial prosperity

The effects of climate change are wide-ranging, and the phenomenon brings considerable uncertainty to our society. We work together with our customers to build a sustainable economy and promote efforts to mitigate and adapt to the effects of climate change.

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

Climate change affects the lives of our customers and the business environment of our corporate customers. On the other hand, increasing awareness of environmental issues creates new business opportunities in terms of, for example, investment products that emphasise environmental responsibility as well as different kinds of property insurance products.

## Towards carbon-negative operations

OP Financial Group's goal is to be carbon negative by 2025, which means not producing any emissions from the energy and fuels that we use (Scope 1 and Scope 2). We also promote cutting emissions across our supply chain. For example, we can use remote

meetings to reduce emissions attributable to our customers' business-related travel.

Emissions from OP Financial Group's own operations (Scope 1 and Scope 2) have decreased by approximately 49 per cent (i.e. 16,925 t CO<sub>2</sub>e) since 2011 (2011: 34,847 t CO<sub>2</sub>e). Emissions from energy consumption in 2020 also decreased by around 25 per cent (5,839 t CO<sub>2</sub>e) compared to year 2019.

To cut emissions, OP Financial Group has increased the use of renewable electricity and built solar power plants on the roofs of business premises. OP's Vallila offices have used renewable electricity since 2015. In 2020, the Group's Vallila offices were fitted with a zero-emissions district heating system. The new system reduced our Group-level emissions by approximately 4.6 per cent (1,095 t CO<sub>2</sub>e). We strive to reduce emissions from our offices, generate and make use of renewable energy and promote

low-emission transport. Renewable electricity accounted for 41 (34) per cent of OP Financial Group's total electricity consumption in 2020.

The biggest contributor to our other indirect (Scope 3) greenhouse gas emissions are our investments. We calculate our investments according to the GHG Protocol, taking into account emissions attributable to financing, funds and property investments, but leaving out emissions from, for example, project financing and other investments. We measure the carbon footprint of all OP funds. For more information about the carbon footprint, visit [op.fi](https://op.fi).

To reduce business travel, OP Financial Group actively uses video and online meetings. The environmental management of OP Financial Group's offices is based on the WWF Green Office system.

## Solutions to support businesses

We solidified our position as a green financial institution in 2020. OP Corporate Bank was the lead manager for three out of the four green bonds launched in Finland during the year and was involved in helping to secure financing for several sustainable development projects.



Large Finnish corporations ranked OP Corporate Bank as Finland's best corporate bank in 2020 in the annual customer satisfaction survey conducted by Kantar Sifo Prospera. Customers rated OP Corporate Bank as number one in the following categories: proactivity, industry understanding and understanding customers' strategic goals. According to the survey, customers value OP Corporate Bank's long-term customer relationships and commitment. In addition, the respondents gave OP Corporate Bank an excellent score for the support received by businesses during the coronavirus pandemic.

The Finnish Government chose OP as its Bank for Security of Supply as of the beginning of December 2020. This demonstrates the nation's faith in OP's stability and trustworthiness even in times of crisis.

We launched a new service called OP Corporate Hub in 2020, which our corporate customers can access via op.fi. OP Corporate Hub is a digital service that helps businesses with comprehensive financial monitoring, efficient cash management and payment transactions. In the service, businesses can make payments and get an overview of their accounts, cash flow and other account information.

September 2020 saw us become the first bank in Finland to extend SEPA instant credit transfers to corporate bulk payments via our file transfer system. The SEPA instant credit transfer scheme enables businesses to make euro-denominated payments into beneficiaries' accounts in real time.

### Growing role of sustainable finance

We recognise our role as one of the largest financiers in Finland and take this responsibility seriously. We want to help our clients in transitioning to a climate-friendly economy. Our clients and investors are increasingly interested in sustainable finance, green finance, green lending and green bonds. From a bank's perspective, responsible investment and sustainable finance mean taking corporate responsibility into account and incorporating it into all investment and financing decisions. It also means prioritising investments that are sustainable from the perspective of the environment and climate. In addition to good securities trading, banking and insurance practices, this also requires compliance with the principles of sustainable development.

OP Corporate Bank uses ESG (environmental, social and governance) analysis as part of its assess-

ment of corporate customers' creditworthiness. The aim is to learn more about the businesses and projects that are seeking financing, including their contributions and risks in terms of climate change, waterways or land use. With respect to society and governance, the focus is on elements such as staff wellbeing, the impartiality of executives and the transparency of taxation. The aim of the analysis is to identify new risks and strengths in corporate customers' business on a broader basis than what is possible with traditional credit checks. We want to encourage our customers to pursue sustainable business by growing our portfolio of sustainable finance products. In respect of project finance, we are committed to abiding by a voluntary risk management framework called Equator Principles, which aims to reduce the negative impacts of financed projects on climate, local communities and people.

### Products for sustainable finance

OP Corporate Bank has developed two products based on the international framework for sustainable finance: green loans and sustainability-linked loans. Green loans are designed for corporate customers that can make a commitment to using the borrowed funds to promote specific projects,



Green bonds

OP Green Bond

€500 million

Corporate Finance products

Green loans, sustainability-linked loans and credit limits

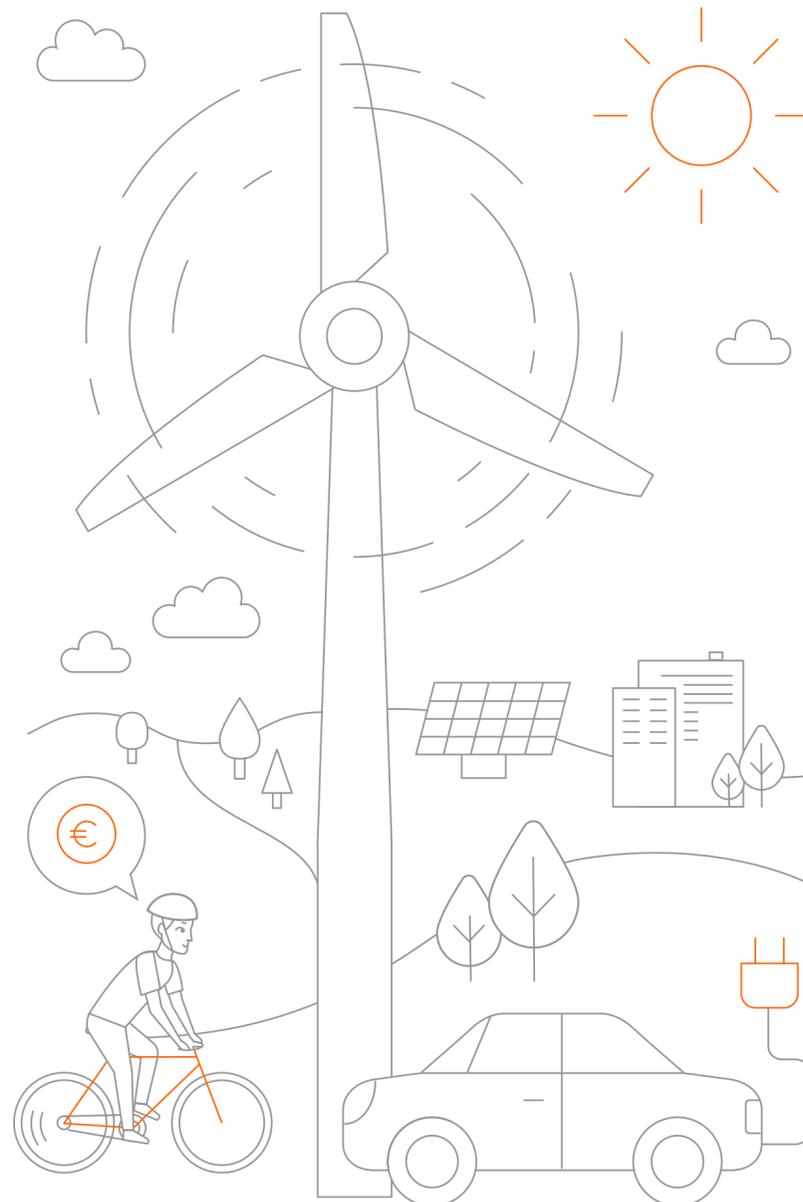
€1,523 million

Investment fund products

Sustainability-themed funds  
Sustainability-themed index funds  
OP Finnfund Global Impact Fund I

Assets under management:

€4.9 billion



while sustainability-linked loans are for corporate customers that are prepared to pursue sustainability-based performance targets agreed with the lender. The marginal interest rate on sustainability-linked loans depends on the agreed targets. Our green loans and sustainability-linked loans are designed to encourage businesses to invest more in sustainability. At the end of 2020, total exposures from these loans and facilities stood at 1,523 million euros.

Our portfolio of sustainable finance products grew in 2020 when OP Corporate Bank launched new leasing and investment financing solutions designed specifically for financing investments in fixed assets. The leasing model promotes sustainable life-cycle design and new circular economy approaches that seek to increase the reusability of financed assets and to lengthen their useful lives.

OP Corporate Bank adopted a Green Bond Framework in 2018 and issued its first green bond in 2019. Proceeds raised through the bond are allocated to sustainable corporate financing. The framework identifies several economic sectors that can be financed, namely renewable energy, energy efficiency, environmentally friendly construction,

pollution prevention and monitoring (including sustainable water supply), sustainable land use and clean transport.

OP Corporate Bank's first Green Bond Report was published in February of 2020, including a description of the corporate loans included in the green bond portfolio, examples of businesses and projects financed through the bond, and an evaluation of the effects of sustainable corporate finance. The Green Bond Report and other documents relating to green bonds are available on the OP Financial Group's debt investment site.

OP Mortgage Bank adopted a Green Covered Bond Framework in November of 2020, which paves the way for issuing green covered bonds. Bonds issued under the framework can be used to finance green buildings.

New responsible investment options

OP has four sustainability-themed mutual funds (OP-Sustainable World, OP-Climate, OP-Clean Water and OP-Low-carbon World), which have seen a 175 per cent rise in the number of investors over the last three years. Stricter negative screening

rules for fossil fuels were introduced across all sustainability-themed funds in 2020. OP-Low-carbon World and OP-Sustainable World exclude all fossil fuel producers and electricity suppliers that rely on fossil fuels.

Benchmark indices were adopted for five index funds (OP-America Index, OP-Europe Index, OP-World Index, OP-Asia Index and OP-Nordic Countries Index) at the end of 2020 to favour sustainable businesses. These funds do not invest in companies that have ties to the manufacture of controversial weapons or that have violated international standards. All forests supported by the OP-Forest Owner Fund are PEFC certified, in addition to which around 33 per cent are FSC certified. OP controlled more than 96,000 hectares of woodland in Finland in 2020, which makes it the fifth largest forest owner in the country.

OP has developed a carbon intensity index to help investors to choose responsibly between OP equity funds. In addition, OP publishes fund-specific responsibility analyses that illustrate, among other things, any positive environmental impacts of each OP equity fund and its carbon intensity index.

OP has joined forces with Finnfund to set up Finland's first impact fund investing in emerging mar-

kets, known as OP Finnfund Global Impact Fund I. The fund proved more popular with investors than expected and raised 76 million euros during the first and 58 million euros during the second round of funding in 2020. The fund seeks large-scale positive impacts on, for instance, climate change, food security, gender equality and the availability of financing. OP Finnfund Global Impact Fund I focuses on three main industries in developing countries: renewable energy, financial institutions and sustainable agriculture. The fund supports the achievement of the UN Sustainable Development Goals (SDGs) in a measurable way while providing an attractive return for investors.

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

### Active ownership

OP manages customers' assets worth 89.3 (81.2) billion euros. OP's asset management policy is based on the Principles for Responsible Investment. OP is

an active owner that encourages its investee companies to do business responsibly and its partners to pursue responsible investment.

OP Fund Management exercises the voting rights of the mutual funds that it manages in accordance with the ownership policy confirmed by its Board of Directors. With respect to companies listed in Finland, the Group does its best to discuss grievances directly with the companies prior to AGMs, so that, as a general rule, it will be possible to support the Board's proposal if it comes to voting. Proxy voting is used in an increasing number of cases to also exercise voting rights at the AGMs of companies listed in countries other than Finland.

OP Fund Management gave voting instructions for more than 1,080 foreign AGMs in 2020. OP Fund Management implements its ownership policy by actively participating in the AGMs of companies listed in Finland. Its representatives attended AGMs of more than 50 Finnish companies during the year. At the end of 2020, the OP funds managed by OP Asset Management held shares representing 80 companies listed in Finland, of which 36 per cent were engaged by OP Asset Management to discuss environmental and corporate responsibility issues during the year.

## Responsible investment strategies

Responsible investing is promoted through a range of sustainable investment methods. These include integrating sustainability perspectives into investment decisions, keeping up with international standards, active ownership including voting and engagement, negative screening and positive thematic investing.

We use negative screening to exclude manufacturers of controversial weapons and certain producers and users of coal as well as companies that have been found guilty of violations of international standards and proven immune to external influence. If we find out that a company in which we are investing is suspected of violating international standards, we urge them to address the situation. An exception to this are companies which we own only through index funds. If this does not produce the desired effect, the Committee for Responsible Investment may decide to sell the investment. OP's responsible investment priorities are confirmed by OP Asset Management's Senior Management Team. These priorities form the basis for the decisions of OP's ESG experts and the Committee for Responsible Investment. Climate change affects OP Asset

Management's investment strategy through, for example, its three sustainability-themed investment funds. From active investments, OP Asset Management excludes mining companies or electricity producers that rely heavily on coal. We expect our active and direct investment instruments to conform with international standards such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

For our sustainability-themed funds, we applied stricter fossil fuel exclusion rules in 2020. OP-Low-carbon World and OP-Sustainable World became entirely fossil-free funds. For OP-Climate and OP-Clean Water, we set a new limit that excludes companies which derive over 50 per cent of their sales from fossil fuels. In the latter two funds, we also exclude companies below this limit (less than 50% of sales from fossil fuels), if our analysis suggests that the company shows no credible evidence that it will transition to fossil-free business.

## Global commitments

OP Financial Group became a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance

Initiative (UNEP FI) in September of 2019. The Principles set out the banking industry's responsibility in shaping a sustainable future and aligning the sector with the objectives of the UN Sustainable Development Goals and the Paris Agreement. The Principles enable banks to embed sustainability across all business areas and leverage new business opportunities created by the emerging sustainable economy. We are one of 38 banks to have signed the Collective Commitment to Climate Action (CCCA). The initiative supports the transition to a net-zero carbon economy by 2050.

OP Financial Group's fund and asset management companies were among the first asset management companies in Finland to sign the UN Principles for Responsible Investment (UNPRI), and OP is one of the founding members of Finland's Sustainable Investment Forum (FINSIF). OP has also signed the Montreal Pledge, which encourages investors to report the carbon footprint of their investments. OP Asset Management is involved in the climate, water and deforestation initiatives of the CDP.

OP Asset Management joined the Science Based Targets initiative (SBTi) in 2020, in which investors urge the world's largest producers of

greenhouse gases to set emissions targets in line with the initiative. The campaign sees investors calling on high-emitting companies to set 1.5 °C science-based emissions reduction targets and achieve carbon neutrality by 2050. OP Asset Management also contributes to an international investor initiative Climate Action 100+, which strives to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change. OP Financial Group annually re-evaluates the financial implications of climate change risks when it responds to the CDP survey.

### Global Task Force on Climate-related Financial Disclosures (TCFD)

The financial sector plays an important role in mitigating climate change and promoting a sustainable economy. OP Asset Management became a public supporter of the global Task Force on Climate-related Financial Disclosures (TCFD) in 2019. Access to consistent and comparable information is vital when evaluating the impacts of climate change. The TCFD urges businesses to adopt a consistent approach to reporting and monitoring the impacts of climate change in order to provide investors with transparent information about the risks and opportunities presented by climate change. As a supporter of the

TCFD, we expect better climate change disclosures from the businesses in which we invest. OP Asset Management published a report of its climate-related investment risks and opportunities in line with the TCFD's recommendations in the spring of 2020. According to a climate-related risk analysis included in the report, the carbon intensity of OP's funds has dropped on average by six per cent in two years. See [page 72](#) for more information about TCFD reporting regarding our own operations.

### Property investment

OP Real Estate Asset Management Ltd built 12 new solar power plants on its properties in 2020. There are now a total of 32 solar farms and 18 geothermal heating plants on OP Real Estate Asset Management Ltd's properties. The year also saw a property controlled by the OP-Rental Yield become the first residential property to be fitted with a geothermal heating system. Properties managed by OP Real Estate Asset Management Ltd switched to renewably sourced electricity at the beginning of 2020. As of 2020, properties managed by OP Real Estate Asset Management Ltd include more than 6,000 rental apartments through the OP-Rental Yield fund.

OP Real Estate Asset Management Ltd became one of the first businesses to sign a Green Deal demolition survey agreement drawn up by the Finnish Ministry of the Environment and RAKLI, the most comprehensive and prominent association of professional property owners, investors, managers and construction clients in Finland in the spring of 2020. The agreement is designed to promote the circular economy in the context of Finland's property market and especially the recycling of demolition waste and construction materials left over from property repurposing or demolition projects, thereby reducing the sector's carbon footprint. OP Real Estate Asset Management Ltd signed the World Green Building Council's Net Zero Carbon Buildings Commitment in December, which challenges the signatories to reach net zero carbon emissions in their properties by 2030. The commitment applies to properties under OP Real Estate Asset Management Ltd's direct control.

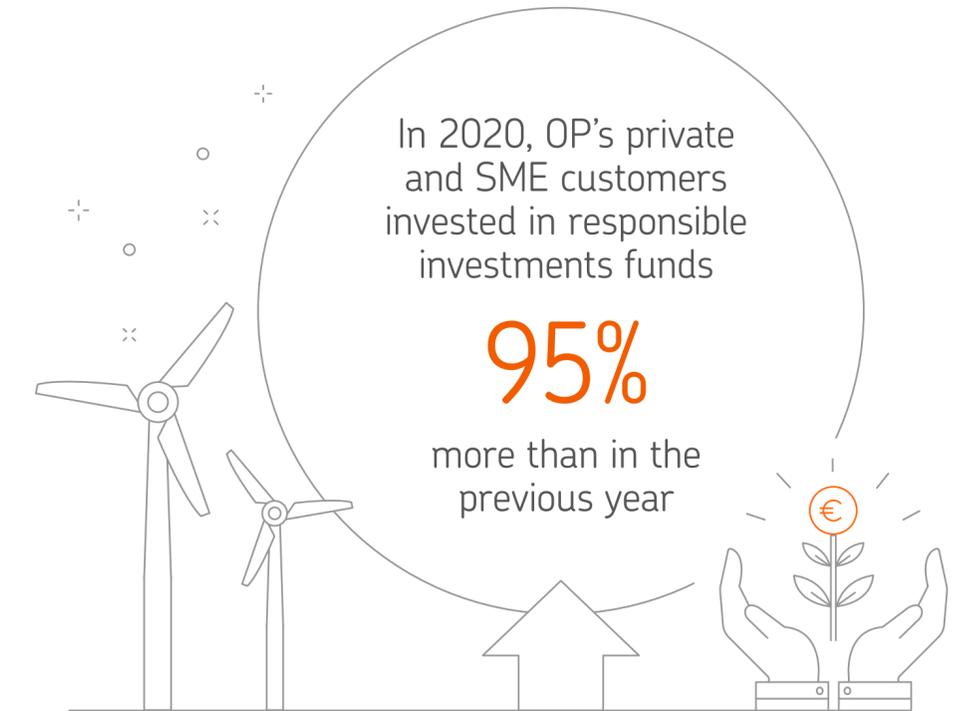
# We fostered sustainable economy in 2020

Climate change is one of the most critical global challenges of our times. Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and our operating region. It is a promise that requires us to take action.



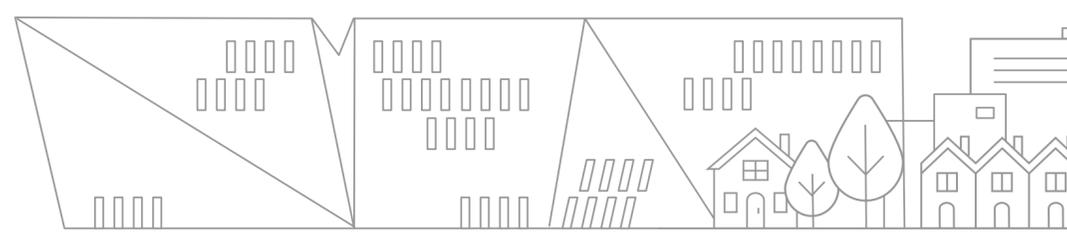
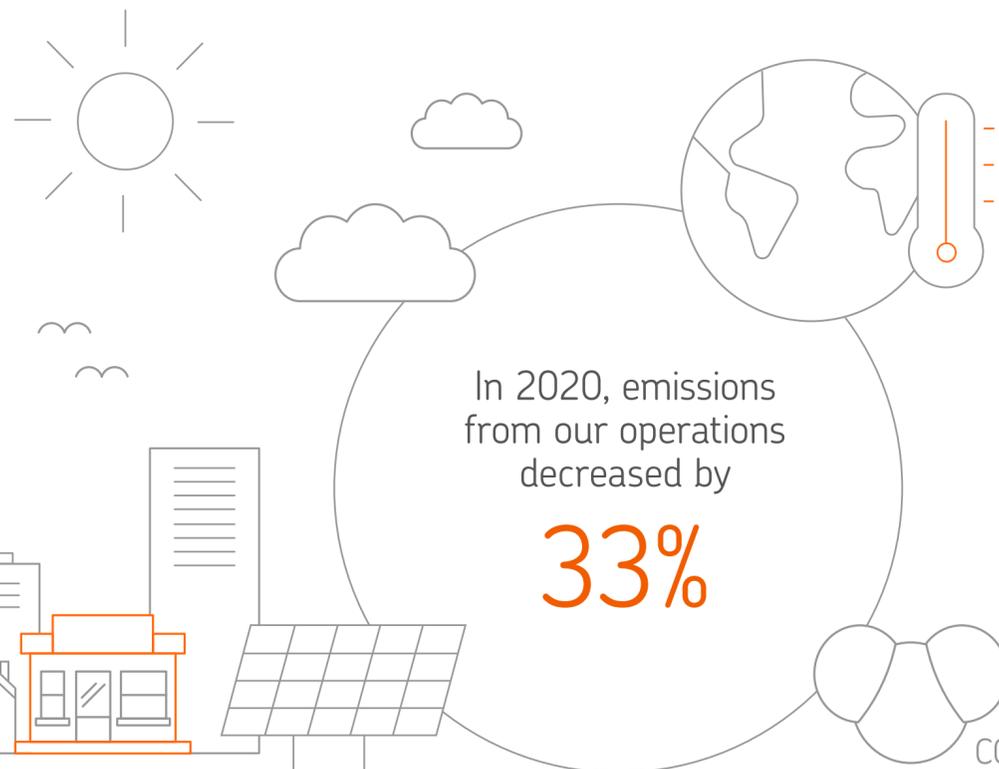
## We have supported our customers in the transition

- We established a network of ESG pioneers for OP cooperative banks.
- We published a review on the impacts of climate change on investments.
- We launched Finland's first impact fund that invests in emerging markets.
- OP Corporate Bank financed the Lakiakangas 3 wind farm.



## We switched to renewable energy sources

- In OP Vallila, we switched to carbon neutral district heating and compensate emissions caused by waste management.
- OP Property Investment switched to renewable electricity and installed 12 new solar power plants for its properties.
- OP Vuokratuotto converted its first residential property to ground source heat.



## We engaged actively in advocacy work

- With our support, WWF investigated the impacts of climate change on landscape.
- We participated in the Carbon Action project.
- OP Property Management signed the Carbon Net Zero commitment.
- We joined an investor initiative to stop deforestation in Brazil.
- OP Asset Management joined the Science Based Targets climate initiative of the CDP.
- We made a difference to the climate impact of our investments.



# We foster safety, security and wellbeing

In line with our mission, we foster safety, security and wellbeing in our operating region. We help our customers to foresee risks, prepare for the future and ensure the continuity of their business.

Pohjola Insurance wants to help its customers to prevent accidents and injuries. Together with its partners, it seeks to reduce the number of road accidents and to educate people about traffic safety. Pohjola Insurance has, for example, been running an annual road safety campaign named Black November in cooperation with a reindeer alert app called Porokello since 2018. A total of 60 per cent of the users feel that the Porokello app has protected them from collisions with reindeer and as many as 99 per cent would recommend the app to other road users.

Pohjola Insurance encourages young people to drive safely in collaboration with the Finnish Driving Schools Association and around 20 practice tracks around the country. Pohjola Insurance gives all learner drivers who complete track training as part of their Category-B driving lessons a discount on their first year's comprehensive motor vehicle insurance.

Pohjola Insurance also actively disseminates information about adverse weather conditions, such as storms and poor road conditions, in order to prevent accidents and losses. When an accident does happen, the aim is to get the customer back to normal as soon as possible.

## Insurance payouts to victims of the coronavirus pandemic

A total of 37 million euros in Pohjola Insurance claims incurred related to loss events caused by the pandemic. Most of the payouts were for major public events that had to be cancelled as well as for travel losses.

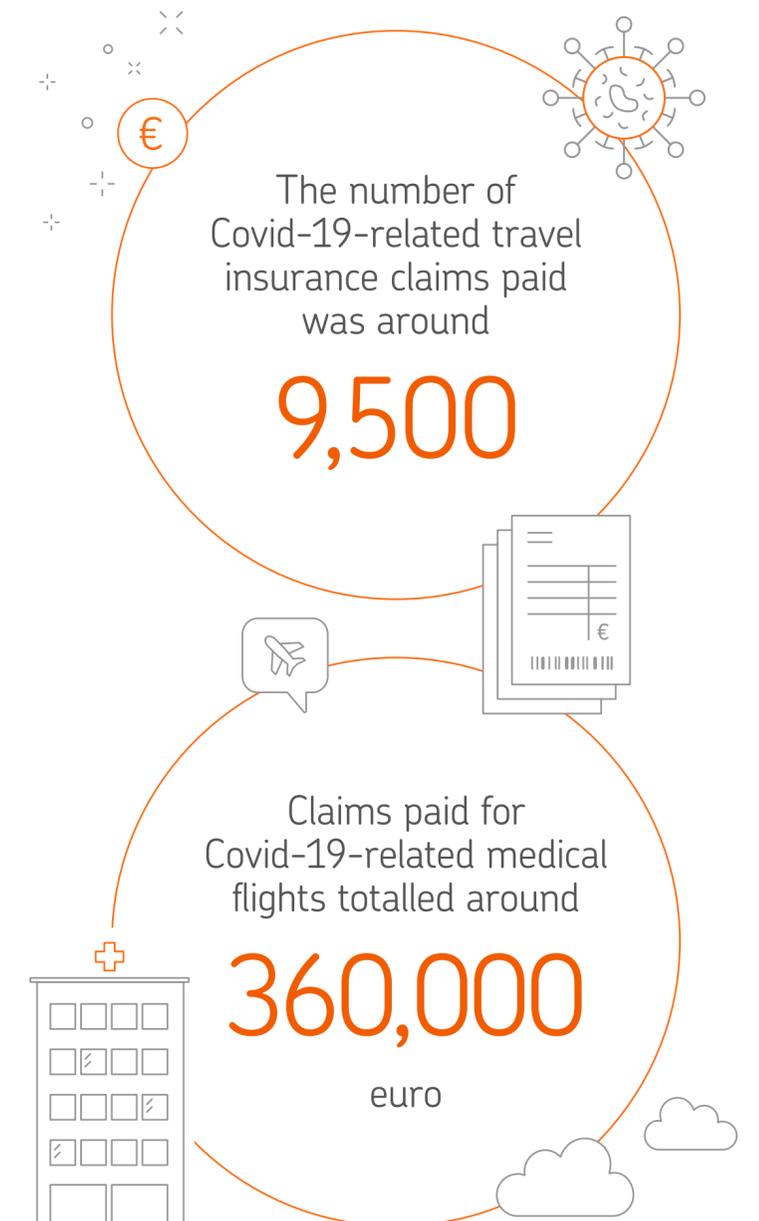
The number of travel-related claims compensated totalled around 9,500. Travel-related claims peaked in March and April when the pandemic forced many people to cancel their holidays. The Crisis Cover included in Pohjola Insurance's travel insurance

policies also reimbursed evacuation expenses and medical flights in the event of an acute travel illness. Payouts towards coronavirus-related medical flights totalled around 360,000 euros.

The majority of losses caused by the cancellation of major public events materialised in June and July when coronavirus restrictions forced a number of large music festivals to be cancelled. Pohjola Insurance is Finland's leading insurer of major public events.

There were also areas where the coronavirus pandemic helped to lower claims expenditure. The restrictions introduced in the spring reduced economic activity in general, which led to a decrease in claims relating to property damage and, in particular, vehicles. The number of motor vehicle claims between March and May fell by 30 per cent year on year. In the summer and autumn, however, vehicle claim rates were back to levels typical of the season.

The coronavirus pandemic also affected demand for our insurance products: term life insurance sales in 2020 were up by 19 per cent year on year. Travel insurance sales, on the other hand, decreased significantly as a result of travel restrictions related to the pandemic.



## Health and wellbeing

Pohjola Health Advisor is a service offered to Pohjola Insurance's private customers free of charge. Pohjola Insurance's Health Advisors dealt with 170,000 customers during the year. The Health Advisor service delivered an excellent customer experience in 2020: NPS 82 (on a scale of -100 – +100).

Pohjola Hospital made its staff available to help with critical public health functions related to the coronavirus crisis in the spring and summer. They helped, for example, in tracking the chains of infection. Pohjola Hospital paid the workers' wages. A total of 11 Pohjola Hospital employees helped out with various coronavirus-related duties between April and July. Their responsibilities varied depending on the locality. Some members of staff worked full shifts, while others provided part-time support.

As of spring, OP Financial Group participated in an initiative launched by private health care provider Mehiläinen to increase coronavirus testing capacity by setting up an air bridge for transporting samples to a partner laboratory in South Korea. The returning flights carried personal protective equipment and sampling kits to Finland.

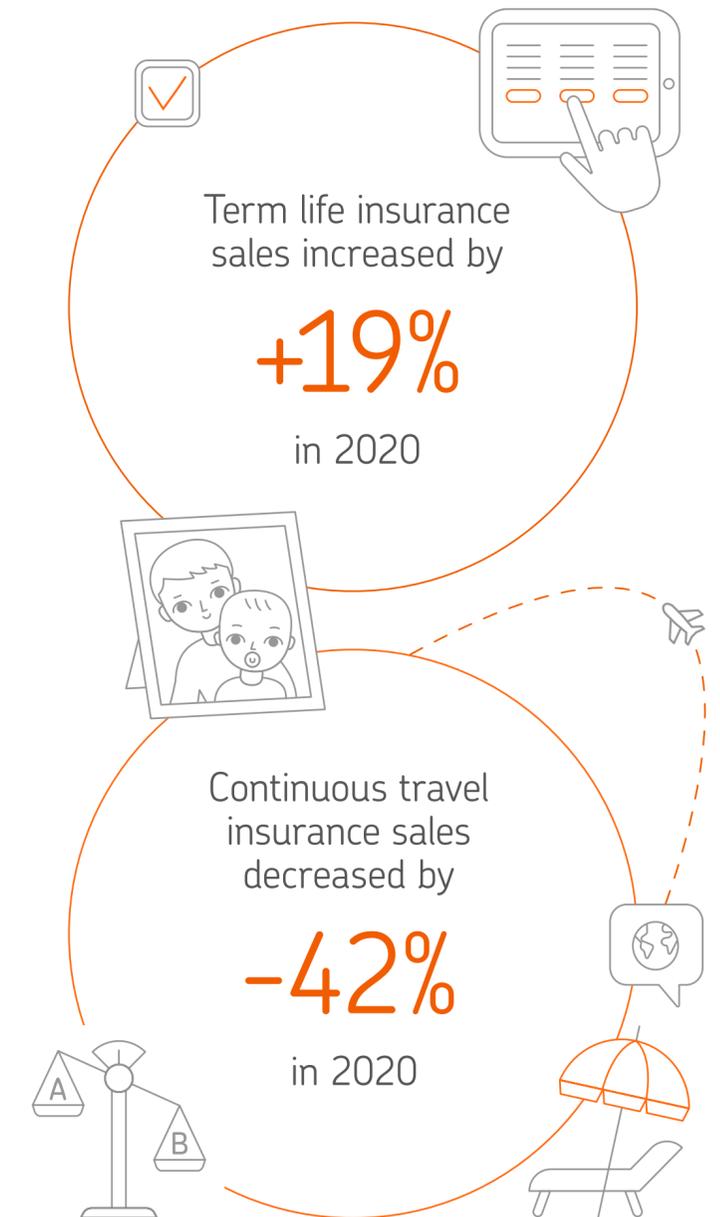
## We use our information capital responsibly

OP Financial Group processes vast amounts of data concerning our customers, employees and other stakeholders. All personal data are treated with respect and processed responsibly. OP Financial Group's Data Balance Sheet describes the role of data as well as responsible data management, use and strategic data management. It presents the nature of OP's data assets and data capital, and their relationship. The Data Balance Sheet also describes the key principles and procedures concerning personal data processing at OP Financial Group. The most important objective of our internal data protection procedures is to ensure that all our stakeholders can trust in the way in which OP Financial Group handles their sensitive information.

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

Information enables us, above all, to serve our customers better: to develop and provide financial and insurance services of a high standard, increase the efficiency of our operations and improve the customer experience we deliver. We strive to continuously improve our services in order to deliver the best possible customer experience and the highest degree of accessibility across all our channels. We try to make our digital services as easy as possible for everyone to use.

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





## E-commerce on the rise – what about Finnish companies' competitiveness?

During the exceptional spring, e-commerce increased dramatically. Online food sales, in particular, grew markedly. The spring taught us many lessons about e-commerce, both about its opportunities and shortcomings. Domestic e-commerce still has many opportunities for growth.

Read the article on [OP Media](#) (in Finnish only).

### We treat all customer information confidentially

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

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

OP aims to provide its customers with all the information that may influence their decisions relating to

products and services. OP very rarely targets marketing at children and adolescents and always takes this target group's general inexperience and limited legal capacity into account. We follow the Marketing Code of the International Chamber of Commerce, good marketing practices and the marketing guidelines applicable to the sectors in which we operate. OP Financial Group has a Data Protection Officer, whose role is based on the EU's General Data Protection Regulation (GDPR). Data subjects can contact the Data Protection Officer with any issues related to the processing of their personal data as well as to exercise their rights under the GDPR.

OP Financial Group received 20 substantiated customer complaints concerning the processing of personal data or breaches of customer privacy in 2020. The total number of complaints was calculated by counting only one complaint for each case where several complaints were filed concerning a single event (for example, a mailing error).

In 2020, OP Financial Group's internal controls identified a total of 916 cases that can be classified as personal data breaches under the GDPR. The figure also includes, for example, breaches attributable to human error that are unlikely to compromise the rights and freedoms of natural persons.

# Foundation of Corporate Responsibility

Responsibility is one of the fundamental values of OP Financial Group. In this section, we will describe OP Financial Group's corporate responsibility efforts and provide the related indicators based on the GRI Standards. We will also describe our corporate responsibility management, our personnel's perspectives and our procurement.

## Relation between greenhouse gas emissions and GDP in Finland

Emissions intensity of production has showed a downward trend for more than 20 years in Finland. This decline is explained in particular by the change in production structure as well as technological development. However, a lot remains to be done to achieve carbon neutrality by 2035; the current pace of emission cuts in Finland is not sufficient to achieve this target.

Sources: Macrobond, DG EDGAR, OP



# Responsible employer and actor

Corporate responsibility is an integral part of OP Financial Group's strategy and the daily work, decisions and activities of every OP employee. OP Financial Group's aim is to be a forerunner of corporate responsibility within its sector in Finland.

OP Financial Group's corporate responsibility work is based on our mission and core values supported by our cooperative business model. The business must promote the wellbeing, security and sustainable prosperity of the customers and operating region. The Code of Business Ethics contains OP Financial Group's corporate responsibility and environmental principles, which all those employed by OP Financial Group must observe, regardless of their role, position or location. The Code of Business Ethics is supplemented by more detailed rules and guidelines.

OP Financial Group's corporate governance practices also largely cover actions related to corporate responsibility management. The most important management approaches are laid down in OP Financial Group's Corporate Governance Principles. Our business is guided by good banking and insurance practices to comply with all applicable laws, standards and regulations and uphold

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

OP Financial Group's CR actions and targets are guided and coordinated by our Corporate Responsibility Programme. OP's reporting practices are based on the GRI Standards (Core) and the UN Global Compact initiative. OP Financial Group's corporate responsibility reporting mainly follows the same rules as the Group's financial reporting. Any restrictions and deviations from the rules are reported next to the applicable data and in the GRI content index.

OP Financial Group is committed to complying not only with all applicable laws and regulations, but also with a number of international business standards. OP Financial Group joined the UN Global

Compact initiative in 2011 and made a commitment to upholding its ten principles on human rights, labour standards, environmental friendliness and anti-corruption. The Global Compact principles have also been incorporated into OP's contracts with its suppliers. In addition, the principles of the Global Compact feature in our online personnel training courses on the OP Code of Business Ethics and corporate responsibility. OP Financial Group constantly tracks and reviews the effectiveness of its corporate responsibility efforts and participates in a wide range of corporate responsibility networks.

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

## Corporate responsibility organisation

The Corporate Responsibility Policy and CR Programme and significant changes to them are approved by the Board of Directors of OP Cooperative, the central cooperative of OP Financial Group. The Corporate Responsibility Committee established by the Executive Management Team prepares

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

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



## Self-managed method – just the latest new thing at the head office?

OP Financial Group started its journey of change towards self-managed practices two years ago, and it's still on it. How do self-managed practices change daily work? What's the point of such change and is it worth considering?

Read the article on [OP Media](#) (in Finnish only).

OP Financial Group's CR Programme for the Board's approval and tracks progress against the agreed targets. OP Cooperative's Supervisory Council regularly reviews the Group's CR Programme and monitors its implementation. In OP Financial Group's executive management, the person responsible for corporate responsibility is the Chief Communications and Corporate Responsibility Officer.

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

## Risk management and control

At OP Financial Group, OP Cooperative's Board of Directors is the most important decision-making body for duties related to risk management. The Risk Committee of the Board of Directors assists the Board in performing duties related to risk-taking and risk management. OP Cooperative's Board of Directors supervises that the entire OP Financial Group is managed reliably, efficiently and in compliance with prudent business principles. The Board's Audit Committee assists the Board in monitoring and evaluating the effectiveness of the financial reporting system, internal control, internal audit and risk management systems.

OP Financial Group and the companies included in the Group regularly analyse operational risks involved in their respective businesses. Risk and control self-assessment is based on the organisations' self-evaluations of operational risks and risk management. The process involves each organisation identifying and evaluating the most important operational risks associated with its operations. The identification of risks is facilitated by a Group-wide risk library, which lists a range of operational risks subdivided into seven different risk categories. Environmental, social and corporate governance (ESG) risk aspects are included in risk and control self-assessment.

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

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

Risks related to corruption are considered operational risks. The risk library makes it possible to link observations relating to corruption to risks relating to the abuse of insider information or positions of trust, values and various ethical principles, compliance with competition law, customer selection, conflicts of interest as well as bribery.

Internal audit constitutes independent and objective assessment, verification and consulting activities

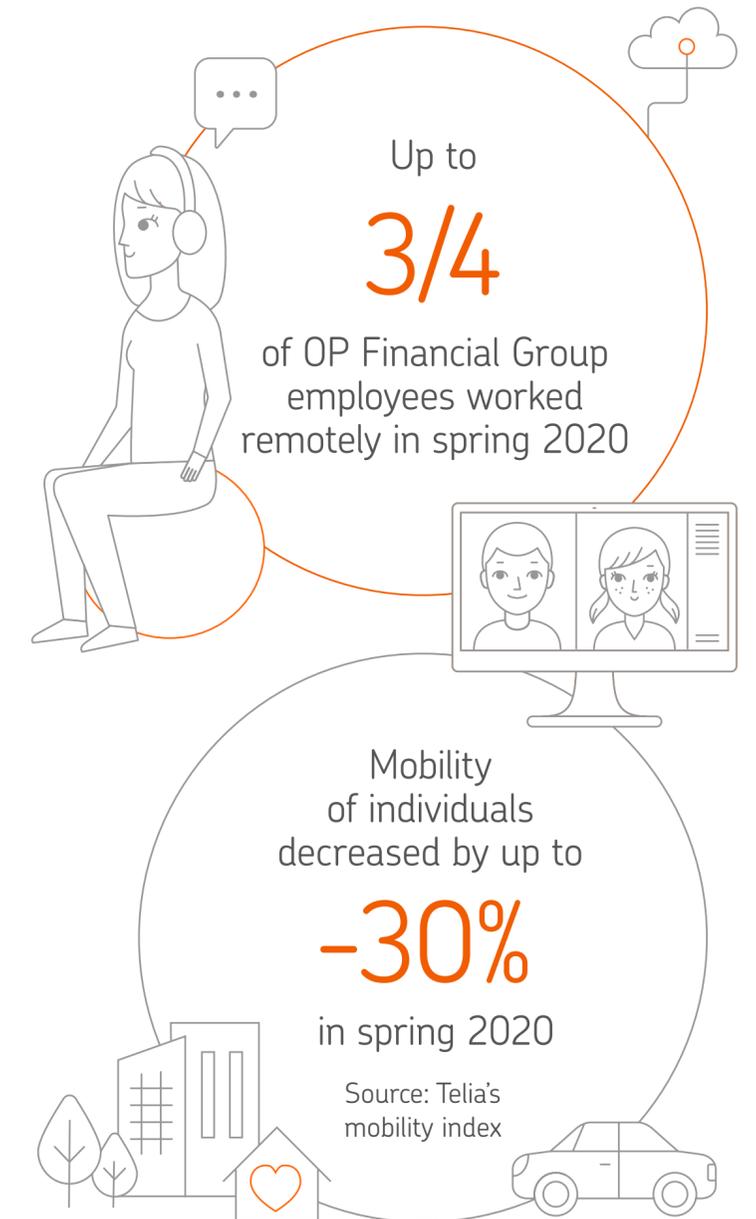
with a view to generating added value to OP Financial Group and improving its operations. The central cooperative's Internal Audit is responsible for the performance of Group-level, risk-based internal audit in all OP Financial Group entities. Internal Audit annually draws up an action plan based on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

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

OP Financial Group as a credit institution is supervised by the European Central Bank (ECB). The Finnish Financial Supervisory Authority oversees OP Financial Group's investment firms and insurance

companies in Finland as prescribed in legislation governing financial and insurance markets. OP Financial Group's operations in Estonia, Latvia and Lithuania are supervised to an applicable extent by the national regulators.

OP Financial Group uses Group-wide financial reporting and risk reporting to monitor the achievement of business goals and financial targets, and these reports are regularly reviewed at the meetings of senior management and OP Cooperative's Board of Directors. The same principles apply to the management's monthly financial performance and risk reports. When preparing and examining the report, the management ascertains the accuracy and correctness of the financial results and reporting by analysing performance and risk exposure and any deviations from targets. External reporting is based, for example, on the International Financial Reporting (IFRS) Standards, the Finnish Limited Liability Companies Act, Act on Credit Institutions, Insurance Companies Act, Accounting Act, and the standards and regulations issued by the Financial Supervisory Authority. The auditor for OP Cooperative must be a firm of authorised public accountants certified by the Finnish Patent and Registration Office.



More detailed information about the Group's governance system in 2020 is available in [OP Financial Group's Corporate Governance Statement 2020](#).

### We support wellbeing at work during exceptional circumstances

The aim of OP Financial Group's employee wellbeing policy is to increasingly support the work ability and labour market skills of older employees and those at risk of becoming incapable for work, through close and well-organised management of occupational health and safety and wellbeing at work. Wellbeing at work is ensured through close cooperation with our occupational health care and pension providers as well as other top experts. Key elements of our employee wellbeing policy include, for instance, early intervention, occupational health care, initiatives to promote wellbeing at work, rehabilitation, flexibility at work, and diversity management.

Our top priority in 2020 was to support our employees through transitions and to identify and reduce harmful levels of work-related stress. To achieve this, we have, for example, trained our managers to focus on fitness for work and employees' wellbeing. OP Financial Group's wellbeing

ambassadors engage with work communities to promote wellbeing in daily work.

During the Covid-19 pandemic, OP Financial Group carried out extensive and continuously updated measures to ensure the safety of customers and employees. Through effective measures, we were able to both ensure business continuity and protect our employees' health. We made strong investments in employee wellbeing during the exceptional situation caused by the pandemic, and improved employees' access to remote and digital services that support wellbeing at work. Employees were given access to coronavirus testing through occupational health care services as soon as testing became available.

In 2020, sickness absences accounted for 2.9 per cent of regular working hours. 'Health rate' (percentage of personnel with no sickness absences), was 54 per cent (44) of all personnel.

### We promote equal opportunities and diversity

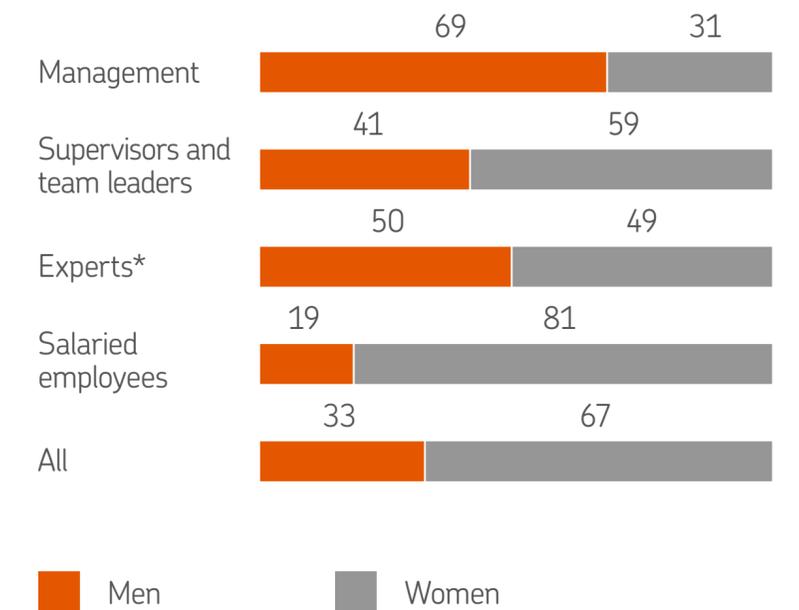
OP Financial Group sees diversity as an asset and guarantees equal opportunities and rights as well

as fair treatment for all its employees. Employees are treated equally with regard to, for example, pay, recruitment and career advancement. We aim to ensure that OP Financial Group's human resources are sufficiently diverse in terms of competence, experience, gender and age to meet the strategic goals and requirements of our business. The results of the personnel survey for 2020 showed that employees strongly felt that OP is an equal opportunity employer.

We also monitor the distribution of personnel in various job categories by factors such as gender, pay and age on an annual basis. Diversity is fostered by ensuring that candidates have a wide range of knowledge, skills and experience, and that various regions, both genders, and all age groups are represented on governing bodies. OP Financial Group also strives for flexibility in the different life situations of our employees, and we track indicators such as the number of days of parental leave and their distribution by the parent's gender.

In respect of executive positions, we aim to have both genders represented at a ratio of 60/40 per cent. At the end of 2020, men held 72 per cent and women 28 per cent of OP Financial Group's defined

### Workforce by personnel group and gender, %



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

executive positions. Diversity in executive positions is a non-financial indicator used in OP Financial Group's interim reports to measure the percentage of executive positions held by women. The indicator covers individuals in executive positions within the central cooperative as well as managing directors of OP cooperative banks. OP Financial Group's Executive Management Team consisted of three women and five men in 2020. OP Financial Group's aim is to plan the composition of its governing bodies taking into account the value added by each individual in terms of, for example, diversity. At the end of 2020, men held 61 per cent and women 39 per cent of the seats on OP Financial Group's governing bodies.

### We provide opportunities for personal development

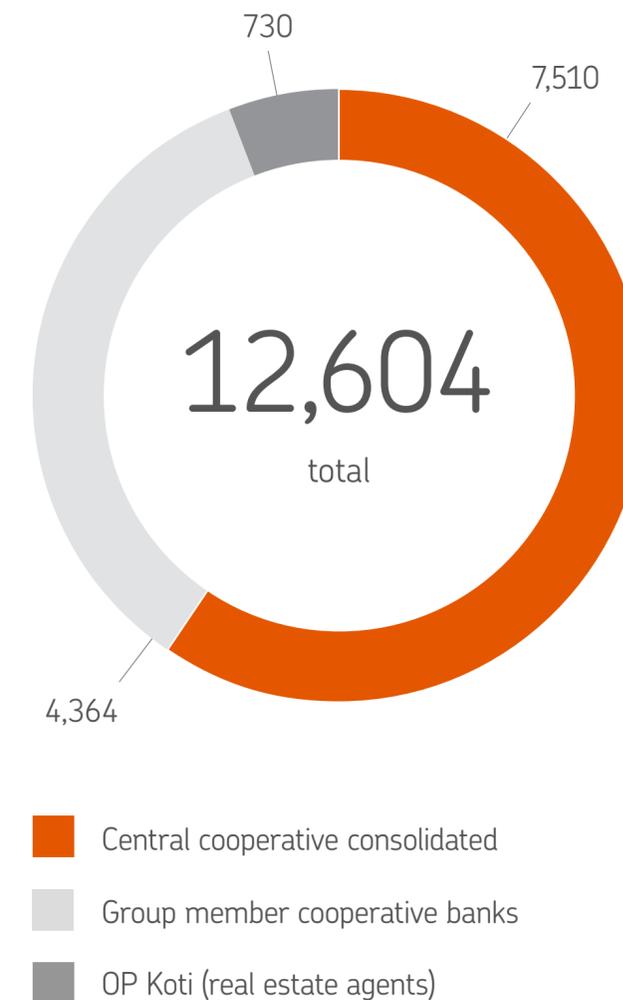
OP Financial Group offers all employee groups a variety of ways to develop their competencies. Our personnel development efforts are based on an understanding of the effects of progress and changes in the nature of work on individuals' jobs, procedures and competence requirements. The importance of team-oriented continuous improvement, learning and sharing of knowledge is emphasised in functions and organisations that have transitioned to a more self-managed model. We have organised extensive

training courses and coaching on the new model, with more than 150 events in 2020.

OP Financial Group provides extensive training and coaching courses that conform to regulations. In 2020, OP Financial Group spent an average of 12 hours per person on training. The Finnish Act on Cooperation within Undertakings also compels us to draw up personnel and training plans for those companies in OP Financial Group that regularly have more than 20 employees. The training plans must include an assessment of the occupational skills of the entire personnel, changes taking place in occupational skills-based requirements, and the causes of such changes, in addition to an annual plan based on this assessment for each personnel group or for employee groups categorised by some other appropriate criterion.

OP Financial Group implements its strategy and annual plans through yearly employee performance reviews. The reviews are an important element of performance management, and they cover target-setting, competence development and progress tracking. All members of the Group's personnel are subject to annual performance and career development reviews.

Personnel by organisation



Every year, we provide a range of exciting summer job and traineeship opportunities for young people wishing to take the first steps on their career. Our professionals helped a total of 466 summer workers and 35 Kiitorata trainees from various parts of Finland to grow and challenge themselves in this manner in 2020.

### We source responsibly

The goal of OP Financial Group's procurement function is to ensure that any products, services or rights that are acquired are on the whole cost-effective, of high quality, and reliable and responsible; and that suppliers are managed professionally to the benefit of OP Financial Group and its customers. Responsible sourcing practices can promote responsibility among thousands of the Group's contractual partners. In 2020, the total purchase volume of centralised sourcing was about 1,900 million euros from nearly 20,000 suppliers. On top of this, OP Financial Group's individual business divisions take care of their own funding and investment-related acquisitions. Our purchases and orders are based on negotiated Group-level agreements or on OP Financial Group's general procurement rules. Our Supplier Code of Conduct is binding on all of the Group's service providers, suppliers and partners.

Our Supplier Code of Conduct requires compliance with local legislation and official regulations and good sector-specific business practices. Our suppliers must observe OP Financial Group's values and the principles of responsible business. In addition to universal minimum requirements, we strive to identify the most important responsibility themes and criteria for each of the categories of goods we purchase and apply service-specific or category-specific responsibility requirements. In the case of IT equipment such as monitors and computers, for example, we require that our suppliers have a valid international TCO Certification that covers the entire life cycle of the device.

Responsible procurement management is closely linked to supplier risk management as well as supplier management in general. We evaluate suppliers' responsibility initially in our supplier approval process as part of a broad suitability assessment of potential partners, and subsequently in connection with competitive tendering and at regular intervals in accordance with an operating model established with OP Financial Group's sourcing. OP Financial Group has a special audit plan for auditing suppliers. Any suspected violations of rules or regulations by suppliers can be reported to the Vice President responsible for purchasing or to the

appropriate procurement manager. We primarily learn about any discrimination experienced by customers through requests for clarification by the authorities. Most of OP Financial Group's sourcing is from suppliers and services based and provided in Finland. OP can therefore usually control the corporate responsibility risks related to procurement through transparent and systematic supplier management. By working in close cooperation with our suppliers, we can promote responsibility across our entire supply network.

In 2020, we increased our cooperation on responsible sourcing with our most important suppliers. Our goal is to develop practical methods for promoting and monitoring responsibility in our cooperation with suppliers. While the reported emissions from sourcing involve uncertainties, the results can help us prioritise corporate responsibility activities in the sourcing categories, products and suppliers that are most significant in terms of greenhouse gas emissions. In terms of greenhouse gas emissions, our most significant sourcing categories include insurance claims services (property claims, motor vehicle claims and health insurance services), building management services, which includes functions related to construction and maintenance of buildings, and ICT procurement.

# GRI indicators

## Our reporting principles

This report is based on the Core option of the GRI (Global Reporting Initiative) Standards and covers the material aspects from OP Financial Group's perspective. A comparison of material aspects with GRI aspects is given in the table Management approach and reporting on material aspects, while a comparison with GRI standards is given in the GRI content index. The numerical data relating to the GRI Standards have been audited by an independent third party, KPMG Oy Ab.

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

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

## Emissions

OP Financial Group calculates emissions as CO<sub>2</sub> equivalents in accordance with the Greenhouse Gas (GHG) Protocol. OP Financial Group's own operations are not subject to emissions trading rules.

- Scope 1 emissions: fossil fuels used to power stand-by generators; emission factors as per Ecoinvent 3.3 / Bionova.
- Scope 2 location-based: country-specific average emission factors used for electricity; emission factors as per Statistics Finland's 2020 Finnish electricity production figures and 2019 district heating statistics, Ecoinvent 3.3 / Bionova and the IEA's district heating and electricity figures for 2019 (for countries other than Finland).
- Scope 2 market-based: purchased green electricity taken into account with the rest based on a residual mix; emission factors as per Ecoinvent 3.3 / Bionova as well as Helen Mix and Ecoinvent/Bionova with respect to green electricity.
- Scope 3 Emissions
  - Category 1: purchased products and services, calculation is based on total sourcing costs and includes insurance payouts, maintenance of premises, ICT and development expenses, expert and HR services, marketing and communications, information logistics and health services; emission factors as per DEFRA.
  - Category 5: Waste generated by operations covers waste generated by the central cooperative.
  - Category 6: business travel includes emissions from travel and hotel stays.
  - Category 7: employee commuting includes emissions from the use of company cars; emission factors as per Ecoinvent 3.3 / Bionova.
  - Category 15: investments, emissions from the loan portfolio factored in on the basis of the emissions reported for the biggest loans in the portfolio. Emissions from home loans are factored in on the basis of an estimated percentage of the emissions attributable to all home loans in Finland.

# Management approach and reporting on the material aspects

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

## GRI indicators

		2015	2016	2017	2018	2019	2020	Omissions
<b>GRI 102 General Disclosures</b>								
102-8	Total human resources, of whom	12,130	12,227	12,269	12,066	12,226	12,604	
	men	3,362	3,498	3,667	3,719	3,872	4,150	
	women	8,768	8,729	8,602	8,347	8,354	8,440	
	other or missing data						14	
	permanent staff	11,324	11,376	11,501	11,323	11,514	11,810	
	temporary staff	806	851	768	743	712	794	
	full-time staff	11,253	11,273	11,294	11,116	11,266	11,563	
	part-time staff	877	954	975	950	960	1,041	
	in Finland	11,695	11,787	11,847	11,963	12,118	12,492	
	outside of Finland	435	440	422	103	108	112	
	Temporary agency workers	723	1,089	1,511	1,365	1,617	1,502	
102-38	Ratio of the annual fixed compensation for the organisation's highest-paid individual to the median annual fixed compensation for all employees	21	-	21	19	19	19	The ratio of the monthly total compensation for the organisation's highest-paid individual to the median monthly total compensation for all employees is reported for Finland only.
102-41	Percentage of total employees covered by collective bargaining agreements	90%	91%	91%	91%	91%	91%	The figure is for Finland only. No binding collective agreements exist in the Baltic countries.
<b>GRI 201 Economic performance</b>								
201-1	Direct economic value generated and distributed, million euros							
	a) Revenues	2,808	2,910	3,010	2,916	2,983	2,874	
	Economic value distributed							
	b) Operating costs	574	640	762	837	842	852	
	c) Employee wages and benefits	781	762	758	516	781	715	
	d) Returns to owner-customers	195	206	217	226	249	251	
	e) Income tax	249	223	214	223	168	144	
	f) Donations and other community investments	2	6	2.3	2.8	2.1	2.7	
	Economic value retained	1,007	1,073	1,058	1,111	941	913	

		2015	2016	2017	2018	2019	2020	Omissions
<b>GRI 205 Anti-corruption</b>								
205-2	Communication and training on anti-corruption policies and procedures							
	Personnel, central cooperative	80%	88%	89%	98%	96%	87%	The figure is calculated differently as of 2019; the figures reported here are for the previous two years. The course is mandatory to take part every two years.
	Personnel, OP cooperative banks	-	-	-	83%	100%	100%	
<b>GRI 302 Energy</b>								
302-1	District heating, MWh	73,400	72,050	70,635	72,290	73,420	67,210	
	District cooling, MWh	2,670	5,360	5,140	4,630	3,420	2,700	
	Fuels, heating and stand-by generators, MWh	7,060	3,780	4,700	190	90	86	
	Electricity, MWh	59,230	57,040	62,110	56,970	59,910	57,200	
	share of renewable electrical energy					34%	41%	
302-1	Energy consumption within the organisation, MWh	142,360	138,230	142,585	134,080	136,840	127,196	
	share of renewable energy of total energy						26%	
302-3	Energy intensity, MWh per capita per year	11.7	11.3	11.6	11.1	11.2	10.1	
<b>GRI 305 Emissions</b>								
305-1	Scope 1: Direct greenhouse gas emissions, CO <sub>2</sub> e-tons	5	3	48	48	23	22	
305-2	Scope 2: Energy indirect greenhouse gas emissions, market-based, CO <sub>2</sub> e-tons	23,446	18,556	20,918	24,278	23,739	17,900	The figure is calculated differently as of 2019. The 2018 figure has been updated.
	Scope 2: Energy indirect greenhouse gas emissions, location-based, CO <sub>2</sub> e-tons	27,178	26,088	25,259	23,282	22,431	17,332	
305-3	Scope 3: Other indirect greenhouse gas emissions, CO <sub>2</sub> e-tons						approx. 14 mill.	
	Category 1: Purchased goods and services, CO <sub>2</sub> e-tons	-	2,612	2,034	1,285	1,861	460,000	Calculation principle changed in 2020
	Category 5: Waste generated in operations, CO <sub>2</sub> e-tons	609	129	298	254	402	0	A total of 21 CO <sub>2</sub> e tonnes of total emissions from waste were compensated
	Category 6: Business travel, CO <sub>2</sub> e-tons	2,622	3,841	3,712	3,541	3,763	2,977	
	Category 7: Employee commuting, CO <sub>2</sub> e-tons	-	951	1,142	1,059	957	1,051	
	Category 15: Investments, CO <sub>2</sub> e-tons	-	-	-	over 10 mill.	over 10 mill.	approx. 13.1 mill.	
305-4	Greenhouse gas emissions intensity, tonnes of CO <sub>2</sub> equivalent per capita	1.93	1.52	1.70	2.02	1.94	1.42	Intensity = Scope 1 + Scope 2 (market-based) / OP Financial Group employees.

		2015	2016	2017	2018	2019	2020	Omissions
306-2	Effluents and waste							The figure is calculated differently as of 2020. The data only covers OP Cooperative's properties.
	Recycling and reuse	-	601 t	580 t	559 t	625 t	483 t	
	Other use	-	87 t	93 t	108 t	172 t	73 t	
	Incineration (mass burn)	-	39 t	39 t	44 t	51 t	34 t	
	Disposal	-	0 t	1 t	1 t	0 t	0 t	
<b>GRI 401 Employment</b>								
401-1	New employee hires	1,015	1,236	1,345	1,721	1,789	1,641	
	Employee turnover	1,889	1,840	1,871	2,134	2,095	1,750	
	Total employee turnover, permanent staff	8.3%	7.9%	8.7%	11.6%	11.2%	8.7%	Total employee turnover is reported for permanent staff only and excludes any business transfers.
	Voluntary employee turnover, permanent staff	3.8%	3.7%	4.8%	6.9%	6.6%	4.0%	
401-3	Number of employees on parental leave	1,112	1,089	1,008	985	1,004	1,002	The figures are for Finland only and exclude OP Koti.
	Women	812	793	718	682	692	668	
	Men	300	296	300	303	312	331	
	Number of employees retained after parental leave	577	629	594	560	569	568	The figures include Finland only and exclude OP Koti.
	Women	298	354	315	271	284	266	
	Men	279	275	279	289	285	302	
	Return to work after parental leave	97%	95%	95%	95%	93%	96%	The figures include Finland only and exclude OP Koti.
	Women	94%	93%	90%	91%	87%	93%	
	Men	100%	99%	100%	100%	99%	100%	
	Retention rate after parental leave	91%	93%	92%	88%	89%	96%	The figures include Finland only and exclude OP Koti.
	Women	93%	94%	94%	90%	90%	93%	
	Men	87%	92%	90%	87%	88%	98%	
<b>GRI 403 Occupational health and safety</b>								
403-8	Percentage of total workforce represented in formal joint management-worker health and safety committees	87%	88%	89%	92%	92%	93%	The figures include Finland only.
403-9	Percentage of annual working days lost due to sickness absences	3.5%	3.5%	3.3%	3.3%	3.4%	2.9%	The figures include Finland only and exclude OP Koti.
	Women	4.1%	4.1%	4.0%	3.9%	4.0%	3.7%	
	Men	1.8%	1.8%	1.8%	1.9%	2.0%	1.4%	
	Number of occupational accidents resulting in lost days	-	-	10	9	15	7	The figures include Finland.

		2015	2016	2017	2018	2019	2020	Omissions
	Injury rate (LTA1)	-	-	0.6	0.5	0.8	0.4	The figures include Finland.
	Work-related fatalities	0	0	0	0	0	0	
<b>GRI 404 Training and education</b>								
404-1	Average hours of training per year per employee	-	-	15	14	17	12	The figures include Finland.
	Women	-	-	16	15	19	13	
	Men	-	-	14	12	14	10	
404-3	Percentage of employees receiving regular performance and career development reviews	83%	100%	100%	100%	100%	100%	
<b>GRI 405 Diversity and equal opportunity</b>								
405-1	Diversity of governance bodies and employees							
	Human resources by gender							
	Men	28%	29%	30%	31%	32%	33%	
	Women	72%	71%	70%	69%	68%	67%	
	Human resources by age group							
	Under 30 years old	13%	13%	13%	15%	15%	17%	
	30–49 years old	48%	48%	50%	50%	51%	52%	
	Over 49 years old	39%	39%	37%	35%	34%	31%	
	Human resources by employee category							
	Management	4%	4%	3%	3%	3%	3%	
	Supervisors	9%	9%	10%	9%	8%	7%	
	Experts	30%	30%	30%	31%	32%	35%	
	Employees	57%	57%	57%	57%	56%	55%	
	Average age of employees	43.8	43.6	43.4	43.0	42.6	42.2	
	Average length of service	14.4	14.0	13.4	13.7	11.1	11.0	
405-2	Ratio of basic salary and remuneration of women to men							The figures are for Finland only and exclude OP Koti and employees on hourly wages.
	Management	-	-	-	91%	94%	92%	
	Supervisors and experts	-	-	-	87%	88%	89%	
	Employees	-	-	-	106%	104%	104%	

## GRI 102-8 Information on employees and other workers

OP Financial Group	Permanent staff	Temporary staff	Full-time staff	Part-time staff	Human resources, total	Leased employees
<b>Human resources, total</b>	<b>11,810</b>	<b>794</b>	<b>11,563</b>	<b>1,041</b>	<b>12,604</b>	<b>1,502</b>
Men	3,888	262	3,948	202	4,150	
Women	7,908	532	7,601	839	8,440	
Other or missing data	14	0	14	0	14	
Personnel, central cooperative	7,131	379	6,989	521	7,510	1,500
Personnel, OP cooperative banks	3,972	392	3,946	418	4,364	2
Personnel, OP Koti	707	23	628	102	730	0
Finland	11,708	784	11,451	1,041	12,492	1,502
Estonia	34	2	36	0	36	0
Latvia	30	3	33	0	33	0
Lithuania	38	5	43	0	43	0

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

OP Financial Group	Under 30 years old	30–49 years old	Over 49 years old	Total
Men	365	273	35	673
Women	566	321	78	965
Other or missing data	1	2	0	3
<b>Total</b>	<b>932</b>	<b>596</b>	<b>113</b>	<b>1,641</b>
<b>Central cooperative</b>				
Men	245	240	23	508
Women	385	232	38	655
Other or missing data	1	2	0	3
<b>Total</b>	<b>631</b>	<b>474</b>	<b>61</b>	<b>1,166</b>
<b>OP cooperative banks</b>				
Men	103	18	2	123
Women	160	63	17	240
Other or missing data	0	0	0	0
<b>Total</b>	<b>263</b>	<b>81</b>	<b>19</b>	<b>363</b>
<b>OP Koti</b>				
Men	17	15	10	42
Women	21	26	23	70
Other or missing data	0	0	0	0
<b>Total</b>	<b>38</b>	<b>41</b>	<b>33</b>	<b>112</b>

## GRI 401-1 Employee turnover by age group and gender

OP Financial Group	Under 30 years old	30–49 years old	Over 49 years old	Total
Men	301	166	123	590
Women	461	315	383	1,159
Other or missing data	1	0	0	1
<b>Total</b>	<b>763</b>	<b>481</b>	<b>506</b>	<b>1,750</b>
<b>Central cooperative</b>				
Men	159	128	66	353
Women	230	194	140	564
Other or missing data	1	0	0	1
<b>Total</b>	<b>390</b>	<b>322</b>	<b>206</b>	<b>918</b>
<b>OP cooperative banks</b>				
Men	125	28	40	193
Women	212	105	213	530
Other or missing data	0	0	0	0
<b>Total</b>	<b>337</b>	<b>133</b>	<b>253</b>	<b>723</b>
<b>OP Koti</b>				
Men	17	10	17	44
Women	19	16	30	65
Other or missing data	0	0	0	0
<b>Total</b>	<b>36</b>	<b>26</b>	<b>47</b>	<b>109</b>

## 405-1 Diversity of governance bodies and employees

OP Financial Group	Under 30 years old	30-49 years old	Over 49 years old	Men	Women	Other or missing data
Management	0%	46%	54%	69%	31%	0%
Supervisors	2%	62%	36%	41%	59%	0%
Experts	10%	62%	29%	50%	49%	0%
Employees	24%	44%	31%	19%	81%	0%
<b>Total</b>	<b>17%</b>	<b>52%</b>	<b>31%</b>	<b>33%</b>	<b>67%</b>	<b>0%</b>
<b>Central cooperative</b>						
Management	0%	61%	39%	64%	36%	0%
Supervisors	3%	70%	27%	44%	56%	0%
Experts	11%	63%	26%	53%	46%	0%
Employees	30%	48%	22%	21%	79%	0%
<b>Total</b>	<b>19%</b>	<b>57%</b>	<b>25%</b>	<b>38%</b>	<b>61%</b>	<b>0%</b>
<b>OP cooperative banks</b>						
Management	0%	37%	63%	73%	27%	0%
Supervisors	1%	56%	43%	33%	67%	0%
Experts	5%	57%	38%	39%	61%	0%
Employees	21%	41%	38%	13%	87%	0%
<b>Total</b>	<b>15%</b>	<b>45%</b>	<b>40%</b>	<b>22%</b>	<b>78%</b>	<b>0%</b>
<b>OP Koti</b>						
Management	0%	43%	57%	57%	43%	0%
Supervisors	2%	37%	61%	65%	35%	0%
Experts	2%	35%	64%	40%	60%	0%
Employees	11%	40%	49%	38%	62%	0%
<b>Total</b>	<b>9%</b>	<b>39%</b>	<b>52%</b>	<b>41%</b>	<b>59%</b>	<b>0%</b>

## 405-1 Diversity of governance bodies and employees; members of OP Financial Group's governing bodies by age group and gender

	Men	Women
Under 30 years old	48%	52%
30-49 years old	53%	47%
Over 49 years old	65%	35%
<b>Total</b>	<b>61%</b>	<b>39%</b>

## Scope 3, category 15: investments

OP Financial Group's exposures by sector	tonnes, CO <sub>2</sub> e
Renting and operation of residential real estate	100,000
Operating of other real estate	40,000
Trade	280,000
Energy	1,370,000
Services	480,000
Construction	40,000
Other manufacturing	850,000
Manufacture of machinery and equipment (incl. maintenance)	110,000
Transportation and storage	590,000
Agriculture, forestry and fishing	1,750,000
Forest industry	550,000
Metal industry	1,240,000
Food industry	230,000
Other sectors	1,780,000
Households	1,740,000
<b>Total</b>	<b>11,150,000</b>

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

	tonnes, CO <sub>2</sub> e
OP Mutual Funds	1,970,000

## Scope 3, category 1: purchased goods and services

	tonnes, CO <sub>2</sub> e
Claims settlement services	285,000
Building management services	70,000
ICT	65,000
Other	40,000
<b>Total</b>	<b>460,000</b>

# GRI content index

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

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
<b>GRI 102 General Disclosures</b>				
<b>Organizational profile</b>				
102-1	Name of organization	OP Financial Group		
102-2	Activities, brands, products, and services	OP Financial Group's Year 2020: OP Financial Group in brief		
102-3	Location of headquarters	Helsinki		
102-4	Location of operations	OP Financial Group Report by the Board of Directors and Financial Statements for 2020: Note 84		
102-5	Ownership and legal form	OP Financial Group Report by the Board of Directors and Financial Statements for 2020: Note 84		
102-6	Markets served	OP Financial Group's Year 2020: OP Financial Group in brief; OP Financial Group Report by the Board of Directors and Financial Statements for 2020: Note 84		
102-7	Scale of the organization	OP Financial Group's Year 2020: OP Financial Group in brief; OP Financial Group Report by the Board of Directors and Financial Statements for 2020		
102-8	Information on employees and other workers	OP Financial Group's Year 2020: GRI indicators; OP Financial Group in 2020: Responsible employer and actor		X
102-9	Supply chain	OP Financial Group's Year 2020: How we create value		
102-10	Significant changes to the organization and its supply chain	OP Financial Group Report by the Board of Directors and Financial Statements for 2020: Changes in OP Financial Group's structure		
102-11	Precautionary Principle or approach	OP Financial Group Report by the Board of Directors and Financial Statements for 2020: Note 2		
102-12	External initiatives	OP Financial Group's Year 2020: We promote sustainable economic prosperity		
102-13	Membership of associations	OP Financial Group's Year 2020: <a href="https://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement">https://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement</a>		
102-14	Statement from senior decision-maker	OP Financial Group's Year 2020: Review by the President and Group Chief Executive Officer		
<b>Ethics and integrity</b>				
102-16	Values, principles, standards and norms of behaviour	OP Financial Group's Year 2020: OP Financial Group in brief, How we create value		X
<b>Governance</b>				
102-18	Governance structure	OP Financial Group's Corporate Governance Statement for 2020; OP Financial Group in 2020: Responsible employer and actor		
102-38	Annual total compensation ratio	OP Financial Group's Year 2020: GRI indicators		

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	OP Financial Group's Year 2020: Corporate Responsibility Programme, <a href="https://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement">https://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement</a>		
102-41	Collective bargaining agreements	OP Financial Group's Year 2020: GRI indicators, <a href="https://www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator">https://www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator</a>		X
102-42	Identifying and selecting stakeholders	OP Financial Group's Year 2020: Responsible employer and actor, <a href="https://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement">https://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement</a>		
102-43	Approach to stakeholder engagement	OP Financial Group's Year 2020: Responsible employer and actor, <a href="https://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement">https://www.op.fi/op-financial-group/corporate-social-responsibility/stakeholder-engagement</a>		
102-44	Key topics and concerns raised	OP Financial Group in 2020: Corporate Responsibility Programme, Review by the President and Group Chief Executive Officer		
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	OP Financial Group's Report by the Board of Directors and Financial Statements for 2020, Note 84		
102-46	Defining report content and topic Boundaries	OP Financial Group's Year 2020: Our reporting principles		
102-47	List of material topics	OP Financial Group's Year 2020: Corporate Responsibility Programme, Management approach and reporting on material aspects		
102-48	Restatements of information	No restatements		
102-49	Changes in reporting	No restatements		
102-50	Reporting period	1 January–31 December 2020		
102-51	Date of most recent report	26 February 2020		
102-52	Reporting cycle	Annual		
102-53	Contact point for questions regarding the report	<a href="https://www.op.fi/op-financial-group/corporate-responsibility/contact-information">https://www.op.fi/op-financial-group/corporate-responsibility/contact-information</a>		
102-54	Claims of reporting in accordance with the GRI Standards	OP Financial Group's Year 2020: Our reporting principles		
102-55	GRI content index	OP Financial Group's Year 2020: GRI Content Index		
102-56	External assurance	OP Financial Group's Year 2020: Independent assurance report		
<b>Topic specific content is reported regarding aspects identified as material.</b>				
<b>Economic impacts</b>				
103-1	Explanation of the material topic and its boundary	OP Financial Group's Year 2020: Corporate Responsibility Programme, Foundation of corporate responsibility, Responsible employer and actor, Management approach and reporting on material aspects		
103-2	The management approach and its components	OP Financial Group Report by the Board of Directors and Financial Statements for 2020: OP Financial Group's Year 2020: Committed to our owner-customers, Taking action to support the community, Responsible employer and actor, We promote sustainable economic prosperity		

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
103-3	Evaluation of the management approach	OP Financial Group's Year 2020: Responsible employer and actor		
<b>GRI 201 Economic Performance</b>				
201-1	Direct economic value generated and distributed	OP Financial Group's Year 2020: Taking action to support the community; OP Financial Group Report by the Board of Directors and Financial Statements for 2020: Note 46	Reported impacts include OP cooperative banks' local impacts and donations to the public good. For calculating significant indirect economic impacts, section b is not applicable to OP.	
201-3	Defined benefit plan obligations and other retirement plans	OP Financial Group's Report by the Board of Directors and Financial Statements for 2020, Notes 34 and 86		
<b>GRI 203 Indirect Economic Impacts</b>				
203-2	Significant indirect economic impacts	OP Financial Group's Year 2020: Taking action to support the community, Committed to our owner-customers, GRI indicators		
OP 1	Number of attendees on financial literacy courses	OP Financial Group's Year 2020: Committed to our owner-customers, GRI indicators		
OP2	Number of attendees on digital training courses	OP Financial Group's Year 2020: Committed to our owner-customers, GRI indicators		
<b>GRI 205 Anti-corruption</b>				
205-1	Operations assessed for risks related to corruption	OP Financial Group's Year 2020: Responsible employer and actor. No significant corruption-related risks were identified in 2020.	The number of risk analyses was not reported.	X
205-2	Communication and training about anti-corruption policies and procedures	OP Financial Group's Year 2020: Responsible employer and actor, GRI indicators	Some of the information is unavailable (a, c, e, d). We are looking into the possibility of more extensive reporting.	X
205-3	Confirmed incidents of corruption and actions taken	No cases in 2020	There were 10 cases of minor internal misconduct.	X
<b>GRI 206 Anti-competitive Behavior</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	On 10 February 2021, the Finnish Competition and Consumer Authority (FCCA) announced its proposal to the Market Court, according to which the Finnish Real Estate Management Federation and the companies that were members of its Board are guilty of prohibited cooperation between competitors (cartel) on Finland's real estate management services market in 2014–2017. During the said period, a person who worked at OP Koti Kainuu real estate agents was a member of the Board of the Finnish Real Estate Management Federation. For this reason, the FCCA proposes that a penalty payment of EUR 302,075 be imposed on OP Koti Kainuu. The matter has been submitted to the consideration of the Market Court that will decide on possible penalty payments.		

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
<b>Environmental impacts</b>				
103-1	Explanation of the material topic and its boundary	OP Financial Group's Year 2020: Management approach and reporting on material aspects, Corporate Responsibility Programme, Responsible employer and actor, We promote sustainable economic prosperity, TCFD		
103-2	The management approach and its components	OP Financial Group's Year 2020: We promote sustainable economic prosperity, Responsible employer and actor, TCFD, Management approach and reporting on material aspects		
103-3	Evaluation of the management approach	OP Financial Group's Year 2020: Responsible employer and actor		
<b>GRI 302 Energy</b>				
302-1	Energy consumption within the organization	OP Financial Group's Year 2020: GRI indicators		X
302-3	Energy intensity	OP Financial Group's Year 2020: GRI indicators		
302-4	Reduction of energy consumption	OP Financial Group's Year 2020: We promote sustainable financial prosperity	More detailed reporting of reduction measures is not available. We are looking into the possibility of more extensive reporting. Reporting requirement b is irrelevant for OP Financial Group.	X
<b>GRI 305 Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	OP Financial Group's Year 2020: GRI indicators		X
305-2	Energy indirect (Scope 2) GHG emissions	OP Financial Group's Year 2020: GRI indicators		X
305-3	Other indirect (Scope 3) GHG emissions	OP Financial Group's Year 2020: GRI indicators		X
305-4	GHG emissions intensity	OP Financial Group's Year 2020: GRI indicators		X
305-5	Reduction of GHG emissions	OP Financial Group's Year 2020: We promote sustainable financial prosperity, TCFD	More detailed reporting of reduction measures (a) is not available. We are looking into the possibility of more extensive reporting. Reporting requirement b is irrelevant for OP Financial Group.	X
<b>GRI 306 Waste</b>				
306-2	Waste	OP Financial Group's Year 2020: GRI indicators	Own waste breakdown is used. Reporting requirement a is not reported due to its small amount, and requirement c is not reported.	X

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
<b>Social impacts</b>				
103-1	Explanation of the material topic and its boundary	OP Financial Group's Year 2020: Corporate Responsibility Programme, Responsible employer and actor		
103-2	The management approach and its components	OP Financial Group's Year 2020: Management approach and reporting on material aspects, Committed to our owner-customers, Taking action to support the community, Responsible employer and actor, We promote sustainable economic prosperity, We foster safety, security and wellbeing		
103-3	Evaluation of the management approach	OP Financial Group's Year 2020: Responsible employer and actor		
<b>GRI 401 Employment</b>				
401-1	New employee hires and employee turnover	OP Financial Group's Year 2020: GRI indicators	OP Financial Group does not calculate personnel turnover rate.	X
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	OP Financial Group's Year 2020: GRI indicators	We take out Comprehensive Health Insurance for all employees of the OP central cooperative and associates with contracts of more than six (6) months to supplement occupational health care and cover medical treatment expenses.	
401-3	Parental leave	OP Financial Group's Year 2020: GRI indicators	Section a is not available.	X
<b>GRI 402 Labor/Management Relations</b>				
402-1	Minimum notice periods regarding operational changes	<a href="http://www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator">www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator</a>		X
<b>GRI 403 Occupational Health and Safety</b>				
			Indicators 403-1 – 403-7 not reported. We are looking into the possibility of more extensive reporting.	
403-8	Workers representation in formal joint management-worker health and safety committees	OP Financial Group's Year 2020: Responsible employer and actor, GRI indicators		
403-9	Work-related injuries	OP Financial Group's Year 2020: GRI indicators		
<b>GRI 404 Training and Education</b>				
404-1	Average hours of training per year per employee	OP Financial Group's Year 2020: GRI indicators	Reported only by gender.	
404-2	Programs for upgrading employee skills and transition assistance programs	OP Financial Group's Year 2020: Responsible employer and actor		X

Disclosure Number	Disclosure Title	Location	Omissions	Global Compact
404-3	Percentage of employees receiving regular performance and career development reviews	OP Financial Group's Year 2020: Responsible employer and actor		X
<b>GRI 405 Diversity and Equal Opportunity</b>				
405-1	Diversity of governance bodies and employees	OP Financial Group's Year 2020: GRI indicators		X
405-2	Ratio of basic salary and remuneration of women to men	OP Financial Group's Year 2020: GRI indicators		X
<b>GRI 406 Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken	No reports of discrimination received in 2020. <a href="http://www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator">www.op.fi/op-financial-group/corporate-responsibility/corporate-responsibility/responsible-employer-and-operator</a>		X
<b>GRI 413 Local communities</b>				
FS14	Initiatives to improve access to financial services for disadvantaged people	OP Financial Group's Year 2020: Committed to our owner-customers		
<b>GRI 415 Public Policy</b>				
415-1	Political contributions	OP does not support political parties.		X
<b>GRI 418 Customer privacy</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	OP Financial Group's Year 2020: We foster safety, security and wellbeing		
<b>GRI 419 Compliance</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	No cases in 2020		
<b>Active ownership</b>				
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	OP Financial Group's Year 2020: We promote sustainable financial prosperity		

# TCFD report on climate risks

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

Corporate governance	a) Describe the board's oversight of climate-related risks and opportunities	Responsible employer and actor; OP Financial Group's 2020 Corporate Governance Statement
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Responsible employer and actor, We foster a sustainable economy; OP Financial Group's 2020 Corporate Governance Statement, Annual Responsible Investment Report
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Report by the Board of Directors / Report on non-financial information
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<a href="#">Our strategy</a>
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Responsible employer and actor, We foster a sustainable economy, OP Financial Group's 2020 Corporate Governance Statement, Annual Responsible Investment Report
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Responsible employer and actor
	b) Describe the organisation's processes for managing climate-related risks.	Responsible employer and actor, We foster a sustainable economy
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We foster a sustainable economy
Performance and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Corporate Responsibility Programme, We foster a sustainable economy, GRI indicators
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risk.	Emissions, GRI indicators
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Corporate Responsibility Programme

# Principles for Responsible Banking

Progress against the UN Principles for Responsible Banking.

Principle	Our progress	Additional information
<p><b>Principle 1: Alignment</b></p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>	<p>OP Financial Group is made up of 137 OP cooperative banks and the central cooperative which they own, including its subsidiaries and affiliated entities. OP cooperative banks and therefore the entire OP Financial Group, which employed 12,604 people at the end of 2020, are owned by more than two million owner-customers. OP Financial Group's business consists of the following three business segments: Retail Banking (Banking Private and SME Customers), Corporate Banking (Banking Corporate and Institutional Customers), and Insurance (Insurance Customers). OP Financial Group's main area of operation is Finland. In addition, OP Corporate Bank operates in Estonia, Latvia and Lithuania.</p> <p>OP Financial Group's mission obligates us to promote the sustainable prosperity, security and wellbeing of our owner-customers and operating region. Corporate responsibility is an integral part of OP Financial Group's strategy and every OP employee's daily work, decisions and activities. OP Financial Group's goal is to be a knowledgeable, reliable and responsible forerunner in the financial sector. Our responsibility work is guided by OP Financial Group's Corporate Responsibility Programme. The programme's goals have been defined in accordance with the UN Sustainable Development Goals (SDGs).</p>	<p>OP Financial Group in brief, p. 10 Corporate Responsibility Programme, p. 27</p>
<p><b>Principle 2: Impact and Target Setting</b></p> <p>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>	<p>We have identified key responsibility perspectives relevant for OP Financial Group based on a stakeholder survey followed by a materiality analysis. Based on these, we have selected four themes for our Corporate Responsibility Programme: we improve financial literacy in Finland, we foster a sustainable economy, we support local vitality and community spirit, and we use our information capital responsibly.</p> <p>The climate impacts of OP Financial Group's loan portfolio have been analysed with an emissions assessment that is based on the GHG Protocol's Scope 3 emissions calculation. In addition, our corporate loans have been assessed for negative and positive impact categories using the UNEP FI Impact Analysis Tool, the most significant of which based on preliminary assessment are climate and biodiversity. In the preliminary assessment, positive impacts were identified in the impact categories of housing, health and employment.</p> <p>OP Financial Group continues its work to set goals in accordance with the Principles of Responsible Banking (PRB) in 2021.</p>	<p>Emissions, p. 60 and 65</p>

Principle	Our progress	Additional information
<p><b>Principle 3: Clients and Customers</b></p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>	<p>Together with our customers, OP Financial Group builds a sustainable economy and promotes efforts to mitigate and adapt to the effects of climate change.</p> <p>OP will develop products and services which will encourage its customers to act in a responsible and environment-friendly manner and take into account the effects of its operations on biodiversity.</p>	<p><a href="#">Code of Business Ethics</a></p>
<p><b>Principle 4: Stakeholders</b></p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>	<p>OP Financial Group has identified our key stakeholders and engages in continuous dialogue with them.</p>	<p><a href="#">OP Financial Group's website</a></p>
<p><b>Principle 5: Governance &amp; Culture</b></p> <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>	<p>The Principles of Responsible Banking are implemented in accordance with OP Financial Group's CR management model.</p>	<p>Responsible employer and actor</p>
<p><b>Principle 6: Transparency &amp; Accountability</b></p> <p>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>	<p>OP Financial Group reports on the Principles of Responsible Banking annually as part of its CR report.</p>	

# Independent Assurance Report to the Management of OP Cooperative

This document is an English translation of the Finnish report.

We have been engaged by the Management of OP Cooperative to provide limited assurance on selected corporate responsibility indicators presented in OP Financial Group's report "OP Financial Group's Year 2020" (hereafter "Selected Corporate Responsibility Information") for the year ended 31 Dec 2020.

The Selected Corporate Responsibility Information consists of the following indicators:

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

## Management's responsibilities

The Management of OP Cooperative is responsible for the preparation and presentation of the Selected Corporate Responsibility Information in accordance with the reporting criteria, i.e. *GRI Sustainability Reporting Standards*, and the information and assertions contained within it. The Management is also

responsible for determining OP Cooperative's objectives with regard to sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

## Our responsibilities

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

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

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

## Procedures performed

A limited assurance engagement on Selected Corporate Responsibility Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Corporate Responsibility Information, and applying analytical and other evidence gathering procedures,

as appropriate. In the engagement, we have performed the following procedures, among others:

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

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

#### Inherent limitations

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

#### Conclusion

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

Helsinki, 8 March 2021

KPMG Oy Ab

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