

OP Group Pension

Product description, valid as of 1 January 2023

OP Group Pension – Supplementary Pension Cover for Your Employees

Competent and highly motivated employees are one of the most important success factors for a company. OP Group Pension is an excellent solution for incentivising and motivating your company's management, key personnel or all employees. OP Group Pension is a unit-linked, collective supplementary pension insurance policy in which your company can determine the premium payment plan that will be applied. OP Group Pension supplements the statutory pension cover and offers the possibility of retirement before the statutory retirement age.

Competition for skilled employees is toughening. It is increasingly important to enhance employee engagement. OP Group Pension is valued by its beneficiaries, helping them commit to the company and achieve good results. Taking out pension insurance for employees is useful for companies in a variety of ways. Collective group pension insurance premiums are tax-deductible for companies and not treated as taxable earned income for the insured employee.

OP Group Pension benefits both employees and the company

Benefits for the employer

- **Positive company image.** OP Group Pension is part of the human resources policy and personnel risk management of a company that takes care of its employees.
- **Strengthens the company's competitiveness in the hiring process.**
- **Financially sensible choice.** Financially sensible choice OP Group Pension insurance premiums are tax-deductible for employers. The company knows the amount payable in advance, and the amount may be altered on an annual basis.
- **Enhances employee engagement.** OP Group Pension enables the company to encourage and motivate its employees.
- **Provides the insured employees with the opportunity to retire in a flexible way.** Retirement age suits both the employer and the insured. The employer has been prepared for retirement costs in advance.

Benefits for the employee

- **Flexible retirement.** OP Group Pension enables earlier retirement if necessary.
- **Supplements statutory pension.** The statutory pension is calculated based on the earned income for each year and the accrual rate, i.e. each year's earnings have an effect on the amount of the pension. The life expectancy coefficient reduces the pension if the average life expectancy continues to increase. The actual pension may account for only 30–40% of the employee's income during employment.
- **OP Group Pension supplements statutory pension cover.** It can also compensate for a reduction in the amount of the pension due to earlier retirement.
- **Security for unexpected events.** OP Group Pension also provides security in the event of disability or death.
- **Sensible way to save for retirement.**

Investment options

You can choose suitable options from the range of investment products offered by the insurance company at any time.

Mutual funds

The mutual fund's rules and key investor information document describe the targets, risks and restrictions of the fund.

According to the chosen instrument, mutual funds can be classified as equity funds, balanced funds, long-term fixed income funds, intermediate-term fixed income funds and short-term fixed income funds. You can also choose from commodity funds, convertible bond funds and corporate bond funds, among other products.

The mutual fund's risk level depends on the fund's investment strategy. Diversifying investments among several vehicles independent of one another reduces the fund's overall risk relative to an individual vehicle.

Equity funds are a great choice if you wish to seek a higher return on your savings. OP mutual funds also offer low-risk options such as fixed income funds.

Investment baskets

The investment basket's key information document describes the basket's targets, risks and restrictions. The basket's risk level depends on its investment strategy.

Risks related to investment products

Pension savings follow the value performance of the selected investment vehicles. Investments offered by the insurance company include OP mutual funds managed by OP Fund Management Company and investment baskets managed by OP Life Assurance Company.

In the case of all investment products, the policyholder or the insured person bears the risk for savings performance and the preservation of the savings, including the risk of a fall in or loss of the amount of capital invested. The previous value performance of the investment vehicles is no guarantee of future performance.

Based on your choice of investment product, you can have a major effect on the risk associated with your investment.

Investments selected for the policy also differ in their objectives: some aim to passively track a benchmark index (index funds and baskets); others seek to produce returns superior to an appropriate benchmark index, based on active management (active funds and baskets).

The investment products are related to the policy only notionally, and the policyholder does not own or have other rights to fund units or assets of funds selected for the policy, for example. The insurance company owns the investments selected for the policy.

Responsible investments

The insurance may promote environmental or social characteristics. Environmental or social characteristics are only achieved if the insurance invests in at least one investment product during the policy's period of validity that promotes environmental or social characteristics or sustainable investment. The up-to-date list of investment products, available sustainable investments and their share of the entire range of investments can be found at (op.fi/private-customers/savings-and-investments/insurance-savings/investment-prices). More information about the investment product and its sustainability can be found in the key information document and sustainability datasheet.

Information on OP Fund Management Company Ltd.'s mutual funds and OP Life Assurance Company Ltd.'s investment portfolios, which aim to make sustainable investments or promote environmental or social features, can be found on the Responsible Investing page (op.fi/op-financial-group/responsibility/responsible-business/sustainable-investment). Periodic reports for the funds can be found in the annual report of OP Fund Management Company.

With respect to any investments in insurance underlying financial products external to OP Financial Group, each financial market participant for their part is responsible for the disclosure of such information.

Consideration of sustainability risks

A sustainability risk means an environmental, social or governance event or circumstance that could have a negative material impact on the value of the investment if realised. Investments offered by OP Life Assurance Company Ltd are primarily managed by OP Asset Management Ltd, which takes sustainability risks into account in each asset class in the way it deems most suitable. By considering environmental, social and governance factors relevant to the sectors of the companies in which we invest, we seek to improve long-term returns and reduce risks. More information about sustainability, and how we take sustainability risks into account in our investments, can be found at op.fi/private-customers/savings-and-investments/saving-through-insurance/products-under-saving-through-insurance.

The markets favour regular savers

The advantages of a regular saving plan are at their best in unit-linked insurance. By putting in an amount regularly, you will balance risks you would have if you invested more money less frequently. Through this time diversification, you can substantially reduce the time risk associated with equity funds in particular. As retirement age approaches, we recommend that you lower the percentage of equity investments and transfer pension savings to fixed income funds with a lower risk. This allows you to protect your pension savings against price swings during the last few years before and during retirement.

How group pension insurance works

A company is the policyholder, and a group of people in its employ is the insured party. The insurance policy specifies the extent of the pension cover on a group-by-group basis and the rights of the insured party.

Pension group and pension period

The pension group to be insured must always be determined on objective grounds based on the position, profession, operating sector, place of business, age or years of service of the insured, for example. The insurance may include several pension groups. The definition of the group must be such that the group does not, in reality, consist of named or otherwise identified persons or solely the company's owners. A policy intended to involve only one employee at a time is not regarded as collective supplementary pension cover. Otherwise, the size of the group is not subject to any special limitations.

It is the policyholder's responsibility to ensure that the group definitions and the groups to be insured satisfy the collectivity requirements throughout the term of the policy.

OP Group Pension Insurance enables the insured to retire even before their statutory retirement age.

The date of retirement is agreed when submitting the quote. The age entitling to pension and other benefits for persons belonging to the same pension group must be determined on uniform grounds. The amount of the pension is determined by the insurance savings accrued.

If the insured's employment terminates before their retirement age, it is possible to create a paid-up pension policy for the insurance savings accrued for the insured. In such a case, these insurance assets will be paid to the employee in the form of a pension starting at the agreed retirement age. If no paid-up policy entitlement exists, savings accrued for the insured's benefit will be used for the benefit of other insured employees or be recognised as income for the company. The policy document defines whether it includes any paid-up policy entitlement. To increase employee commitment, the right to a paid-up

pension may be linked to years of service, providing entitlement to the pension after three years, for example.

The retirement age may be agreed on a group-specific basis. The pension is always for a fixed term. OP Group Pension is a flexible supplementary pension plan which enables postponed retirement. The pension must be applied for in writing. The pension is paid to the insured person on a monthly basis according to the accrued insurance assets. Pension disbursement will terminate if the insured person dies during the pension's payment period.

Payment plan

The company determines the annual amount of insurance premiums. The premium must be divided between the insured persons belonging to the same group on uniform grounds. The same proportion of all the insured employees' annual earned income or a fixed amount such as 2,500 euros for each insured employee can be used as the grounds for determining the premium, for example.

The policyholder is responsible for ensuring that the premium payment plan valid at any given time fulfils the collectivity requirements.

OP Group Pension has a flexible premium, and the amount may be altered on an annual basis. The policyholder informs the insurance company annually of the premium payment plan to be applied and of the division of the premium between the insured. Premium payment ends when the insured person is no longer included in the group, or the insured person's employment contract with the policyholder ends.

Investment plan

The policyholder the company may choose how the premiums are invested from among the options provided by the insurance company. It may also authorise its employee to make investment decisions regarding his personal policy. This authorisation can take effect at the same time as the policy takes effect or at a later date during the contract period.

Paid insurance premiums, or upcoming pension payments, can be allocated to investment products offered by the insurance company. During the saving period, the allocation between investment vehicles

can be freely changed with respect to both accrued savings and future premiums.

Switching investment products is free of charge. Our experts are happy to assist if you need more information on different options to help your decision making.

In situations specified in detail in the terms and conditions, the insurance company has the right to restrict insurance asset transfers between investment vehicles, to restrict the allocation ratios of future premiums and to either bring forward or postpone such orders.

Disability cover

OP Group Pension includes disability cover against permanent disability. It is based on the value of insurance assets. The insured person is entitled to disability pension if he becomes permanently disabled so that they are entitled to a full disability pension in accordance with the Employees Pensions Act (TEL) that is valid for an indefinite period.

Death cover

OP Group Pension also includes death cover if the insured dies before their retirement, or before pension payments have terminated. The death benefit equals 100% of the remaining amount of insurance savings. The cover is valid throughout the person's employment and retirement until the age of 90.

The death benefit is paid to the beneficiary specified by the insured person or to the policyholder. It is possible to replace the beneficiary with a new one during the contract period by notifying the insurance company in writing of the new beneficiary. Death cover premiums are calculated and charged from the assets each month.

Taxation

Insurance premiums in the company's taxation

Insurance premiums based on the collective OP Group Pension are tax-deductible expenses for the company. Premiums under a collective plan are not regarded as the insured's pay. If the employer replaces some salary payment with the insurance premium, this premium is regarded as the employee's pay in the insured person's taxation.

Insurance premiums in relation to the employee's taxation

Premiums based on collective pension insurance are not regarded as the insured employee's taxable earned income.

Tax treatment of return on insurance assets

Return on insurance assets is not subject to tax when switching between investment vehicles. Accordingly, the return accrued on assets as a result of the successful selection of investment vehicles will

bring accumulating income throughout the investment period.

Tax treatment of pension benefits

The pension to be paid to the beneficiary will be subject to tax on earned income.

Tax treatment of death benefit

If the beneficiary of death benefit is a next of kin of the insured person, the death benefit is subject to inheritance tax.

If the beneficiary is a person other than the insured person's next of kin, the death benefit is taxable capital income in its entirety.

Death benefit paid to a death estate is considered part of the assets of the death estate. Any property received from a death estate is subject to inheritance tax, regardless of the family relationship between the deceased and the heir or the beneficiary under a will.

This tax information is based on the status as of January 2023. Taxation is not part of the insurance contract. Tax legislation may change during the validity of the insurance.

The Insurance Company will not take responsibility for the collective nature of the pension insurance or for any changes in tax legislation or instructions and interpretations of the National Board of Taxes and consequences thereof.

Information about the insurance contract

The insurance is issued by OP Life Assurance Company Ltd. The company is the policyholder. A health declaration is not required to add an insured person to the policy.

OP Group Pension is a unit-linked supplementary pension insurance in which the value performance of insurance assets is linked to the value performance of insurance vehicles selected by the policyholder or the insured person. The inclusion of investment vehicles in the insurance is performed technically to calculate the value of the insurance assets only. The policyholder, the insured person or the beneficiary will have no entitlement to the investment vehicles included in the insurance or assets they contain. Title to the investment vehicles included in the insurance and assets they contain belongs to the insurance company.

However, with respect to all investment vehicles, the policyholder or the insured person bears the risk for savings performance and the preservation of the savings, including the risk of a fall in or loss of the amount of capital invested. The previous value performance of the investment vehicles is no guarantee of future performance.

OP Group Pension Insurance contract consists of an insurance policy, insurance terms and conditions, product description, technical bases and price sheet. The Insurance Contracts Act and other applicable Finnish legislation apply to the insurance contract as far as not otherwise agreed in the insurance terms and conditions or between the parties. Insurance does not fall within the scope of Investors' Compensation Fund or the Deposit Guarantee Fund applied to bank deposits.

Validity of insurance

The insurance contract takes effect as soon as the customer has approved the offer, including the appendices, with their signature.

Insurance coverage enters into force for each insured person once their first insurance premium has been paid. The first premium must be paid by the end of the policy's inception year.

The insurance will terminate when there are no more persons covered by the insurance, employees eligible for the plan or beneficiaries. The insurance will also terminate if the insurance company has cancelled the policy.

Costs associated with the policy

Insurance costs or the grounds for calculating them are shown in the price sheet included in the offer. Enclosed with the insurance offer is a preliminary es-

timate of insurance premiums and the performance of savings, taking expenses into account.

The insurance company will charge expenses related to insurance premiums and insurance assets as specified in the technical bases and the price sheet. Management fees for investment vehicles are included in the value of each vehicle. Extra transactions will be subject to a separate charge.

Providing information on the insurance

The policyholder can check the content of the pension insurance available in the policy document and the status of savings available in the annual insurance statement.

All insurance mail to insured persons employed will be sent through the employer unless otherwise agreed. Insurance mail to those insured whose employment contract has terminated, or who have retired, will be sent to their home address. The policy document and annual insurance mail are available in Finnish and Swedish.

In addition, insured persons can review their information and change investment vehicles through our online service.

The beneficiary must file a written application with the insurance company for pension and other benefits arranged under the insurance. Pensioners are informed by mail of the beginning and end of insurance payments. They also receive an annual statement of pension benefits paid by OP Life Assurance Company Ltd and the related tax withheld.

Contractual changes

OP Life Assurance Company has the right to change the selection of investment vehicles used for the insurance and the transaction charges specified on the price sheet.

The company may change the insurance terms and conditions and other contract terms during the contract period on the grounds specified in the insurance terms and conditions.

Appeal

If you are dissatisfied with a decision made by the insurance company or with the performance of the insurance company or its representative, please contact the insurance company in the first instance to attempt to address the matter and submit any additional information you may have.

If you still disagree with the decision, you may submit your case to OP Financial Group's internal Customer Ombudsman by filling in a rectification request form on the op.fi/asiakasiamies website. The Customer Ombudsman process is independent of the previous decision and the fastest complaint-handling body.

OP Customer Ombudsman

Gebhardinaukio 1, FI-00013 OP

fax 010 253 2626

asiakasiamies@op.fi

If you do not find the Customer Ombudsman's decision satisfactory or do not wish to make your complaint through the Customer Ombudsman, you may contact the Finnish Financial Ombudsman Bureau (FINE). The Finnish Financial Ombudsman Service gives free advice and guidance to customers. FINE's Insurance Complaints Board, Investment Complaints Board and Securities Complaints Board also give dispute settlement recommendations in civil action cases. FINE does not handle a dispute pending in or already processed by the Consumer Disputes Board or a court of law.

FINE Finnish Financial Ombudsman Bureau

Porkkalankatu 1, 00180 Helsinki

Phone (09) 685 0120

www.fine.fi

The easiest way to submit a case is by an electronic contact form at www.fine.fi/tunnistaudu.html

A decision made by the insurance company can also be appealed according to the instructions enclosed with the decision to Helsinki District Court or in the case of private individuals, to the district court of their place of residence in Finland. An action must be brought within three years of the date when the party concerned learned of the insurance company's decision.

The insurance is issued by OP Life Assurance Company Ltd

OP Group Pension insurance is issued by OP Life Assurance Company Ltd, which is fully owned by OP Financial Group. The company is headquartered at Gebhardinaukio 1 Helsinki. Our postal address is P.O. Box 308, 00101 Helsinki. The company is entered in the Finnish Trade Register under Business ID 1030059-2. The solvency and financial condition report of OP Life Assurance Company Ltd is available on the op.fi website.

Customer service for insurance policies is mainly provided by OP cooperative banks acting as agents for the insurance company and Pohjola Insurance.

Insurance companies and their operations in Finland are overseen by the

Financial Supervisory Authority, P.O. Box 103, 00101 Helsinki

Tel. 010 831 51.

Personal data processing

OP handles customers' personal data in accordance with the legislation in force and in a manner described in greater detail in the Privacy Statement and the Privacy Policy. The client is advised to read the indicated privacy information.

The Privacy Statement and the Privacy Policy are available from OP cooperative banks and the op.fi service at op.fi/dataprotection.

OP may store information related to customer transactions and events and record telephone conversations. Such recordings may be used for purposes specified in the Privacy Statement and the Privacy Notice.

Insurance sales commissions

OP Life Assurance Company Ltd will pay the agent a percentage-based fee for any insurance premium received for sold insurance policies and for refunds received for management fees related to the investment vehicles covered by the insurance policy.

About the insurance agent

The intermediary has been entered in the insurance intermediary register maintained by the Financial Supervisory Authority. The registration can be checked with the Financial Supervisory Authority, which also oversees insurance intermediaries. Anyone dissatisfied with an agent may turn for help to the same boards etc. as in connection with appeals above. OP Life Assurance Company Ltd is a life insurance company wholly owned by OP Financial Group. The insurance agent does not sell policies other than personalised pension insurance policies issued by OP Life Assurance Company Ltd. OP Life Assurance Company and the agency's holding of each other's votes or capital does not exceed 10%.

Additional information

Please ask your company's contact person for more information about OP Group Pension Insurance and request an offer.

If your company does not yet have a contact person, contact your local OP cooperative bank or call 010 252 7930 and ask for more information. You can also email us at REtarjoukset@op.fi.

Further information is also available at op.fi.

OP Life Assurance Company Ltd, Business ID 1030059-2
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Domicile: Helsinki, main line of business: insurance
Regulatory authority: Financial Supervisory Authority, www.fiva.fi

