

OP-Pohjola Group  
Corporate Social Responsibility  
Report 2011







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*As to economic responsibility, we refer to OP-Pohjola Group's electronic Annual Report, the Report by the Executive Board and the Financial Statements 2011, which are available at <http://www.op-pohjola-annualreport.fi/2011/en/>.*

At OP-Pohjola Group, corporate social responsibility is based on our strong cooperative values, in which the roles of customer and owner are united. Our mission is to promote sustainable prosperity, security and wellbeing.



## Executive Chairman's Statement

At OP-Pohjola Group, corporate social responsibility is based on our strong cooperative values, in which the roles of customer and owner are united. Our mission is to promote sustainable prosperity, security and wellbeing.

At the end of 2011, we signed the Global Compact, thereby committing ourselves to embedding its principles in our operations. The long-term strategic goal of OP-Pohjola's corporate social responsibility is to be an industry pioneer in Finland. Our CSR measures encompass economic, social and environmental responsibility.

In 2011, our sector was challenged by the unstable economic climate in Europe. On several occasions during the year, OP-Pohjola Group initiated discussions on the situation in Europe and possible solutions. As Finland's leading financial services group, we feel the need to take responsibility for the reliability of our country's financial infrastructure. Open and transparent discussion is part of that.

In our own operations, we have ensured appropriate capital adequacy and competent risk management. In 2011, we raised our long-term capital adequacy target (Core Tier 1) to 15 per cent, whereas at the end of the previous year it was 14 per cent. We have continuously increased our market share of corporate financing since the 2008 financial crisis, and our share of corporate and institutional loans stood at 29.7 per cent at the end of 2011.

In 2011, we built a firm foundation for our new Corporate Social Responsibility Programme, made progress in reporting by applying the GRI Guidelines, and defined the importance of corporate responsibility to our business. Our operational target is to make corporate responsibility an integral part of our operations. We have decided that:

- OP-Pohjola Group will step up its efforts to develop responsible products and services. Responsible financing, investing and non-life insurance practices will be continuously improved. Environmental and social responsibility will be taken into account across the value chain.
- OP-Pohjola Group is a responsible employer that supports staff development and wellbeing. We have in-depth knowledge of CSR, and our expertise is valued by our stakeholders.
- As Finland's leading financial services group, OP-Pohjola bears responsibility for the reliability of the country's financial infrastructure. Being a Group owned by our customers, we focus on the promotion of financial literacy.
- Our CSR communications are open and transparent. Active interaction with stakeholders is a natural way for OP-Pohjola Group to develop a pioneering approach to CSR.

Advancing the security of banking and insurance services will continue to play a key role in our corporate responsibility efforts. We also believe that new responsible product and service innovations will be in demand. We need to secure expertise in economic, social and environmental responsibility throughout our organisation. Our new strategy, currently under preparation, is also a good example of how we can influence the development of CSR in our Group, through intensive engagement.



Reijo Karhinen, Executive Chairman

## OP-Pohjola Group in Brief

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

The Group is made up of some 200 independent member cooperative banks and OP-Pohjola Group Central Cooperative which they own, including its subsidiaries and closely related companies. Group's operations are based on the cooperative principle – cooperation and sharing the fruits of success with everyone. OP-Pohjola's mission is to promote the sustainable prosperity, safety and wellbeing of its owner-members, customers and operating regions. Our long-term customer-centred approach also enables continuous renewal. We develop our services and products to meet our customers' needs.

### Group member banks

A Group member cooperative bank is owned by its customers. It is an independent, local deposit bank engaged in retail banking within its region. Its operations rest on a customer-oriented approach. In terms of

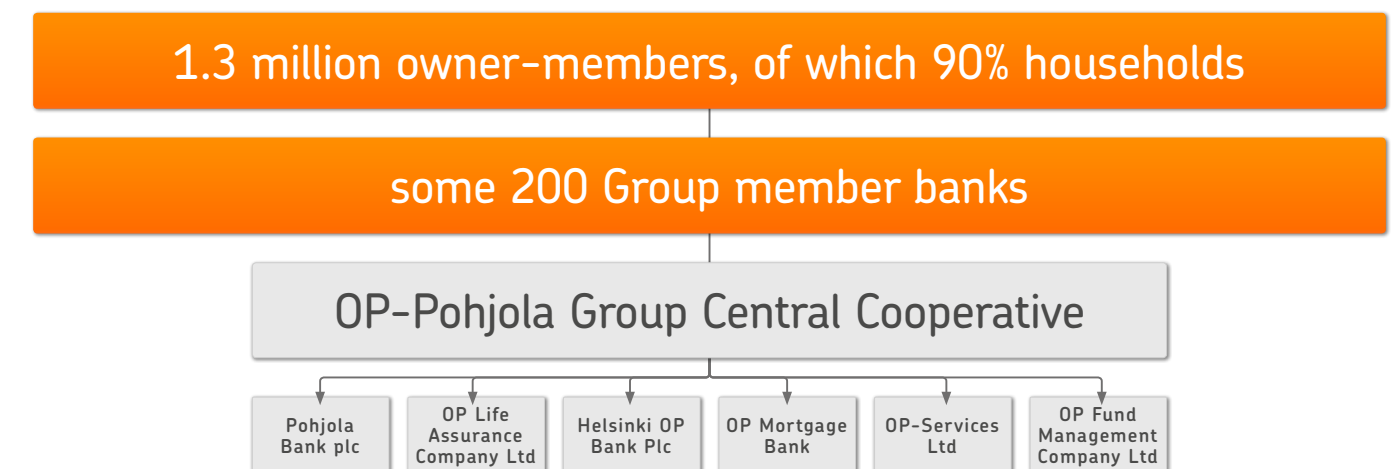
their corporate form, they are cooperatives where each owner-member has one, equal vote. Thanks to this, Group member banks cannot be purchased and decision-making powers remain with the owner-members.

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

### OP-Pohjola Group Central Cooperative

OP-Pohjola Central Cooperative is the central institution of the amalgamation of the cooperative banks. The cooperative's members are the amalgamation's deposit

OP-Pohjola Group's structure



banks and other credit institutions. By virtue of Laki talletuspankkien yhteenliittymästä (Act on the Amalgamation of Deposit Banks), the central institution has both the right to control its credit institutions and the obligation to supervise their operations.

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

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

### Pohjola Bank plc

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

Acting as OP-Pohjola Group's central bank, Pohjola manages the Group's liquidity and international operations. Pohjola's A-shares are listed on NASDAQ OMX Helsinki. There are around 34,000 shareholders.

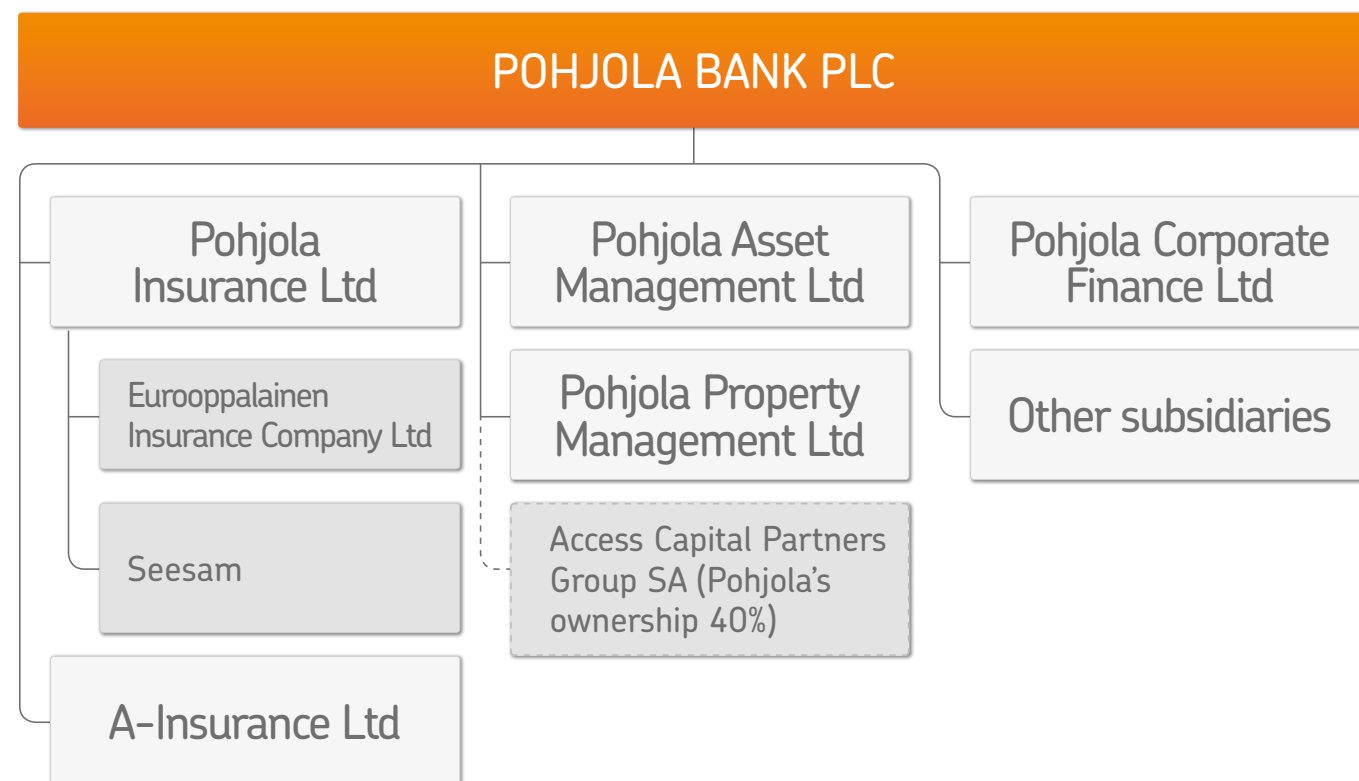
Pohjola Insurance Ltd is a subsidiary of Pohjola Bank plc. It engages in non-life insurance operations in Finland, offering comprehensive insurance cover for private, corporate and institutional

customers. Pohjola Bank Group's non-life insurance operations comprise not only Pohjola Insurance but also A-Insurance, Eurooppalainen Insurance Company, and Seesam company operating in the Baltic countries.

### OP-Services Ltd

OP-Services Ltd – a subsidiary wholly owned by OP-Pohjola Group Central Cooperative – develops and implements state-of-the-art solutions for the financial sector. It also ensures the performance and quality of such solutions. OP-Services Ltd is in charge of the development, production and maintenance of the Group's products and services. It provides Group companies with business development and ICT services, and services for business process management. For example, the company ensures that online and Contact Centre services perform well. It also sees to the smooth operation of banking and investment services, and the production of various materials.

Pohjola Bank plc's structure





Corporate social responsibility is responsibility for the economic, social and environmental impacts of business operations. The financial sector also plays a key role in promoting the stability of the whole of society.

Economic responsibility encompasses both ensuring the economic sustainability of an organisation's operations and taking account of the economic impacts on the organisation's stakeholders.

Social responsibility includes taking care of employee wellbeing and competence development, respecting human rights, product liability and consumer protection issues, and fair business practices in the corporate network, as well as in relations with society and local communities.

Environmental responsibility, in turn, refers to responsibility for the ecological environment. It covers the reduction of an organisation's environmental impacts, as well as taking account of the environmental impacts of the whole value chain.

OP-Pohjola Group uses the term 'corporate social responsibility' (CSR), since this encompasses all of the impacts of our operations. Responsibility is an integral part of OP-Pohjola's values and strategy, and the Group is committed to promoting CSR in its business.

Economic and social responsibility have long traditions in the history of OP-Pohjola, and CSR is deeply embedded in its operations and day-to-day activities in Finland. The Group's strategic goal is to be a pioneer in CSR in the Finnish financial sector. OP-Pohjola collaborates with various stakeholder groups in assessing the importance of CSR to its stakeholders. Daily activities are guided by OP-Pohjola's Corporate Social Responsibility Programme and Code of Business Ethics.

The focus areas of the CSR Programme are a local presence and society, ethical business, responsible products and services, stakeholder responsibility and environmental responsibility.

OP-Pohjola respects and complies with the principles of economic, social and environmental responsibility recognised internationally in the sector. OP-Pohjola Group has signed the UN Global Compact, and OP Fund Management Company and Pohjola Asset Management have committed to the UN Principles for Responsible Investment.

1.1 Key Impacts, Risks and Opportunities

From the perspective of corporate social responsibility, key global trends are population growth, climate change and the rise of responsibility awareness among consumers. These have implications for all business operations.

Weakening of growth prospects in the global economy, uncertainty related to management of the European debt crisis, and changes in industry regulations are setting demands on the responsibility exercised by banks and insurance companies. Promoting financial stability and ensuring the reliability of the financial market infrastructure are of the utmost importance.

Banks and insurance companies also play a special role in society and bear responsibility for building the nation's wellbeing. The foundation of banking operations is formed by the property entrusted to banks by customers, especially their deposits.

Furthermore, banks and insurance companies have indirect responsibility for their customers' finances. They should provide guidance and advice in cases of over-indebtedness, preparing for damage and asset management.

The industry is well regulated, and responsibility is an integral part of the corporate governance, risk management and compliance of banks and insurance companies. In the future, responsibility will

receive even more emphasis in banking, investment and insurance services. Development of responsibility will also open up opportunities for new competitive financial products.

Corporate social responsibility is an inherent part of OP-Pohjola's mission, which is to promote the sustainable prosperity, safety and wellbeing of its owner-members, customers and operating regions. Responsibility is also one of the Group's values, according to which OP-Pohjola operates locally, regionally and nationally as an ethically responsible company.

Materiality Assessment

OP-Pohjola conducted a CSR materiality assessment in 2011 to identify the responsibility expectations of stakeholders and to analyse their impact on business operations. In this assessment, stakeholders evaluated the materiality of general CSR aspects to OP-Pohjola's operations. This online survey was answered by representatives of private and corporate customers, administration, personnel and other external stakeholders. The stakeholder survey was completed by 408 people.

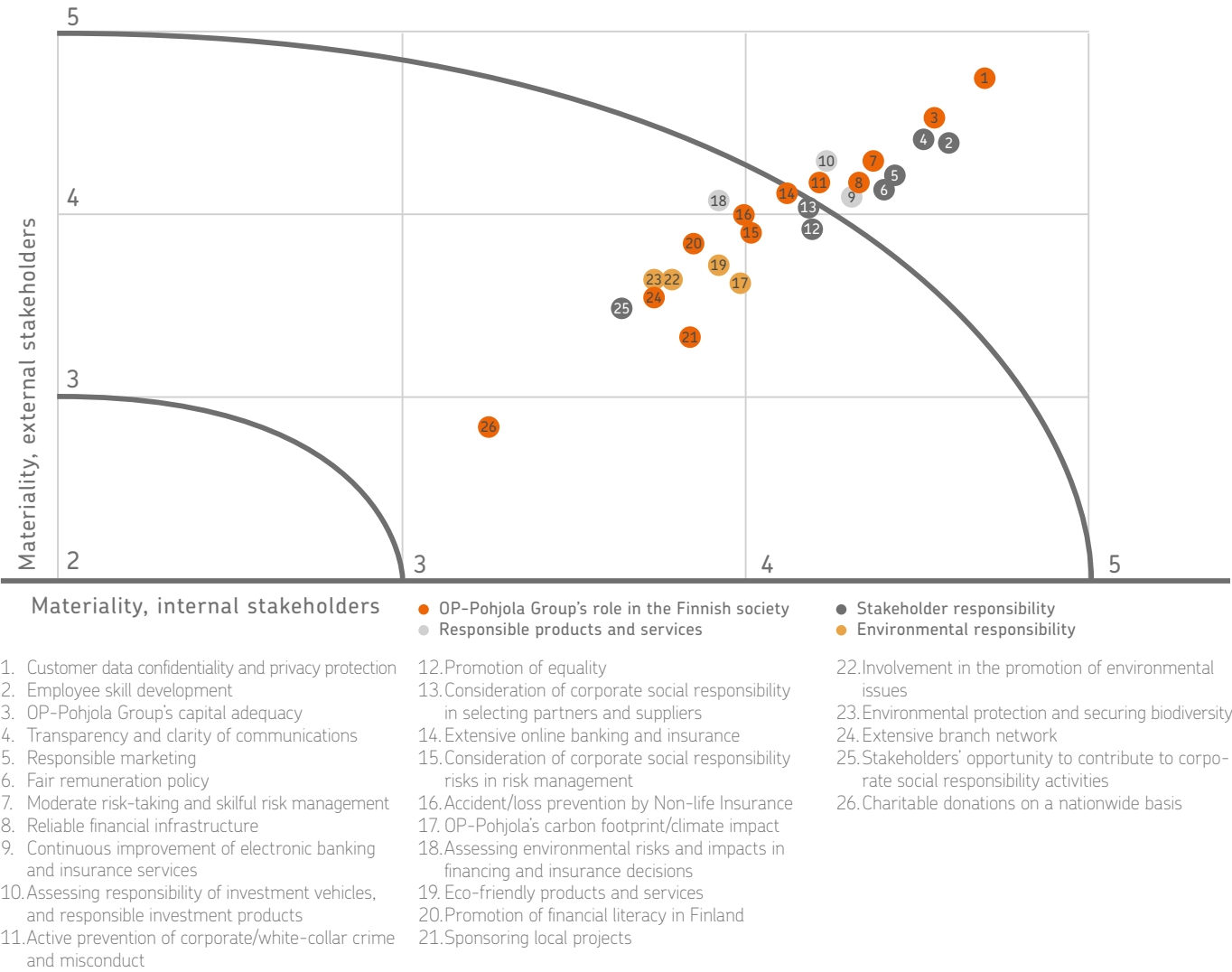
In the survey, CSR aspects were divided into four areas: OP-Pohjola's role in the Finnish society, responsible products and services, stakeholder responsibility and environmental responsibility.

Results of the Materiality Assessment

On the basis of the stakeholders' responses, OP-Pohjola's most important CSR aspects are customer data confidentiality and privacy protection, employee skills development, the Group's capital adequacy, and transparency and clarity of communications.

Other CSR aspects deemed material to OP-Pohjola's operations were responsible marketing, fair remuneration policy, moderate risk-taking and skilful risk management, a reliable financial infrastructure, continuous improvement of electronic banking and insurance services, and assessing the responsibility of investment vehicles.

OP-Pohjola's materiality matrix



In addition to materiality assessment, stakeholder representatives were asked to provide their views on OP-Pohjola's corporate social responsibility. More than 500 free-form responses were received, demonstrating stakeholders' keen interest in the subject. The responses emphasised local social responsibility and how responsibility is naturally integral to the cooperative mode of organisation and the opportunity to be a pioneer. On the other hand, respondents also expected more concrete measures and proof of action. The results of this assessment support OP-Pohjola Group's approach, in which

CSR is being developed as an integral part of business operations.

The assessment results have been used in determining the focus areas and measures of the Group's Corporate Social Responsibility Programme. In future, stakeholder feedback will be systematically utilised in the development of OP-Pohjola's responsibility activities.

CSR development always has an impact on business. In companies, these effects take the form of business risks and opportunities. For OP-Pohjola, business

opportunities are related to product and service development and new product innovations. Through CSR measures, the Group can make even more of a contribution to the creation of financial prosperity at local, regional and national level.

The reliability of financial infrastructure in all circumstances, protection of customer data, prevention of corporate/white-collar crime and misconduct, and extreme weather conditions due to climate change are examples of risks affecting business operations. At OP-Pohjola, managing these



risks is integrated into the Group’s risk management, corporate governance and compliance activities.

1.2 Corporate Social Responsibility Management

At OP-Pohjola, corporate social responsibility is based on cooperative values, robust capital adequacy and skilful risk management. Strategic CSR management is the responsibility of OP-Pohjola Group Central Cooperative’s Executive Board. Operational measures are defined with reference to the Corporate Social Responsibility Programme.

Implementation of the CSR Programme is controlled by a steering group, which comprises representatives of the Group’s

business divisions, the central institution and member banks. Responsibility for practical CSR activities lies with the Boards of Directors and Executive Boards of Group companies, which implement corporate social responsibility in accordance with their own decision-making processes. Measures are carried out as part of business management throughout the Group. In the OP-Pohjola Group Central Cooperative’s Executive Board, CSR falls within the Chief Communications Officer’s area of responsibility.

OP-Pohjola Group’s corporate governance

In their decision-making and corporate governance, OP-Pohjola Group and its central institution, OP-Pohjola Group

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

Taking into account the specific characteristics of the cooperative system, The Group’s Corporate Governance

	2011	2010	2009
Capital adequacy ratio under the Act on Supervision of Financial and Insurance Conglomerates	1.80	1.70	1.58
Customer service performance reliability (%)	99.78	99.89	99.87
Support for local projects (€ million)	3.3 <sup>1</sup>	2.1 <sup>1</sup>	1.8
No. of eBills/eInvoices received by private customers (1,000)	2,955	2,315	1,479
Customer satisfaction, private customers (scale 1–5)	3.9	4.0	4.0
Bonuses to owner-members (€ million) <sup>2</sup>	163	151	142
Share of member banks with Representative Assembly of all member banks (%)	71	67	65
Job satisfaction (scale 1–5)	3.9 <sup>3</sup>	3.9	3.8
Average retirement age	61.5	61.3	60.4
Our carbon footprint (tonnes CO <sub>2</sub> ) <sup>4</sup>	34,990	28,318	28,057
Green Office Label, no. of employees	2,550	2,422	2,420

<sup>1</sup> Furthermore, in 2010 OP-Pohjola Group decided to donate 3.6 million euros to Finnish universities, with the payments being made in 2010–11

<sup>2</sup> Accrued bonuses

<sup>3</sup> Since the personnel survey’s structure changed in 2011, the previous scores are not comparable.

<sup>4</sup> Scope 1 and 2

Corporate Social Reponsibility Programme

Responsibility

People-first approach

Prospering together



Local presence and society

Sustainable prosperity  
Wellbeing and security on a local and nationwide basis



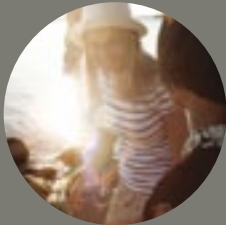
Environment

Reducing environmental impacts of our operations



Ethical business

Code of Business Ethics  
Updates of guidelines and principles



Stakeholder responsibility

Stakeholder engagement  
Responsibility for customers  
Responsibility for employees  
Modernisation of administrative communication



Responsible products and services

Responsible investing  
Responsible lending  
Product and service innovations



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

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

Read more about corporate governance at OP-Pohjola Group and Pohjola ([www.op.fi](http://www.op.fi) and [www.pohjola.fi](http://www.pohjola.fi)).

**OP-Pohjola's CSR policy definitions:**

- OP-Pohjola Group will step up its development of responsible products and services and engages in ongoing efforts to improve responsible financing, investment and non-life insurance practices. Environmental and social responsibility is taken into account across the value chain.
- Being a responsible employer that supports staff development and wellbeing forms an integral part of OP-Pohjola Group's policy. We have in-depth knowledge of CSR, and our expertise is valued by our stakeholders.
- Active interaction with stakeholders provides OP-Pohjola Group with a natural way of developing a pioneering approach to CSR. As Finland's leading financial services group, OP-Pohjola bears responsibility for the reliability of the country's financial infrastructure. Being a Group owned by our customers, we strive to promote financial literacy in all of our target groups.
- Our CSR communications are open and transparent.

OP-Pohjola systematically develops management practices related to corporate social responsibility. As part of the Group's financial reporting, OP-Pohjola monitors CSR development and provides regular reports on the results.

**OP-Pohjola's Corporate Social Responsibility Programme**

Corporate social responsibility has been part of OP-Pohjola Group's business operations in the 21st century. The planning of the Corporate Social Responsibility Programme began in 2010, with a workshop attended by experts from all over the Group. In 2011, the contents of the programme assumed a more concrete form with the performance of a materiality assessment. On the basis of this assessment, OP-Pohjola Group Central Cooperative's Executive Board defined the Group's CSR policy. In the future, the programme will also support the Group's annual planning. Businesses in the Baltic countries will join the programme later.

In 2011, cooperative banks' annual planning was supported by a joint pilot, the outcome of which was a workbook on cooperative banks' corporate social responsibility. The aim of this workbook is to concretise the significance of corporate social responsibility in business management at cooperative banks.

KPIs describing the operations were created for the CSR Programme and cooperative operations. GRI reporting was also initiated during the year. Its practices were described and GRI performance indicators for OP-Pohjola Group established, in line with the Financial Services Sector Supplement. In late 2011, OP-Pohjola Group signed the UN Global Compact.

Responsible investment, financing and insurance were deeply embedded in business management in 2011. Creation of ethical guidelines for subcontracting was initiated as part of the development of purchasing activities. The aim is to set CSR requirements for suppliers and subcontractors. An online course on the Group's Code of Business

Ethics was planned in 2011 and will be offered in 2012.

In 2012, the key focus areas in corporate social responsibility will be data security in banking and insurance services, strong capital adequacy and skilful risk management. In addition, as part of its business management OP-Pohjola will develop responsible investment, financing and insurance operations.

CSR training and skills development, especially awareness of the Code of Business Ethics and responsible business management, will be important priorities in 2012. In addition, the Global Compact's principles will be promoted among employees, and the Green Office system will be used to make environmental matters more firmly rooted in OP-Pohjola's corporate culture. OP-Pohjola seeks to differentiate itself by offering responsible banking and insurance products and services.

**Stakeholder Engagement**

Responsibility cannot be defined by organisations alone; it is closely related to the needs of stakeholder groups. Stakeholder engagement is deeply embedded in OP-Pohjola's cooperative business model and philosophy.

When a company is owned by its customers, recognising their needs and understanding their expectations is easier. Due to OP-Pohjola being a cooperative business, it has direct communication channels with its important stakeholders, such as customers and administrative members. These channels can be effectively used to maintain ongoing dialogue.

The UN has designated 2012 as the International Year of Cooperatives. OP-Pohjola Group's representatives have been actively involved in planning for this on the Finnish advisory board for cooperative business (Osuustoiminnan neuvottelukunta), the working group on the year of cooperatives and the European Association of Co-operative Banks (EACB).





OP-Pohjola has prepared for the year by producing an online course on cooperative business for personnel and administration and an electronic newsletter for administrative members. As part of the Group's business measures, the aim is to continue the modernisation of cooperative communications in 2012.

#### International Commitments

At the end of 2011, OP-Pohjola signed the Global Compact, which binds the Group to comply with the UN's ten principles in the areas of human rights, labour, the environment and anti-corruption. Within their spheres of influence, the Global Compact initiative asks companies to embrace, support and enact these core values.

Created in 1999, upon the initiative of the then UN Secretary-General Kofi Annan, the Global Compact's principles are derived from and are therefore in harmony with the following universal principles:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work

- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

By signing the initiative, OP-Pohjola has brought its CSR activities within the framework of international corporate social responsibility. The initiative also supports the implementation of the Group's CSR Programme and Code of Business Ethics.

In 2009, Pohjola Asset Management Ltd and OP Fund Management Company Ltd were among the first Finnish companies to sign the UN Principles of Responsible Investment (UN PRI), thereby committing to adherence to these principles in their operations. In addition, both companies have signed the international investor-based Carbon Disclosure Project initiative, which encourages companies to engage in better reporting on climate change-related issues, through more-established methods. These companies are also involved in the Water Disclosure project, in which organisations are urged to take account of water use and availability in their operations.



An investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact



## 2 Corporate Social Responsibility Themes





OP-Pohjola Group’s CSR Programme is built around five themes and their respective KPIs.

The Local Presence and Society theme draws attention to the Group’s operations alongside stakeholders at local and regional levels. It also takes account of OP-Pohjola’s position in Finland’s financial infrastructure.

Stakeholder Responsibility encompasses stakeholder engagement and matters affecting employee and customer satisfaction.

Responsible Products and Services covers the principles for responsible investment, as well as the responsibility of the banking and insurance services and products offered by OP-Pohjola.

The Ethical Business theme concerns the Code of Business Ethics and its implementation within the Group.

The Environment theme deals with the environmental impacts of the Group’s operations.

2.1 Local Presence and Society

OP-Pohjola Group’s firm roots in the Finnish society are reflected in the Group’s core values and corporate practices. Strong capital adequacy, skilful risk management and good governance form the foundation of OP-Pohjola’s corporate social responsibility. The Group contributes to regional vitality, while building long-term trust with stakeholders.

OP-Pohjola boasts Finland’s largest network of banking and non-life insurance services. This means that customers have equal access to services wherever they live. With its 532 locations across Finland, OP-Pohjola is well-placed to engage with local communities and customers. The Group also provides customers with a wide range of Web-based banking and insurance services.

Responsibility for Finnish Financial Infrastructure

OP-Pohjola’s values, type of business organisation, capital adequacy and skilful risk management form the basis for the

Group’s responsibility. Robust capital adequacy provides stability in the event of unforeseeable industry developments and enables growth, even in difficult times. Furthermore, solid finances create a good foundation for bearing environmental and social responsibility.

OP-Pohjola sees the financial sector playing a key role in the growth and prosperity of the national economy, as well as in creating and providing fundamental services and opportunities for citizens, companies and organisations, in economically challenging times as well.

The purpose of capital adequacy management is to secure OP-Pohjola Group’s risk-bearing capacity and ensure that the Group’s operations are not jeopardised over the long term. The Group’s capital adequacy is on a very solid basis in terms of both the ratio under the Act on the Supervision of Financial and Insurance Conglomerates and the ratio under the Act on Credit Institutions.

OP-Pohjola Group carries out regular stress tests of various types to ensure the continuity of its operations. In the EU-wide stress tests conducted by the European Banking Authority (EBA), OP-Pohjola Group’s Banking capital adequacy was very strong, as expected.

The key regulatory changes of the Basel III reform for financial institutions will impose more stringent capital adequacy requirements, introduce new regulatory

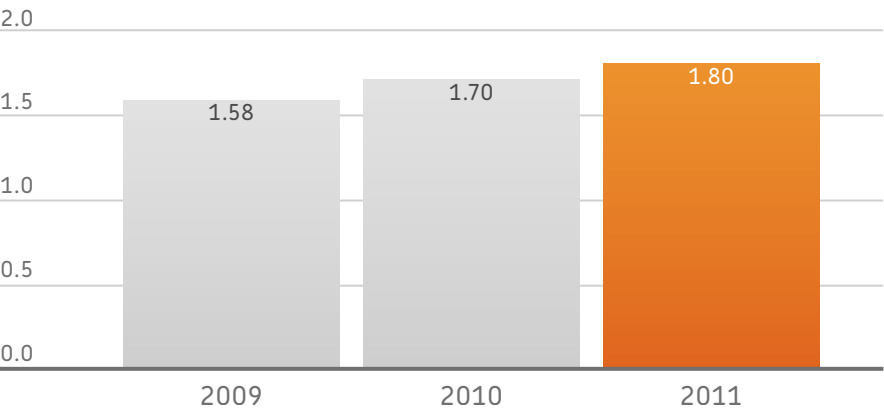
requirements on bank leverage and involve increased regulation in the field of liquidity and financial risk exposure. Meanwhile, the new Solvency II reform will involve major changes in the solvency measurement of insurance companies. Within the banking and insurance business, the regulatory framework governing the capital adequacy and solvency is being specified on an ongoing basis to be in line with market changes, and the related regulations have undergone changes at intervals of a few years. OP-Pohjola Group is active in preparing for the upcoming, new regulatory framework.

More detailed information on capital adequacy can be found in OP-Pohjola Group’s Financial Statements available at op.fi.

The Group’s basic lending principles were not changed in 2011. The weaker economic climate has not affected the number of non-performing loans and credit losses, which has remained small.

**Development of Transaction Channels**  
Responsibility at OP-Pohjola involves the development of transaction channels in order to meet customers’ new and increasing needs. The Internet has considerably increased in importance as a transaction channel – the OP online service has been continuously developed to provide customers with comprehensive, high-quality online banking and insurance services. When redesigning the online service in 2011, the emphasis was on making it easy to use, personal and

Capital adequacy ratio under the Act on the Supervision of Financial and Insurance Conglomerates



customer-oriented. The revamped service provides customers with an overall view of their banking and insurance activities.

In addition to private customers, thanks to a dedicated Web service the transactions of non-life insurance corporate customers were also simplified. An online service for micro and small businesses was piloted in a few locations in 2011. The goal is to offer more services in the future, on the basis of the experiences gained.

The popularity of online transactions was reflected in a sharp increase in the number of Web service users (e.g. insurance declarations and payment services) and steadily growing interest in online bank statements and e-invoices. A future aim is to further improve access to electronic services for all customers, and to encourage customers to use these services and provide the necessary guidance. In addition, a new service called ‘OP Mobile’ was introduced in 2011 to offer customers an easy way of conducting their banking transactions via a smartphone.

OP-Pohjola Group pays particular attention to contributing to the reliability of financial infrastructure. This involves securing the reliability of the Group’s own operations, including payment transfers and IT system maintenance.

Data security and the provision of reliable services to customers play a crucial role in the Group’s responsible business operations. In addition to the service range, security issues are continually emphasised in the development of online and mobile services. Preparations are made to counter cybercrime, and new security features are introduced as threats increase.

Case: Ensuring Data Protection

In 2011, further payment confirmation was introduced to the OP online service. This is a security solution that offers customers enhanced security against any malware that may have infected their computers. Further confirmation is intended to make the customer aware of any abuses related to online payment transactions. If a transaction seems unusual, the data transferred to the bank is forwarded to the customer’s mobile phone. The customer must then check the authenticity of the payment before it can be confirmed through the online service.

The idea of further payment confirmation is to protect customers’ assets from criminals and to ensure the reliability of online payment transfers, which are essential in today’s society. Anti-cybercrime activities are conducted by operators engaged in online business, the police and other authorities. According to security professionals, the fact

that further payment confirmation works via SMS sent to a mobile phone, thus requiring two channels, makes it one of the safest solutions available for defeating malware. Banking customers were asked to test the usability of the service during the design and development stages.

Further payment confirmation has already proved useful. As more experience is gained, payment confirmation and other security solutions will be further developed. Constant efforts will be made to ensure the security of customers.

Local and Regional Projects with Stakeholders

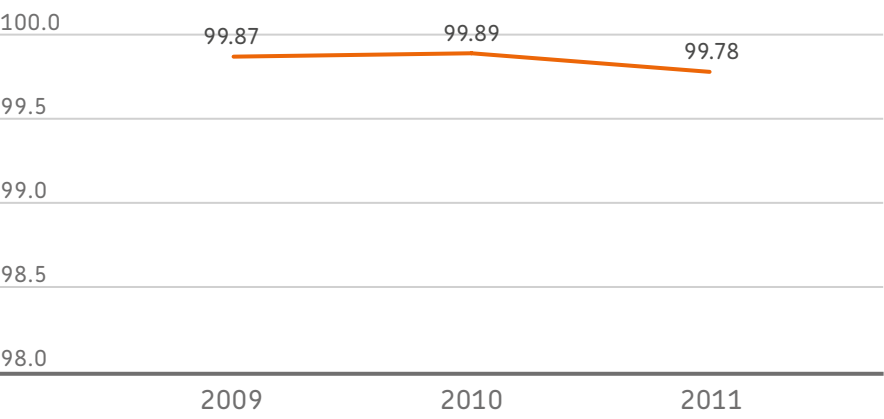
A key element of OP-Pohjola’s Corporate Social Responsibility Programme is local and regional projects. Their aim is to support wellbeing and vitality all over Finland.

Member banks organise a wide variety of local events and projects across the country. Examples include a project aimed at creating summer jobs for young people initiated by Valkeakosken Osuuspankki and a Facebook campaign by Tampereen Seudun Osuuspankki, implemented in cooperation with Syli ry, an association of parents of children with cancer. An example of a local environmental project is the Vesijärvi project of Päijät-Hämeen Osuuspankki, which raises funds to save Lake Vesijärvi and other, small lakes in the region.

In 2010, OP-Pohjola decided to donate over EUR 3.6 million to Finnish universities. These donations were made in 2010 and 2011, and both the central institution and cooperative bank federations (regional cooperation organisations of member banks) were involved.

Member banks provide local and regional support for educational institutions and various environmental projects. In 2011, several local events were organised under the theme of financial literacy, for instance. Many cooperative banks also support local sports activities and there is a long tradition of organising children’s HIPPO skiing contests and other sports events. A major event is the cooperative banks’ annual international arts competition for children,

Customer service performance reliability, %<sup>1</sup>



<sup>1</sup> Trouble-free availability of key business systems vis-à-vis total service time

organised in cooperation with visual arts teachers and the Finnish National Board of Education.

Case: Corporate Social Responsibility of Cooperative Banks – a Pilot Project

A workbook on cooperative banks' corporate social responsibility was compiled in 2011 in a pilot project with six member banks, as part of OP-Pohjola's Corporate Social Responsibility Programme.

The aim was to provide banks with practical solutions and models in support of stakeholder cooperation, sustainable development and, thereby, sustainable business success, as well as to support the creation of ethical business guidelines. The workbook is intended as a practical tool for implementing, monitoring and documenting CSR solutions suitable for each bank.

The workbook takes account of the five themes of OP-Pohjola's Corporate Social Responsibility Programme. Member banks can assess their position with reference to stakeholder responsibility, local presence and society, products and services, ethical business and environmental matters. The idea is that banks will integrate the workbook on cooperative banks' corporate social responsibility into their annual planning and, thereby, into their business and day-to-day operations.

Financial Literacy

As a Group owned by its customers, OP-Pohjola has a focus on promoting financial literacy and knowledge of the financial sector in Finland.

In 2011, OP-Pohjola conducted a financial literacy survey to gain an understanding of how Finns rate their knowledge of financial matters and their financial planning and management skills. The survey results will be used in planning OP-Pohjola's Financial Literacy Programme. A similar survey will be carried out in 2012.

To promote financial skills and financial literacy, member banks have also organised local events for young people and senior citizens, as well as events on various

financial themes for private customers and companies. Start Days events, for example, have been held across Finland for as long as 12 years. Arranged by Pohjola Insurance and local cooperative banks, these events are targeted at people who are thinking of establishing or acquiring a business.

In 2012, OP-Pohjola is planning to intensify its work with schools, alongside select partners. The idea is to increase the awareness of financial business operations among students. Local work with schools is the responsibility of member banks, together with other OP-Pohjola Group companies. Forms of cooperation include student visits and theses, work placements and recruitment fairs. OP-Pohjola Group Central Cooperative is in charge of work with schools in the areas of product and service development and business-related research projects.

OP-Pohjola publishes the Chydenius magazine, whose mission is to provoke social discussion and present the views of prominent experts and policy-makers on the economy and the working world. The magazine is targeted at financial, political and corporate decision-makers, including those working in OP-Pohjola Group's administration. In addition to Chydenius, OP-Pohjola Group publishes a range of customer magazines for various target groups.

OP-Pohjola uses social media (Facebook and Twitter) to promote the Group's services and products and answer questions posed by customers. The idea is to increase interaction through new electronic channels of communication.

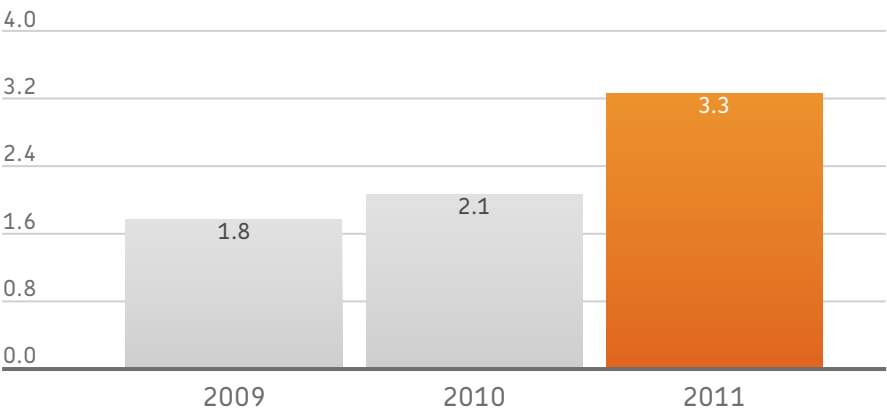
Case: Promoting Financial Literacy

As a result of economic globalisation and an increasingly complex operating environment, consumers have more need to understand the economy and financial matters. Research shows that many Finns are unsure about the state of their own finances.

Managing one's own finances is about listing all income and expenses, covering day-to-day living expenses and purchases, and about practical payment arrangements. As more property is acquired, more knowledge and skills are also needed to plan one's finances and make the best of the services available on the market.

OP-Pohjola's role in this is to help customers form a big picture and an idea of the future prospects of their finances and to provide the necessary financial advice. For this reason, all of the customer's banking and insurance issues are discussed at customer meetings.

Support for local projects, € million<sup>1</sup>



<sup>1</sup> Furthermore, in 2010 OP-Pohjola Group decided to donate 3.6 million euros to Finnish universities, with the payments being made in 2010–11

2.2 Stakeholder Responsibility

OP-Pohjola is there for its owner-members and customers. OP-Pohjola Group maintains an active dialogue with its various stakeholders. Stakeholder engagement is one of the Group's key CSR themes, alongside cooperation with customers and open communications.

Dialogue with Stakeholders

In 2011, communications on and engagement in the strategy process were revised. OP-Pohjola is promoting deeper involvement among employees and the administration in this process. The strategy process is now clearly more transparent than before. The intention is for dialogue to run through all stages of the process.

In autumn 2011, an online survey on the strategy was conducted within the Group, among employees and administrative members. The subject of the survey was the Group's identity in 2020.

Customers and partners have been taken into account in the background analyses for the strategy and in strategy work by, for example, utilising completed customer analyses and surveys, of which the materiality assessment was one.

OP-Pohjola Group emphasises transparency and responsibility for its customers, by also engaging in active dialogue with the media. Through the member banks' strong local presence and the central institution's nationwide communications, OP-Pohjola Group is well connected with the entire

Finnish media sector. In journalist surveys carried out in Finland, OP-Pohjola Group is usually rated among the best Finnish companies.

An important element of stakeholder engagement lies in various projects and events throughout Finland. In addition to major nationwide projects, OP-Pohjola organises numerous local projects and events. In 2011, OP-Pohjola Group also participated in several fairs, of which the largest were the Housing Fair, Sijoitus-Invest 2011, Tax 2011, KoneAgria, the Forest Fair and a range of education and recruitment fairs.

Personnel

OP-Pohjola aims to be the financial sector's most attractive employer and one of the

Examples of national projects

Event	History	In 2011
<b>Future of Entrepreneurship</b> This workshop is targeted to SMEs and organised in cooperation with Kauppalehti business magazine and Balance Consulting. The Business Manager and Company of the Year awards are given in the workshop.	Organised annually since 2003. Participants: 450–600 people depending on the locality. In addition to the main workshop, smaller local events organised during the year.	The workshop was held in Helsinki and it was themed around current economic issues concerning Finland and Sweden.
<b>OP-Pohjola Week main celebration</b> The OP-Pohjola Week main celebration is an annual festive event intended for customers, administrative staff and other stakeholders. It opens the OP-Pohjola Week during which local Group member banks organise various events.	Organised annually since the 1960s and the locality changes every year. Participants: 400–700 people depending on the locality.	The OP-Pohjola Group Week main celebration was held in Mikkeli.
<b>OP-Pohjola Group Forest Day</b> This workshop is intended for forest owners and target groups interested in the subject. Forestry experts and elected officials gather together to discuss topical issues in the sector.	Organised annually since 1985. Participants: 300–700 people depending on the locality.	The workshop was held in Helsinki and its theme was titled "Forestry profitability in Finland".
<b>OP-Pohjola Group's Harvest Session</b> This workshop is intended for those engaged in agribusiness, with farmers in particular being the target audience.	Organised annually since 1975. Participants: 300–700 people depending on the locality.	The workshop was held in Pori and its theme was titled "Food supply chain strengths in Finland and elsewhere".
<b>OP-Pohjola Group Research Foundation theme day</b> Held in Helsinki, this annual workshop forms part of the activities of this scholarship foundation.	Organised annually since 1990. Participants: 200–250.	The workshop's title was "Europe in the melting pot – debt crisis, financial markets and economic growth".



most desired amongst major Finnish companies. Our strategic goal is to turn our management and employee wellbeing into a competitive edge. Business and service network development, employee competence enhancement, and staff numbers and structure are all based on the Group strategy.

Through its internal operations, the Group makes heavy, long-term investments in employee skills and leadership development, employee wellbeing, rewarding and promotion of equality. Employees are encouraged to develop their competence throughout their careers. OP-Pohjola's employer image in Finland is regularly measured and monitored.

Job satisfaction and employee wellbeing are actively monitored in a Finnish employee survey, which was revised in 2011 to be consistent throughout the Group. Topics covered by the survey include job motivation, commitment and supervisory work, in line with OP-Pohjola's principles of good management. On the basis of the survey results, operations are developed at work community, company and Group level.

Employee wellbeing is supported by moving the occupational health care focus towards preventive activities throughout the Group. In addition, supervisors are trained to identify risks related to working capacity. Good management of people of various ages in different life situations and cooperation between the generations are developed through the 'Good Age' programme.

At OP-Pohjola, employees have good opportunities for skills development. Future competence needs are explored during annual planning. Competence management within the Group is supported by uniform competence management tools. OP Academy supports the implementation of the strategy by offering a comprehensive selection of training events for people in various positions.

In personnel training, a special emphasis has been placed on sales and interaction skills. In management development, the focus has been on enhancing the supervisory skills of new supervisors,

as well as more widely on leadership through coaching. As a major employer in the financial sector, OP-Pohjola can offer its employees not only training, but also opportunities to develop their skills by transferring from one position to another.

A shared equality framework plan has been prepared for the Group, as a guide for equality planning in Group companies. Based on this framework plan, the companies draw up their own annual plans. An extensive equality survey is conducted at least every three years, with implementation of the annual plans monitored annually. Employees' experiences of equality are also studied annually.

Remuneration and rewarding at OP-Pohjola Group are guided by the Group's remuneration policy. Since the policy is available on the Group's intranet, employees are aware of the principles involved. Remuneration, incentive schemes and rewarding are developed actively with a view to the long-term, to ensure strong earnings performance, growth, competitiveness, motivation, commitment and the availability of new, competent employees. Here, the objective is competitive and transparent rewarding. Employees and employee representatives are engaged in active cooperation in the development of remuneration practices.

In 2011, the regulation of reward systems was tightened in the financial sector. Adjustments were made at OP-Pohjola to meet these new requirements. The metrics of OP Personnel Fund and management's long-term bonuses were also revised to render them consistent throughout the Group.

*Case: Interactive Skills Development*

In the future, fewer and fewer people will be working alone. In particular, good customer service will require intensive cooperation between various parties. For this reason, organisational citizenship and work community skills, in addition to leadership by coaching, became development priorities at OP-Pohjola in 2011.

The ICT organisation of OP-Services has created a new training project around

interactive skills and leadership by coaching. This idea originated in the ICT organisation's project to develop coaching for supervisors.

During planning, it became evident that coaching cannot be a one-way process. Brainstorming led to the creation of a programme for interactive training, piloted in the autumn at a unit of ICT Competence Centre. The aim of this training is to emphasise that everyone can affect their own goals and development. It is also highlighted that everyone can coach other people and promote mutual learning.

At OP-Pohjola, leadership by coaching has been implemented by offering training to all experts, in addition to supervisors. Working together produces the best results when the parties involved have the same level of knowledge and awareness of the fundamental ideas behind operations.

The pilots were carried out in 2011 and the overall project results will be presented in 2012. The first experiences were positive. Pilots and assessments will continue in 2012. The aim is to implement interactive coaching on a wide scale in other OP-Pohjola organisations as well.

**Owner-members and Shareholders**  
Every customer of a cooperative bank can become an owner-member of their bank. Owner-members can participate in the bank's administration and decision-making. Owner-members have major opportunities to have a say through the service network, feedback system and member banks' administration. Cooperative banks distribute OP bonuses to their owner-members to the extent they use the banks as their main bank and insurer, in accordance with the principles of cooperative business. Banking and insurance transactions accumulate bonuses, a certain number of which entitles a customer to become a bonus customer. Bonus customers receive benefits, such as discounts on the daily financial services package and insurance premiums. The bonuses paid out in 2011 totalled EUR 163 million.

Pohjola Bank plc has approximately 34,000 holders of series A shares. OP-Pohjola Group Central Cooperative owns 37 per cent and the

member banks 16 per cent of the shares.

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

Currently, more than 70 per cent of owner-members belong to banks that have a Representative Assembly. The target is to raise this figure to 90 per cent by 2017. Among the duties of the Representative Assembly is adoption of the bank's financial statements and balance sheet, as well as election of the Supervisory Board, which in turn elects the Board of Directors. The Representative Assembly is also a stepping stone to other administrative duties within the bank.

The Supervisory Board oversees the Board of Directors and managing director in the management of the cooperative bank and elects the Board of Directors. It also confirms the bank's principles of capital adequacy management. The Supervisory Board confirms the bylaws of the bank, which deal with matters of far-reaching and fundamental importance, as well as deciding on the division of duties between the managing director and Board of Directors. The Supervisory Board elects the Board of

Directors and, upon a proposal by the Board of Directors, the managing director.

The Board of Directors is the central decision-making body in a cooperative bank. It sees to the proper organisation of the bank's management and operations. To achieve continued success, the Board of Directors also ensures that the bank's business operations are systematic, efficient and profitable, adaptable to changes in the operating environment and well-managed in terms of risks.

Members of the banks' Boards of Directors have the opportunity to participate in a training event involving an in-depth discussion of cooperative banks' operations and objectives. Since 2011, members of the Boards of Directors and Supervisory Boards have also been able to take OP-Pohjola's online courses on cooperative and banking operations, for instance. In 2011, an electronic newsletter was launched for the members of these administrative bodies. This enables the fast provision of information on topical issues. In addition, those involved in the banks' administration can participate in the customer community's online activities.

*Case: Representative Assembly Elections Go Electronic*

The Representative Assembly of a cooperative bank is elected through democratic elections, in which any owner-member can be a candidate and every

owner-member has one vote. The aim is to increase voter turnout and improve democracy among members.

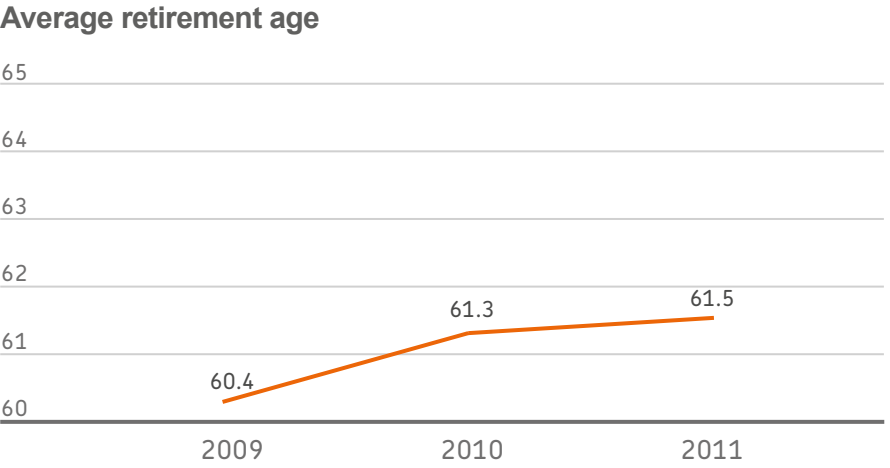
In 2011, web-based elections were piloted in two cooperative banks, Etelä-Karjalan Osuuspankki and Kainuun Osuuspankki, alongside postal elections. Owner-members were able choose whether to vote in the traditional manner by posting their vote in an envelope or to vote online. In the latter case they were directed from the OP online service to an external voting service. An online elections guide was also piloted to give all candidates an equal chance to introduce themselves. This helped voters to select the best candidate.

The pilots were a success, with more women and young people being elected to the Representative Assemblies. The composition of the banks' membership is now better reflected in the assemblies. OP-Pohjola Group companies have the mutual goal of growing the number of member banks' Representative Assemblies. A further aim is to simultaneously organise as many Representative Assembly elections as possible in 2013.

**2.3 Responsible Products and Services**

OP-Pohjola invests heavily in the development of responsible products and services, through continuous improvement of its operating models in the areas of responsible investment, financing and insurance. In product and service development, the aim is to ensure responsible operations throughout the value chain, from the perspective of both environmental and social responsibility. The Global Compact signed in 2011 obliges OP-Pohjola to comply with the principles under this initiative.

**Development of Electronic Services**  
OP-Pohjola offers a comprehensive range of electronic banking and insurance services. A local presence and responsibility are also emphasised in the use of electronic channels, since the extensive branch network guarantees personal support to customers as they begin to use these channels. Products must be user-friendly and take account of the individual needs of customers



of all ages living in different areas. Here, the aim is easy-to-use, intuitive products, as well as transparency and plain reporting. OP-Pohjola's solid capital adequacy and customer ownership ensure secure products and services to customers.

Most of OP-Pohjola's customers have replaced paper-based statements with online bank statements. Approximately three million online statements are sent to customers every month, while the number of statements sent by mail is less than a million. The online bank statement has been the default statement for all OP-Pohjola customers since the beginning of 2010; as few as

16 per cent now receive their statements on paper. During 2012, the aim is a further reduction in the number of bank statements sent by mail, by around 100,000 a month.

In 2012, an online balance statement will be introduced in the corporate online service, to reduce the number of paper-based bank statements mailed to companies.

The goal is to further raise the share of e-invoices. OP-Pohjola launched the e-invoice for corporate customers in 2003. E-invoices have been marketed to private customers since 2005. This makes OP-Pohjola Finland's first bank to

do so. The statistics for 2011 show that over 650,000 orders for e-invoices were made through the OP online service. OP-Pohjola expects that 60 per cent of customers registered with the online service will be using the e-invoice service by the end of 2015.

Corporate customers have also recognised the opportunity to increase efficiency presented by e-invoices, which have become part of the basic payment services package. In 2011, the Group's corporate customers sent and received approximately nine million e-invoices in all. Volumes more than doubled compared to the previous year.

OP-Pohjola recommends using the e-invoice service as a replacement for the Finnish direct debit system, which will end as a result of changes brought about by SEPA. As of the end of 2012, customers will be offered an easy way to transfer from direct debit to using e-invoices.

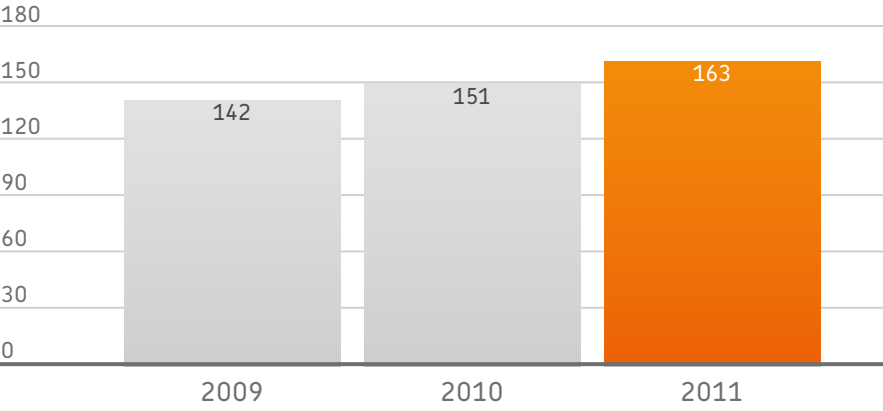
Mobile services are constantly growing in importance. For this reason, OP-Pohjola invested strongly in the development and provision of new services during the year. In spring 2011, OP-Pohjola established a new development unit in Oulu, with a special focus on the development of mobile services and electronic sales. In addition, the ICT organisation complemented its existing expertise by setting up a new unit in Oulu.

**Responsible Investment**

Responsible investment is a standard form of investment for OP Fund Management Company and Pohjola Asset Management. They were among Finland's first asset management companies to sign the UN Principles for Responsible Investment in 2009. Since then, both companies have developed responsible investment practices with even greater determination, and participated in wider development efforts in the sector.

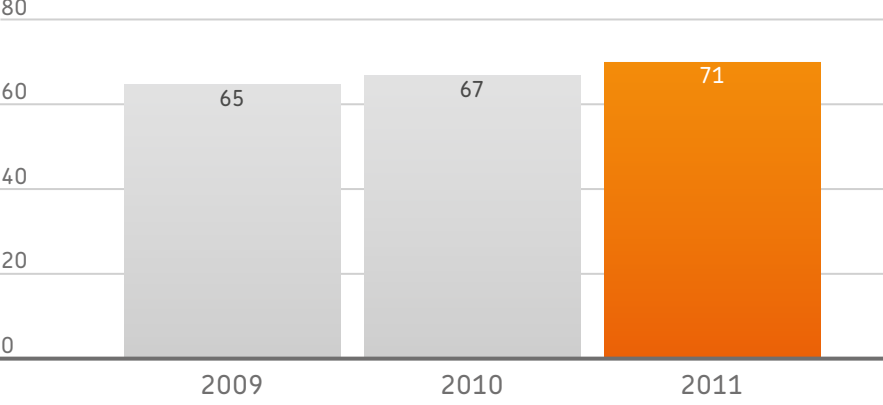
Assessing the sustainability of investments results in more sustainable business operations, thereby contributing to the realisation of investors' objectives. Responsibility analyses are performed by

**Bonuses to owner-members, € million<sup>1</sup>**



<sup>1</sup> Accrued bonuses

**Share of owner-members at banks with Representative Assembly of all owner-members, %**



Pohjola Asset Management's investment managers and analysts who make investment decisions daily. Pohjola Asset Management believes that, by working in this way, it can effectively involve understanding of critical environmental, social and corporate governance-related matters in decision-making.

Meetings between investment managers and the companies in which customers' funds have been or will possibly be invested form a key way of obtaining information on and assessing the sustainability of companies.

In 2011, discussions on corporate social responsibility were conducted in 83 meetings or through other forms of contact. These discussions can be broken down by subject as follows: the environment 61 per cent, social responsibility 16 per cent, and corporate governance 23 per cent. These figures include contacts with five companies in which OP Fund Management Company's and Pohjola Asset Management's stance on certain issues, mainly related to the code of governance of Finnish public companies, was addressed.

Implementation of corporate responsibility principles can increase the economic value of a company. Partners are therefore encouraged to conduct investment studies that include responsibility aspects, in addition to conventional financial analyses.

Pohjola Asset Management and OP Fund Management participated in the Carbon and Water Disclosure projects in 2011. The purpose of these projects is to encourage businesses all over the world to pay attention to the environmental impacts of their operations and to seek solutions to matters related to climate change and water consumption.

In 2011, OP Fund Management Company and Pohjola Asset Management signed a global statement of investors directed at the Climate Change Conference held in Durban, South Africa. The statement urged policy-makers to adopt national and international treaties and to take action to reduce emissions, promote sustainable economic growth and improve investors'

opportunities to participate in financing projects and finding solutions.

In 2011, OP Fund Management Company and Pohjola Asset Management were also actively involved in the activities of Finland's Sustainable Investment Forum (FINSIF). The purpose of this forum is to increase awareness of responsible investment. OP Fund Management Company and Pohjola Asset Management are FINSIF's founding members, and Pohjola Asset Management has been represented on its board since the very beginning.

**Positive Screening**

OP Fund Management Company and Pohjola Asset Management have not excluded certain industries or sectors from their investment range, as the aim is to approach matters from a positive perspective. Positive screening is particularly emphasised in the OP Climate Fund. This portfolio includes companies that will be in a good position as societies and businesses adapt their energy solutions and use of materials towards lower-carbon alternatives. Companies with water-related operations are also included in the portfolio, since climate change affects water consumption and availability. At the end of 2011, capital invested in the fund totalled EUR 49.6 million.

Active ownership is an integral part of responsible investment. OP Fund Management Company exercises the

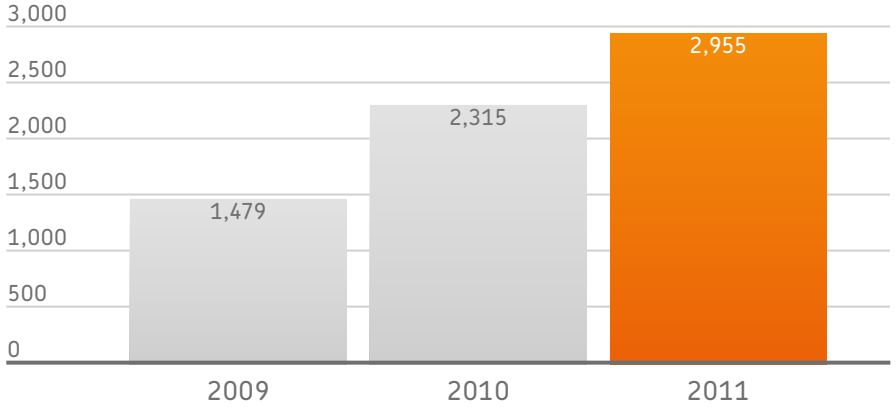
voting rights of the mutual funds managed by it, in accordance with the ownership policy approved by the company's Board of Directors. Pohjola Asset Management contributes to the practical implementation of OP Fund Management Company's ownership policy by actively participating in the general meetings of Finnish companies, in particular, under the authorisation of OP Fund Management Company. In 2011, OP Fund Management Company exercised its right to vote at 47 annual or extraordinary general meetings. Moreover, a representative of OP Fund Management Company was appointed to the nomination committees of two companies in 2011.

*Case: Responsible Investment*

The transport of people, raw materials and end products to the desired destination calls for a global logistics system. Typical transport options include road, air and sea transport, which are, almost without exception, dependent on fossil energy sources. According to the Intergovernmental Panel on Climate Change (IPCC), the logistics sector generates approximately 13 per cent of global carbon dioxide emissions. Due to rising energy prices and increasing pressure to reduce carbon dioxide emissions, logistics companies are required to draw up plans and take concrete action to cut down their emissions and energy consumption.

As part of responsible investment, attention must also be paid to environmental

**No. of eBills/eInvoices received by private customers, 1,000**





issues such as these. In 2011, Pohjola Asset Management's investment managers had meetings with several logistics sector companies. Examples of topics discussed were the measurement of and trends in the carbon dioxide emissions of sea transport companies, measures planned to reduce these emissions and the environmental impacts and energy use of road transport operators. Most companies have already prepared plans and initiated measures to tackle the above-mentioned concerns. They expect the solutions to lie in technological development, larger transport units and lower travel speed in sea transport, for instance.

**Responsible Banking Products and Services**

At OP-Pohjola Group, corporate financing is guided by ethical principles and guidelines for lending, which take account of social and environmental responsibility. In line with the Global Compact, OP-Pohjola is committed to promoting respect for human rights and fundamental principles and rights at work, environmental protection and anti-corruption activities.

Recognising, analysing and taking account of the environmental impacts of the projects financed is also important from the perspective of risk management. The recognition of environmental risks is included in OP-Pohjola's standard company analysis.

OP-Pohjola refrains from financing projects whose purpose, background or environmental impacts are insufficiently understood. In accordance with the Group's guidelines, lending is conditional on meeting the necessary official regulations and acquisition of the required permits and insurance policies. OP-Pohjola also instructs banks to verify that environmental risk management in companies receiving funding is sufficient and to find out whether changes are expected in environmental legislation that might result in investment needs and complicate operations. Furthermore, the history of the business operations should be examined, if there is reason to suspect that activities harmful to the environment have been carried out.

Pohjola finances overseas operations of Finnish companies. In addition to OP-

Pohjola's ethical guidelines for lending, assessment of environmental risk is part of the standard process of assessing a customer's creditworthiness. Where necessary, analyses are backed up by more in-depth assessments, conducted by independent third parties, of environmental risks and responsibilities related to individual customers. These assessments can be further expanded to cover the customer's social responsibility as a whole.

Pohjola's Investment Banking published the first ESG analysis of Finnish listed companies' corporate responsibility in 2011. This analysis examines how companies take account of environmental, social and corporate governance issues in their operations. These are called the ESG criteria (environmental, social, governance). Investment Banking's responsibility analysis currently covers all companies in the OMX Helsinki 25 Index, excluding Pohjola.

***Financing for Private Customers***

OP-Pohjola's guidelines for lending to private customers are based on responsible practices that take account of the customer's ability to repay the loan. A customer's risk is assessed holistically and lending is carried out with consideration to the Financial Supervisory Authority's lending recommendations and the customer's share of self-financing.

In loan negotiations, special attention is paid to the customer's ability to pay their debt, which is based on available income and risks associated with loan servicing. Topics discussed with the customer include the impact of an increase in interest rates on loan servicing costs and the loan period.

Careful assessment of the customer's ability to pay back the loan is mutually beneficial to the customer and the bank. An extensive financial services package allows OP-Pohjola to provide customers with essential information in support of decision-making and to offer customised comprehensive solutions from the Group's banking and insurance product range. Young customers in particular are assisted in managing their finances.

In line with OP-Pohjola's long-term perspective on operations, the best possible

loan arrangement is selected for each customer, depending on their life situation. If a customer is in financial difficulties, an appropriate solution is always sought together with the customer. The aim is to help customers and viable companies through difficult times.

***Case: Responsibility in Financing***

In 2011, Pohjola Bank plc and the Nordic Investment Bank (NIB) signed a contract for a EUR 50 million loan programme. This financing is targeted at investments made by Pohjola Bank to improve customer companies' energy efficiency, such as building projects for housing cooperatives and wastewater treatment in harbours. The purpose of environmental loans is to finance repair investments made by households and housing cooperatives to increase energy efficiency and reduce negative environmental impacts, as well as new construction projects. In order to create the sought-after environmental benefits, such projects are required to exceed building regulations.

Through lending, Pohjola and NIB support measures that reduce emissions into water and air and promote the use of environmentally friendly solutions in heating systems. This loan programme is an excellent example of how account can also be taken of smaller-scale projects aimed at mitigating direct environmental effects. Enhanced waste management and energy efficiency have a clear positive impact, not only on the environment but also on standards of living.

The operating model is principally the same as that used in Pohjola Bank's existing credit lines from the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB). The maturity of the environmental loan is eight years and it forms part of Pohjola Bank's long-term funding activities.

**Responsible Insurance Services**

The purpose of a non-life insurance company is to ensure that possible damage does not pose insurmountable financial difficulties to the party suffering the loss. A non-life insurance company assumes risks that are too great for customers to bear. In

this role, the company must take care to act responsibly and in the customer's interests in all situations.

A non-life insurance company must also ensure that it has good financial standing. In practice, this means that the company's solvency and operations must have a financially stable foundation. This is why the minimum target credit rating set for Pohjola Insurance Ltd is the current 'A'.

Pohjola Insurance is tasked with promoting its customers' risk management and security and preventing damage. A dedicated Risk Management Competence Centre was established in 2011, to collaborate with customers in assessing their potential risk and security factors and optimising their insurance solutions.

Climate-related risks are increasing in significance. Finland has so far been spared damage caused by dramatic natural phenomena, but the country must nevertheless prepare for risks of this type. A non-life insurance company should do its share to ensure that sufficient attention is paid to climate-based risks.

The importance of personal insurance is constantly growing. Pohjola Insurance focuses on ensuring the wellbeing of both private customers and the employees of corporate customers. The company provides statutory and voluntary insurance policies aimed at managing customers' accident and health risks.

In order to promote wellbeing and preventive health activities, Pohjola Insurance has established Pohjola Health Ltd, which offers services related to wellbeing. By assessing factors affecting customers' health and wellbeing, the company can ensure that all health risks are covered.

A non-life insurance company's ability to serve their customers is put to the test when an accident occurs. Since it is important for Pohjola Insurance to offer a high-quality claims settlement service, claims settlement has been further improved. This work will be continued, alongside continuous development of online customer service.

Owing to its close cooperation with the Group's member banks, Pohjola Insurance Ltd can also be locally present when a customer expects personal service.

***Case: Pohjola Insurance – Risk Management Competence Centre***

In early 2011, Pohjola Insurance established a Risk Management Competence Centre, which brings all risk management services under one roof. The purpose of the Competence Centre is to develop risk management and security services for insurance customers.

In 2012, for the first time the Risk Management Competence Centre will present a national Security Award and regional Security Awards to corporate customers that have developed security and risk management in a responsible manner within their companies.

The Risk Management Competence Centre will also introduce a new corporate risk management solution, aimed at increasing corporate customers' development efforts in responsible security. In addition, a service package designed to improve the safety of private customers' homes will be launched in 2012.

In early 2012, a training programme will be initiated for customer service personnel, with the aim of training approximately 200 people in enterprise risk management (ERM). The purpose of this programme is to complement the risk management competence of Pohjola Insurance employees, thereby also enabling even better customer service in categories other than insurance products.

***Case: 'Keep It Cool' Collaborative Project***

Ensuring security and risk management are important to Pohjola Insurance. The company's key objectives include the development of security partnerships and the acquisition of new partners.

In spring 2011, Pohjola Insurance implemented a project titled 'Keep It Cool', in cooperation with the Finnish Refrigeration Enterprises Association (FREA). Better servicing and maintenance of refrigeration

appliances contribute to environmental protection and improve the management of claims expenditure. Regular inspections and servicing increase energy efficiency and reduce the risk of refrigerant leaks.

Keeping an inspection record of refrigeration appliances enables the prevention of damage, protection of the environment and a reduction in claims expenditure. In addition to an inspection record, customers are given a journal for monitoring the servicing of equipment. Customers have been informed of the importance of inspections and maintenance for the prevention of refrigerant leaks and minimisation of environmental impacts. A condition was subsequently added to insurance policies that obliges the customer to keep a record of inspections.

At the end of the year, those involved in the Keep It Cool project were asked to provide comments and ideas for the development of the project. Trends in loss and damage statistics are also being followed. The aim is to expand these activities with retail trade customers and to raise the number of customers who, by acting responsibly with respect to their refrigeration equipment, protect the environment and reduce their energy consumption.

**2.4 Ethical Business**

OP-Pohjola Group builds long-term customer relationships based on mutual trust. Bolstered by strong professional skills, the Group bears responsibility for the high quality, expertise and reliability of its services, as well as for the security of its services and products. OP-Pohjola's operations are guided by good banking and insurance practices. We comply with laws, standards and regulations and adhere to the principles of honest and fair operations everywhere.

Customer confidence is the prerequisite for successful operations in the financial sector. OP-Pohjola Group strives to know its customers and be familiar with their business operations and backgrounds, as thoroughly as required. Knowing customers is helpful in recognising their needs, thereby enabling the provision of the best possible products and services. OP-Pohjola Group's salaried employees and

members of governance bodies are bound to confidentiality by law; bank and insurance secrecy guarantee confidential processing of all customer data. Employees may process customer information only to the extent required by their duties.

Regulation of the financial sector sets strict requirements on business operations. Among the fundamental requirements are ensuring the confidentiality of customer data and continuous development of data security. As required by good practice, OP-Pohjola values its customer relationships and treats its customers equally and professionally. OP-Pohjola is also engaged in active efforts to prevent money laundering and terrorist financing. Customer satisfaction is monitored through a customer satisfaction survey conducted on a regular basis. Feedback from customers is important, and all feedback and complaints are taken seriously.

OP-Pohjola is committed to responsible marketing and advertising. The Group complies with marketing legislation and the self-regulation guidelines of international organisations, including those of the International Chamber of Commerce (ICC). OP-Pohjola also adheres to the marketing guidelines of the Finnish Consumer Agency.

In marketing, OP-Pohjola aims to provide all information on products and services that may be of importance to customers when making decisions. Marketing directed at children and young people is highly restricted. OP-Pohjola takes account of this group's general inexperience and limited capacity to act.

Code of Business Ethics

OP-Pohjola complies with industry regulations, good banking and insurance practices and good stock market practices, which guide its operations. In addition, OP-Pohjola adheres to several acts as well as regulations and guidelines issued by supervisory authorities. The Code of Business Ethics provides an ethical foundation for all those employed by OP-Pohjola, whatever their role, position or location.

Good banking and insurance practice requires OP-Pohjola to apply customer due diligence and be aware of each customer's

financial standing to the necessary extent. OP-Pohjola treats its customers in an appropriate, fair and equal manner, and all customer-related information is processed with due care.

Employees are trained in order to enhance their professional expertise, by providing a wide range of training opportunities in various areas of banking and insurance, including insider regulations, ethics, data security and legislation. In 2011, the diverse guidelines and principles in use in OP-Pohjola Group companies were combined to create a Code of Business Ethics. Over the course of 2012, employees across the Group will be familiarised with the code through an online course.

Examples of the tools used in 2011 to implement the Code of Business Ethics are training events for entities within OP-Pohjola Group on insider regulations and the prevention of money laundering. Such training is provided by the Legal Services group of the Legal and Collection Services of OP-Services Ltd.

Prevention of money laundering and terrorist financing is a statutory obligation (Act on Preventing and Clearing Money Laundering and Terrorist Financing) for all those operating in the financial sector. OP-Pohjola Group sees to it that its employees are aware of the obligations set out under legislation, to the extent necessary for the performance of their duties. At OP-Pohjola

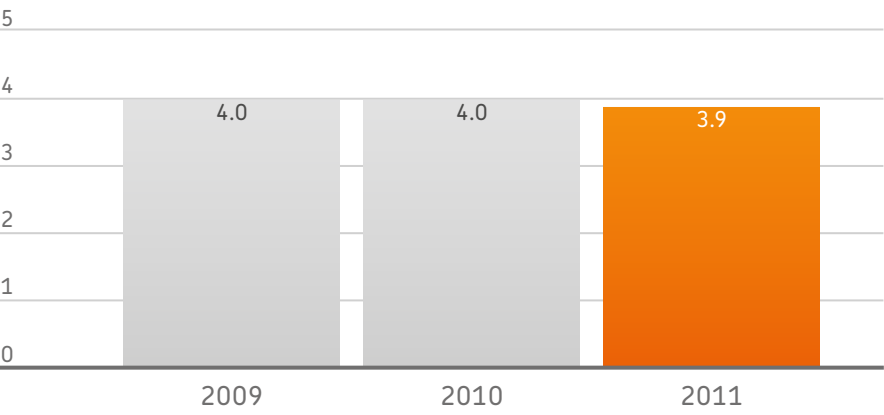
Group, guidelines and employee training form an important part of the processes in place to ensure that payment transfers and other services, for instance, are not used to obscure the origin of assets obtained through criminal activity.

Risk-taking is an inherent part of banking and insurance operations. At OP-Pohjola Group, the purpose of risk management is to identify threats and opportunities affecting the Group's operations.

The primary objective of risk management is to secure the risk-bearing capacity of all entities within the Group and to ensure that they are not exposed to excessive risk that may endanger the profitability, solvency or continuity of the entity's operations, or those of the entire OP-Pohjola Group. The risk management process includes the recognition, measurement and evaluation of risks, and their limitation, reporting and supervision.

The Compliance function ensures that all entities within OP-Pohjola Group comply with laws, official instructions and orders, self-regulation of the markets as well as the internal policies and guidelines of the Group and its entities. A further aim of compliance activities is to ensure that appropriate and ethically acceptable policies and practices are observed in customer relationships.

Customer satisfaction, private customers, scale 1–5



Case: Employee Training to Prevent Abuse

Familiarising employees with the Code of Business Ethics and training them in the prevention of abuse are an important part of OP-Pohjola's employee training. An online course titled 'The Many Faces of Money Laundering', prepared in collaboration with the Federation of Finnish Financial Services, was launched in 2009. This course illustrates the identification and due diligence obligations related to the prevention and detection of money laundering and terrorist financing, the obligation to obtain information on unusual transactions, and the obligation to report suspicious transactions.

The online course covers the most common cases that occur in banking and insurance operations and considered typical in terms of money laundering. It also creates a basis for further training. In addition to the online course, other training sessions are available. The aim of this is to ensure that OP-Pohjola's employees are aware of statutory obligations related to the prevention of money laundering, and to ensure that these obligations are fulfilled.

2.5 Environmental Responsibility

OP-Pohjola aims to reduce the environmental impacts of its operations and systematically develop its environmental management practices. It also strives to promote solutions that cause less harm to the environment. In 2012, OP-Pohjola will establish targets for the reduction of emissions across the Group.

Environmental responsibility encompasses the environmental impacts of both products and services and the Group's own operations. It is important that OP-Pohjola raise environmental awareness among its customers, offering products and services that allow the Group to mitigate the environmental effects of the entire value chain.

In 2011, OP-Pohjola continued the development of investment, financing and insurance products and services that are more environmentally friendly. It also promoted the implementation of the Green Office system in its offices.

OP-Pohjola Group's Carbon Footprint

In recent years, the carbon footprint has become a key indicator of environmental responsibility. It is helpful in recognising an organisation's impact on global warming and in cost-effectively diminishing greenhouse gas emissions.

Calculation of the carbon footprint is based on activity-specific data (kWh, kg, km) and the emission factors for materials and activities (tnCO<sub>2</sub>/kWh, tnCO<sub>2</sub>/kg), selected to best match local conditions. The carbon footprint is measured in a transparent manner, using international standards and generally accepted practices. Use of data based on assumptions is recognised and highlighted, and a margin of error is calculated for the footprint.

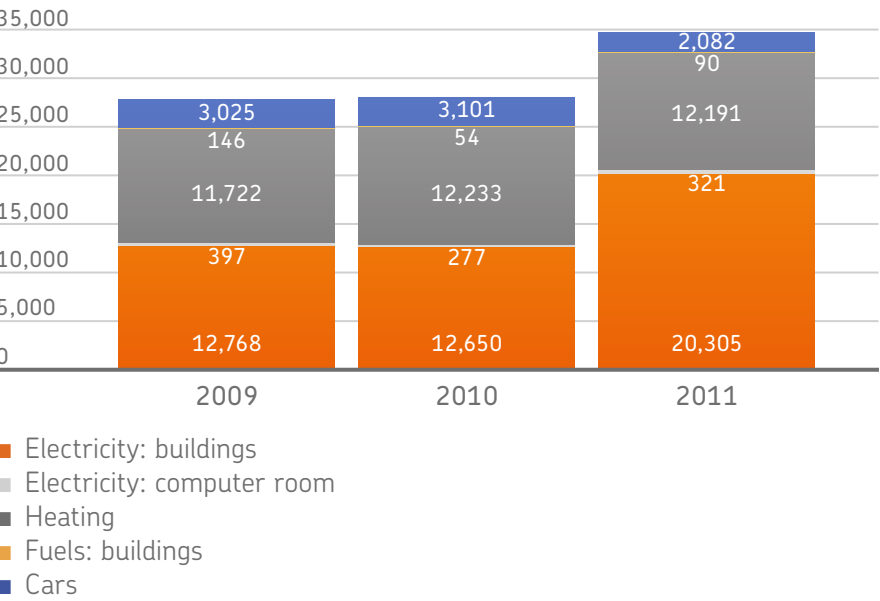
The carbon footprint is expressed as carbon dioxide equivalents (tnCO<sub>2</sub>eq). Carbon dioxide equivalents are calculated for all greenhouse gases (in addition to carbon dioxide, methane and nitrous oxide, among others) by taking account of their global warming potential compared to carbon dioxide.

OP-Pohjola's carbon footprint was calculated in accordance with the Greenhouse Gas Protocol guidelines<sup>1</sup> developed by the World Resources Institute and the World Business Council for Sustainable Development. It is the best available tool for calculating the carbon footprint of an organisation.

When assessing the calculation results, it should be noted that the carbon footprints of different organisations are not directly comparable. Before such a comparison, it must be verified that the limitations and assumptions applied in the calculation, as well as the emissions factors, correspond to each other.

Targets for reducing OP-Pohjola Group's carbon footprint will be set in 2012. In the evaluation of OP-Pohjola's carbon footprint, major factors affecting the carbon footprint included electricity, heating of properties, paper consumption and motoring. We strive to influence our carbon footprint by promoting the environmental awareness of employees and the expansion of the Green Office system.

Our carbon footprint, tonnes CO<sub>2</sub><sup>1</sup>



<sup>1</sup> Scope 1 and 2

<sup>1</sup> [www.ghgprotocol.org](http://www.ghgprotocol.org)



Case: OP-Pohjola Group's Carbon Footprint

OP-Pohjola Group assessed its carbon footprint in 2009, 2010 and 2011. Calculation of the carbon footprint is helpful in recognising an organisation's impact on global warming and in cost-effectively diminishing greenhouse gas emissions.

In 2011, OP-Pohjola Group's carbon footprint was approximately 46,490 tonnes of carbon dioxide equivalents (38,380 in 2010), which equals 3.7 tCO<sub>2</sub> per employee<sup>2</sup> (3.2 tCO<sub>2</sub>). Some 70 per cent (65) of OP-Pohjola Group's carbon footprint was caused by electricity and heat consumed on office premises, 9.4 per cent (13.5) by motoring and 10.3 per cent (11.7) by paper consumption. The margin of error is 18 per cent (15).

OP-Pohjola's carbon footprint corresponds to the emissions from the energy consumption

of around 10,566 average Finnish single-family homes<sup>3</sup> (8,723). The planting of 150,453 trees (124,208) would be required to compensate for these emissions<sup>4</sup>.

WWF's Green Office

Green Office is an environmental management system for offices, developed by WWF Finland in 2002.

The aim of this system is to reduce the greenhouse gas emissions of offices, raise environmental awareness and encourage people to make ecological everyday choices.

Offices play a crucial role with regard to energy consumption and sustainable solutions. The system benefits both the organisation and the environment.

OP-Pohjola Group is committed to expanding the use of the Green Office system in 2012.

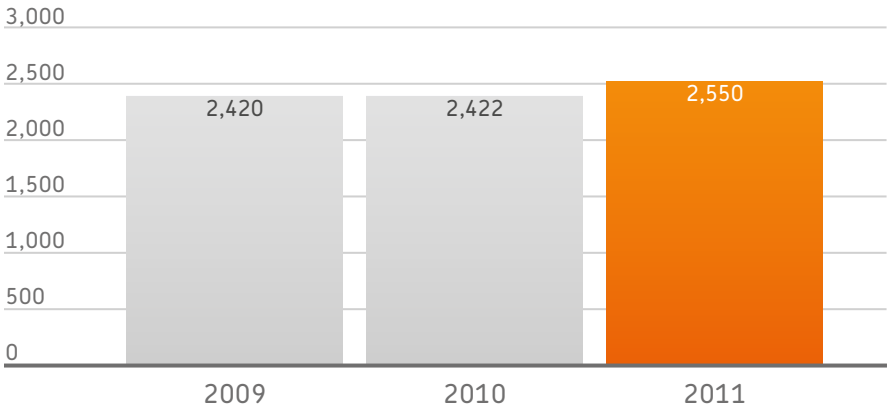


Case: Green Office

With WWF's Green Office system, workplaces can enhance their employees' environmental awareness, reduce their environmental impact, achieve cost-savings and slow down climate change. OP-Pohjola is committed to expanding the use of the Green Office system in its offices. In 2011, OP-Pohjola negotiated with WWF on Group-wide Green Office targets. The Green Office system has been in place in OP-Pohjola's offices in Teollisuuskatu Street, Helsinki, and certain cooperative banks, since 2003. In 2011, the system was implemented by OP-Pohjola's offices in Lapinmäentie Road and Hiomotie Road, as well as the Group's new Oulu unit and member banks all over Finland.

Green Office enables offices of all sizes to reduce their environmental impacts and achieve savings in waste and energy costs, for example. With regard to OP-Pohjola's carbon footprint, particular attention is paid to the energy and paper consumption of offices. The system provides tools for enhancing the environmental awareness of employees and diminishing the environmental effects of operations.

Green Office Label, no. of employees



<sup>2</sup>The annual carbon footprint of the average Finn is approximately 12 tonnes of CO<sub>2</sub>. In addition to housing and transport, this figure includes emissions generated by industry and agriculture. Globally, the average footprint of one person is 4.5 tCO<sub>2</sub> (source: World Bank Online Database / CO<sub>2</sub> emissions (metric tons per capita)). These figures have been arrived at by dividing a country's total emissions by the number of residents.

<sup>3</sup>A 120 m<sup>2</sup> house of a family of four consumes about 20,000 kWh of energy per year. A rough estimate is that electricity and heat consumption account for 5,000 and 15,000 kWh of this consumption, respectively. If a house has district heating, the emissions of a single-family home amount to about 4.4 tonnes of carbon dioxide. These emissions have been calculated on the basis of the average specific emissions of electricity production, 200 g CO<sub>2</sub>/kWh, and the average specific emissions of separate production of district heat, 226 g CO<sub>2</sub>/kWh, in Finland. (Source: WWF Finland)

<sup>4</sup>One tree absorbs an average of 0.9175 tonnes of carbon dioxide over a period of 40 years after planting. However, the growth of a tree requires space for the roots, sunshine and water. For this reason, three trees must be planted to ensure that at least one lives the required 40 years. One tree is therefore needed to absorb 0.309 tonnes of carbon dioxide. (Source: WWF Finland)



3  
GRI Corporate  
Responsibility Data



OP-Pohjola Group’s sustainability reporting has been implemented by integrating it with the Group’s annual reporting.

The Corporate Social Responsibility Report has been prepared in compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Consideration has also been taken of the

GRI Financial Services Sector Supplement. OP-Pohjola Group’s sustainability reporting also encompasses information required by the Global Compact, with regard to the promotion of principles related to human rights, labour, the environment and anti-corruption activities.

Integrated reporting combines CSR data with the Group’s strategy and business, corporate governance and financial results. In the development of its approach to sustainability reporting, OP-Pohjola

follows the work of the International Integrated Reporting Committee (IIRC), which is preparing a model for integrated corporate reporting. Our aim is to develop sustainability reporting as an integral part of the Group’s annual reporting and, thereby, to measure the results and impact of our CSR activities in relation to the Group’s operations.

3.1 GRI Content Index

The GRI content index shows where in OP-Pohjola Group’s annual report the

GRI Performance Indicators

	2011	2010	2009
FS8 Monetary value of products and services designed to deliver a specific environmental benefit. OP-Climate Fund’s share of all OP equity funds’ assets (%)	1.5	2.6	3.4
EC3 Coverage of defined benefit pension plan obligations (€ million) <sup>1</sup>	-71	-182	-159
LA1 Total workforce	13,229	12,504	12,504
LA2 Employee turnover (%)	3.6	4.7	4.6
LA7 Lost time (sickness absence) rate (%)	3.5	3.7	3.6
LA10 Training investments, % of total payroll	2.5	2.0	2.4
LA12 Employees involved in performance and career development reviews (%)	90	92	95
LA13 Employees by gender (%)			
Men	27	25	25
Women	73	75	75
LA13 Employees by age (average age)	43	44	44
EN4 Energy consumption (kWh) ) <sup>2</sup>	45,064,231	49,236,757	49,633,794
EN16 Total greenhouse gas emissions (tonne)	46,490	38,380	38,715
EN1 Materials used (office paper, kg) <sup>3</sup>	387,365	448,601	574,154
EN22 Total weight of waste (tonne) <sup>4</sup>	1,058	990	1,166

<sup>1</sup> For details, see Note 28 to OP-Pohjola Group’s Financial Statements

<sup>2</sup> Includes electricity consumed by office premises in OP-Pohjola Group Central Cooperative Consolidated’s use and by data centres within the Haaga and Teollisuuskatu premises and heating energy consumed by office premises in OP-Pohjola Group Central Cooperative Consolidated’s use.

<sup>3</sup> Includes OP-Pohjola Group Central Cooperative Consolidated and Helsinki OP Bank Plc and an estimate of materials used by OP-Pohjola Group member cooperative banks based on the use by the first two per employee

<sup>4</sup> Includes buildings in OP-Pohjola Group Central Cooperative Consolidated’s own use

disclosures referred to in the GRI Guidelines can be found. Standard disclosures are mainly presented in the corporate responsibility section. In addition, standard disclosures are included in the following sections: OP-Pohjola Group in 2011, Business Operations, and Structure and Governance. The GRI content index has been prepared in accordance with the guidelines provided by the GRI Financial Services Sector Supplement. OP-Pohjola Group’s GRI reporting contains all information and indicators identified by a materiality assessment as significant to stakeholders and the Group’s business operations. Part of this information is reported in a different manner to that recommended by the GRI Guidelines. An account is given of deviations with respect to such information. GRI Content can be found at the end of the report.

3.2 GRI Performance Indicators

**GRI Aspects in the Financial Sector**  
The GRI Financial Services Sector Supplement specifies and provides guidance on special issues related to the sustainability reporting of banks and insurance companies, including a responsible product and service portfolio and responsible investment and ownership. With regard to the product and service portfolio, responsibility refers to the reporting organisation’s activities and initiatives aimed at developing and marketing products and services that meet responsibility criteria. Particular attention is paid to products and services that generate benefits related to social responsibility or environmental impacts. A further objective is to describe the share of such products and services in the existing product and service portfolio as well as how the organisation promotes new sustainable product innovations in the financial sector.

Responsible Products and Services

Responsible products and services is one of the focus areas of OP-Pohjola Group’s corporate social responsibility. Matters related to corporate responsibility and their development have influenced the content of many products and services offered by the Group. This is despite the only partial completion, so far, of integrating responsibility into our product and service development. An example of a product providing environmental benefits is the OP Climate Fund, in which investments are made in line with sustainability

principles, with a special emphasis on the environment. The fund’s assets are mainly invested in sectors on which climate change and the related preparations are estimated to have the greatest impact. The companies in the fund’s portfolio are typically those that stand to gain from climate change mitigation measures. Their business has to do with energy efficiency and technology, recycling, water and waste management and the related infrastructure.

Product Portfolio

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

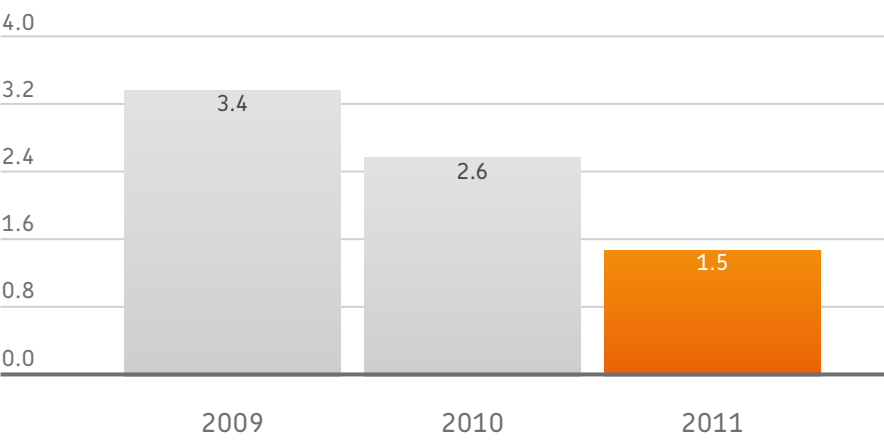
The Group’s product portfolio is composed of various financial sector products and services. A breakdown of the portfolio is

presented in detail in Note 57 Segment reporting to OP-Pohjola Group’s Financial Statements (www.op.fi).

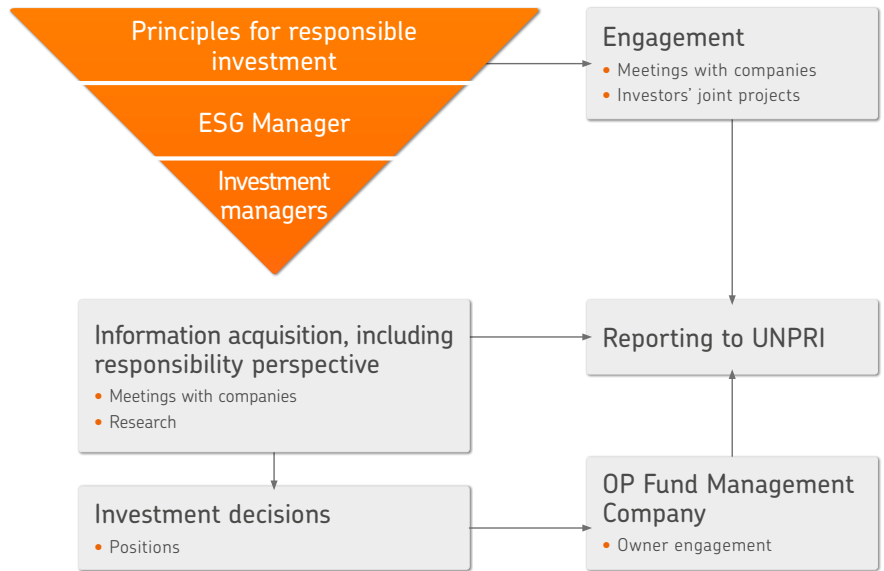
Products designed to deliver a specific environmental benefit, OP Climate Fund’s share of the capital invested in all equity funds (FS8)

The trend in OP Climate Fund’s value and the fund’s share of the capital invested in all equity funds is shown in Figure FS8 OP-Climate Fund’s share of all OP equity funds’ assets. The fund’s portfolio includes companies that will be in a good position as societies and businesses adapt their energy solutions and use of materials towards lower-carbon alternatives. At the end of 2011, the capital invested in the fund

FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose, OP-Climate Fund’s share of all OP equity funds’ assets %



Pohjola Asset Management’s ESG process description





totalled EUR 49.6 million, which accounts for 1.5 per cent of the capital invested in all equity funds.

In addition, Pohjola Bank plc and the Nordic Investment Bank (NIB) have signed an agreement for a EUR 50 million loan programme. This is for financing projects related to improving energy efficiency and wastewater treatment. Financing is targeted at investments made in energy efficiency by Pohjola Bank's customer companies. These investments support measures that reduce emissions into water and air and promote the use of environmentally friendly solutions in heating systems.

**Responsible Investment  
Active Ownership**

*FS10 Interaction on sustainability issues with companies held in the organisation's portfolio*

A responsible investment process is used by both Pohjola Asset Management and OP Fund Management Company. This process covers the entire chain, from Pohjola Asset Management's principles for responsible investment to meetings with companies and engagement processes within investment management. In line with this process, the voting rights of OP funds are used by OP Fund Management Company. Both companies report to the UN PRI annually.

In 2011, Pohjola Asset Management discussed corporate social responsibility in 83 meetings or through other forms of contact. The breakdown of these discussions by subject was as follows: the environment 61 per cent, social responsibility 16 per cent, and corporate governance 23 per cent. Responsibility analyses are performed by investment managers and analysts, who make investment decisions daily. Meetings between investment managers and companies in which customers' funds have been or will possibly be invested are a key way of obtaining information on and assessing the sustainability of companies.

OP Fund Management Company exercises the voting rights of the mutual funds managed by it, in accordance with the ownership policy approved by the company's Board of Directors. Pohjola Asset Management contributes to the practical implementation of OP Fund Management Company's ownership policy, by actively participating in general meetings of Finnish companies, in

particular, under the authorisation of OP Fund Management Company. Some OP Funds investing abroad are managed by investment managers outside Pohjola Asset Management. OP Fund Management Company has also signed the UN Principles for Responsible Investment (UN PRI), and reports on their implementation with respect to all of its funds.

Pohjola's Investment Banking published the first ESG analysis of Finnish listed companies' corporate responsibility in 2011. This analysis examines how the companies take account of environmental, social and corporate governance issues in their operations. Investment Banking's responsibility analysis currently covers all companies in the OMX Helsinki 25 Index, excluding Pohjola. See page 31 for chart Pohjola Asset Management's ESG process description.

*Assets subject to positive or negative environmental or social screening, OP Climate Fund (FS11)*  
At the end of 2011, assets invested in OP Climate Fund amounted to EUR 49.6 million, accounting for 1.5 per cent of the assets of all equity funds.

*Voting policies applied to environmental or social issues for shares over which the reporting organisation holds the right to vote or advises on voting (FS12)*  
Active ownership is an integral part of responsible investment. OP Fund Management Company exercises the voting

rights of the mutual funds it manages in accordance with the ownership policy approved by the company's Board of Directors. Pohjola Asset Management contributes to the practical implementation of OP Fund Management Company's ownership policy, by actively participating in general meetings of Finnish companies, in particular, under the authorisation of OP Fund Management Company. In 2011, OP Fund Management Company exercised its right to vote at 47 annual or extraordinary general meetings. Moreover, a representative of OP Fund Management Company was appointed to the nomination committees of two companies in 2011.

**Financial literacy (FS16)**  
In 2011, financial literacy was promoted among various target groups, by working with schools, for instance. In addition, our member banks have organised small-scale local events related to teaching financial skills and financial literacy to young people and senior citizens. Banks have also held events with various financial themes for private customers and companies. A financial literacy survey was conducted during the year to gain an understanding of people's knowledge of financial matters in Finland and of their financial planning and management skills. The survey will be utilised in the planning of measures aimed at promoting financial literacy. Chydenius, the financial magazine published by OP-Pohjola Group for financial, political and corporate decision-makers, underwent a transformation.

**EC1 Direct economic value generated and distributed to stakeholders**

Direct economic added value generated (€ million)		2011	2010	2009
a) Income	Customers	2,059	2,024	1,872
Breakdown of economic value added				
b) Purchases	Suppliers	547	505	489
c) Employee compensation	Personnel	696	643	622
d) Returns to owner-members	Owners	176	163	160
e) Income tax	Government	87	135	126
f) Donations and other community investments	Non-profit organisations	3	2	2
Business development		549	575	473

**Economic Responsibility**  
Economic responsibility encompasses both ensuring the economic sustainability of an organisation's operations and taking account of the wider economic impacts on society. In the financial sector, economic responsibility is of key importance, since responsibility for customers and the role of companies as capital and insurance providers are emphasised during difficult economic times. Economic responsibility lies at the core of OP-Pohjola Group's operations. Solid capital adequacy, moderate risk-taking and skilful risk management, along with commitment to the long-term development of society, are the cornerstones of our business.

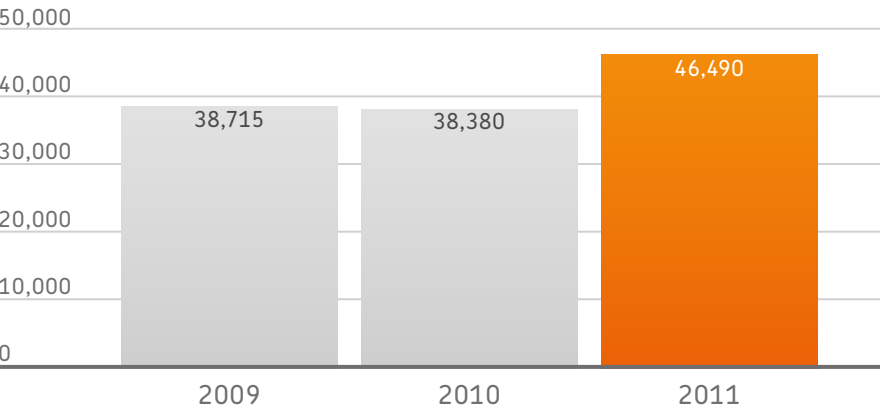
In accordance with its mission, OP-Pohjola creates local, regional and national prosperity and stability. The Group contributes to regional vitality and builds long-term trust in local communities.

OP-Pohjola generates long-term financial prosperity for its stakeholders. Direct economic impacts on shareholders are illustrated in Table EC1 Direct economic value generated and distributed to stakeholders.

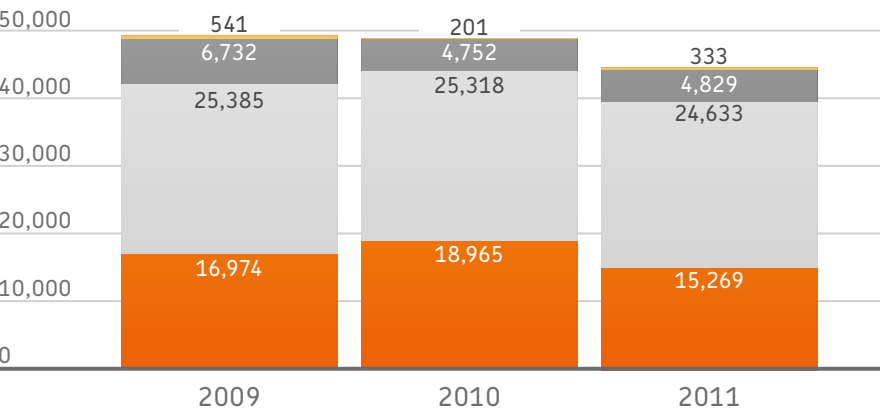
**Economic Impacts (EC1 and EC9)**  
Economic impacts are created by direct cash flows, such as bonus payments to customers, purchases from suppliers and service providers, employee compensation, tax payments to the state and municipalities and support for community activities. OP-Pohjola Group's goal is to offer its owner-members the financial sector's best loyalty benefits. OP-Pohjola has Finland's largest network of banking and non-life insurance services. This network seeks to ensure that customers have equal opportunities to carry out transactions. Our cooperative banks and their offices across Finland enable effective interaction with customers and the local community.

OP-Pohjola Group is a significant purchaser of Finnish goods and services, as evidenced by Finnish suppliers and service providers accounting for 97 per cent of the value of purchases in 2011, estimated on the basis of information on the 100 largest suppliers and service providers. This share excludes operations in the Baltic countries. OP-Pohjola Group is further developing its purchasing policy by, for example, applying more detailed guidelines to the assessment of supplier and service provider responsibility.

**EN16 Total greenhouse gas emissions, tonne**

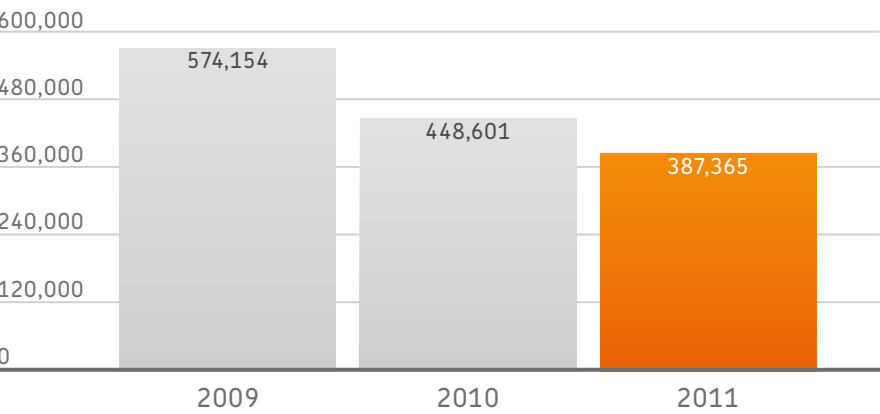


**EN4 Energy consumption, MWh**



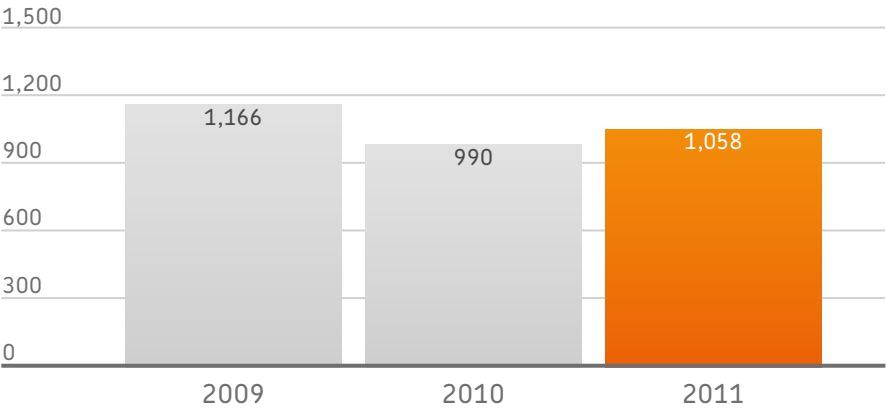
- Heating: OP-Pohjola Group Central Cooperative Consolidated buildings
- Electricity: OP-Pohjola Group Central Cooperative Consolidated buildings
- Electricity consumed by centralised server computer systems
- Fuels: OP-Pohjola Group Central Cooperative Consolidated buildings

**EN1 Materials used, office paper, kg<sup>1</sup>**



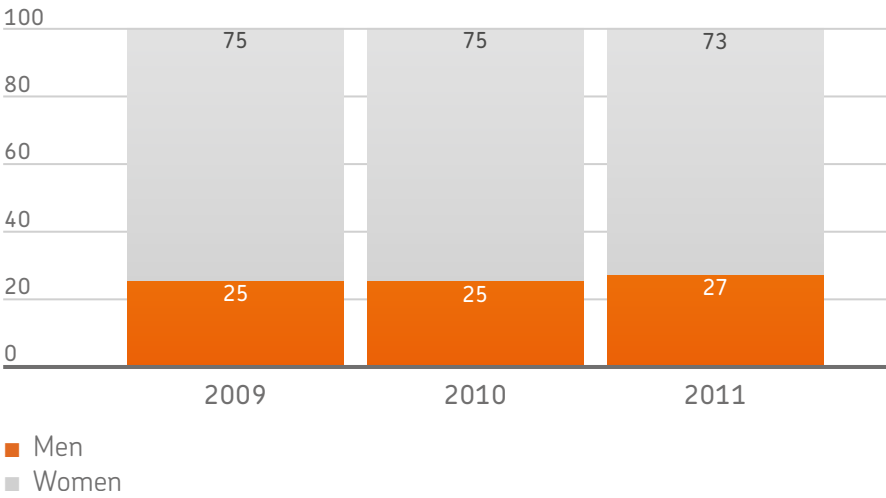
<sup>1</sup> Includes OP-Pohjola Group Central Cooperative Consolidated and Helsinki OP Bank Plc and an estimate of materials used by OP-Pohjola Group member cooperative banks based on the use by the first two per employee.

EN22 Total weight of waste, tonne<sup>1</sup>

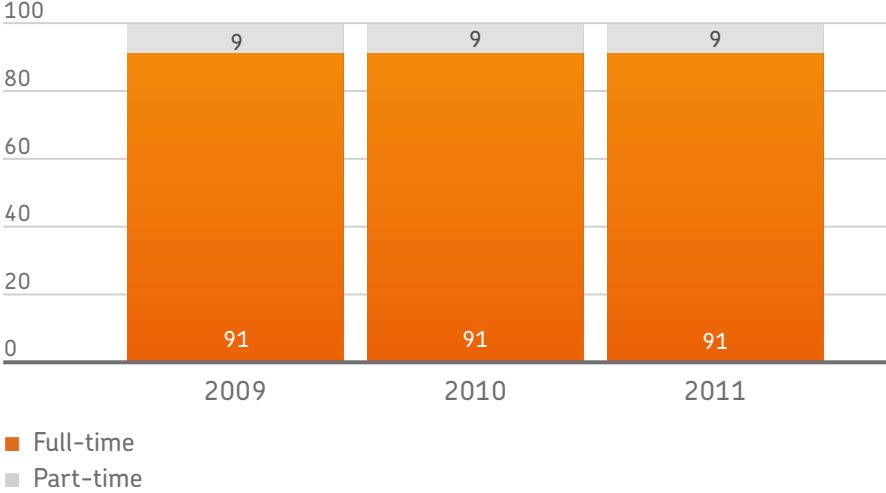


<sup>1</sup> Includes buildings in OP-Pohjola Group Central Cooperative Consolidated's own use

LA1 Workforce by gender, %



LA1 Workforce by type of employment, %



OP-Pohjola Group is a major employer in many municipalities and, consequently, a driver of the regions' purchasing power. Cooperative banks are often among the largest taxpayers.

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

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

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

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

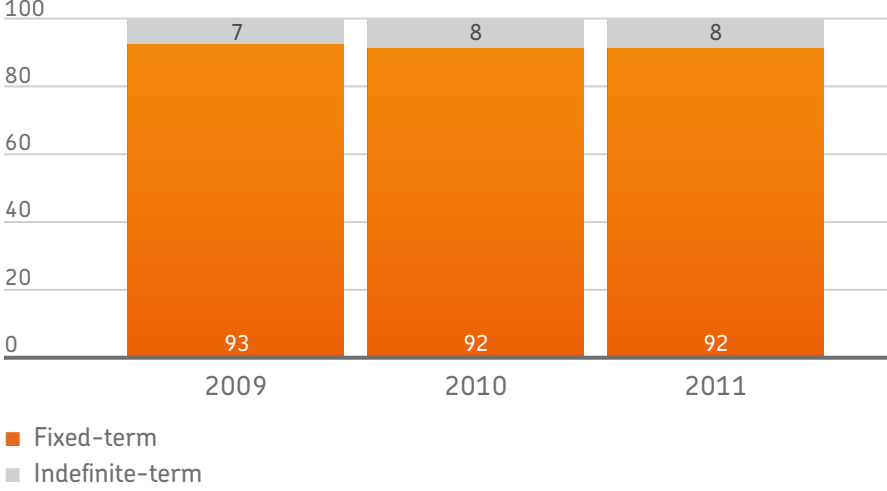
At OP-Pohjola Group, retirement benefits are determined by pension legislation and OP-Pohjola Group's own pension plans. Statutory pension cover for OP-Pohjola's employees is arranged through pension insurance taken out with OP Bank Group Pension Fund or pension insurance companies. A few companies within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

Read more in the Consolidated Financial Statements of OP-Pohjola Group's Annual Review 2011.

Environmental Responsibility

At OP-Pohjola, environmental responsibility encompasses the environmental impacts of both products and services and the Group's operations. We aim to systematically reduce our carbon footprint and openly report on the environmental impacts of our operations. Through its actions, OP-Pohjola also strives to increase environmental awareness among

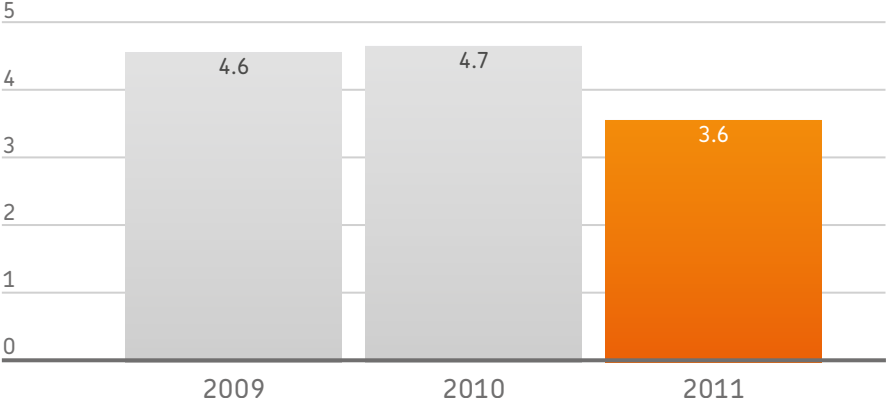
LA1 Workforce by type of employment contract, %



LA1 Workforce in the Baltic countries by country, gender, type of employment and type of employment contract (%)

	Estonia	Latvia	Lithuania
Man	37	32	39
Woman	63	68	61
Full-time	100	92	94
Part-time	0	8	6
Fixed-term	94	94	97
Indefinite-term	6	6	3

LA2 Employee turnover, %



its employees and customers.

Energy and Climate

Carbon footprint, reduction of greenhouse gas emissions (EN4 and EN16)

OP-Pohjola Group's operations have both direct and indirect environmental impacts. The latter are related to the Group's role in taking account of the environmental impacts of customers' operations and in providing guidance and advice to customers on financing, non-life insurance and investment decisions.

OP-Pohjola aims to reduce the environmental impacts of its operations (energy, waste and materials) and to systematically develop its environmental management practices.

OP-Pohjola Group assessed its carbon footprint in 2009, 2010 and 2011. In 2011, its carbon footprint totalled around 46,490 tonnes of CO<sub>2</sub>e (38,380 in 2010). The greenhouse gas emissions of the Group's operations (Scope 1 & 2) amounted to 34,990 tonnes of CO<sub>2</sub>e (28,316). See page 33 for graph EN16 Total greenhouse gas emissions, tonne.

OP-Pohjola Group's energy consumption

Curbing climate change resulting from energy consumption is a key objective of the Group's environmental activities. In collaboration with its partners, OP-Pohjola Group has developed solutions for the repair, maintenance and use of its properties, which reduce their life-cycle environmental impacts.

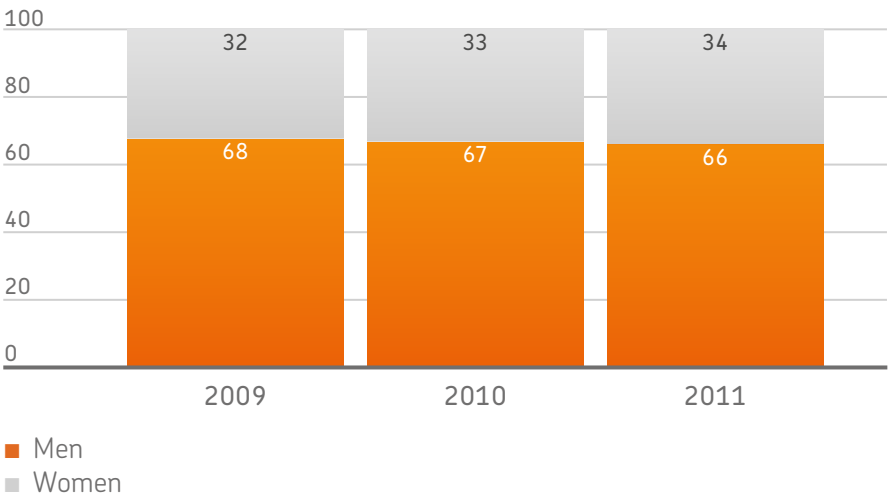
Specific consumption of electricity in OP-Pohjola Group's largest properties in Helsinki (Teollisuuskatu, Vääksyntie, Lapinmäentie and Hiomotie) was 45.1 GWh (49.2). More detailed information on Op-Pohjola Group's energy consumption is available in graph EN4 Energy consumption, MWh, page 33.

Materials (EN1)

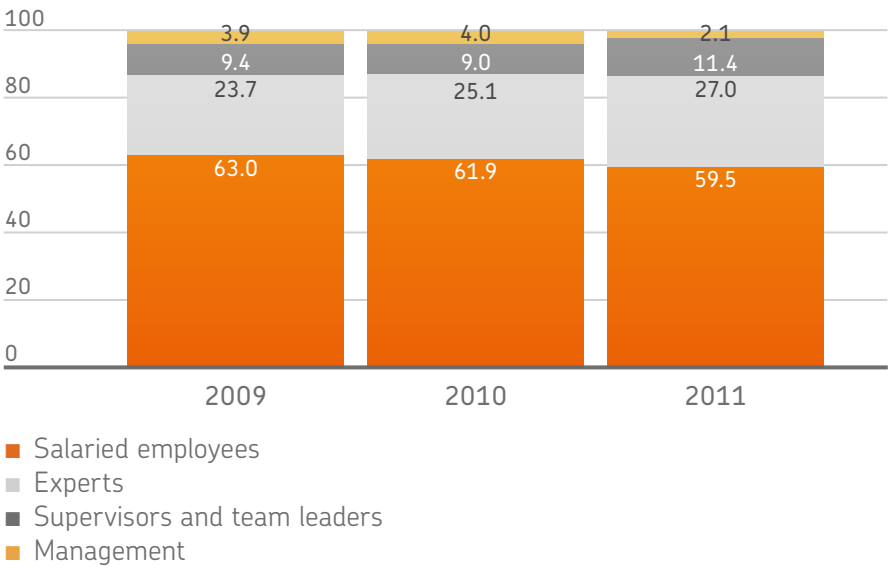
OP Pohjola Group's operations consume large amounts of office paper. OP-Pohjola has initiated measures to reduce the use of paper through wider implementation of the Green Office system within the Group and the development of electronic services. In 2011, OP-Pohjola consumed 387.4 tonnes of office



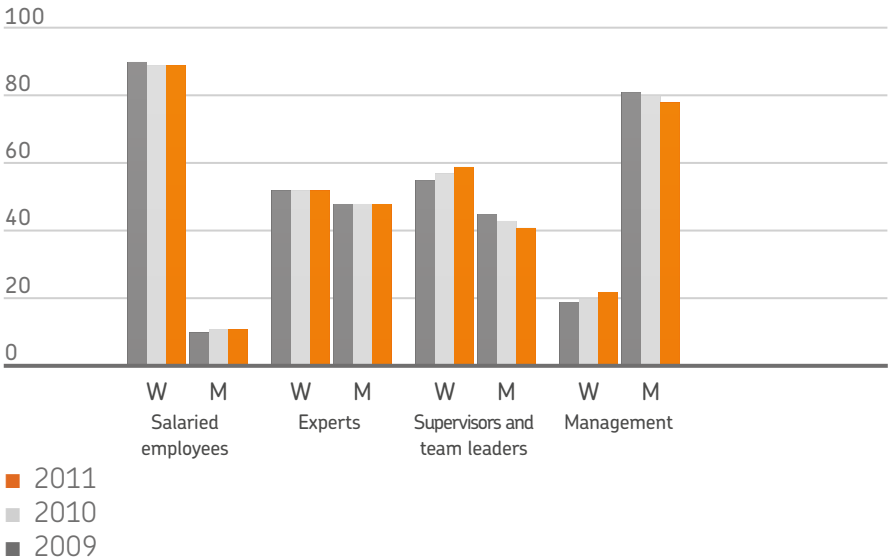
LA13 Composition of governance bodies by gender, %



Breakdown by personnel group, %



LA13 Composition of employees by gender, %



paper (448.6 in 2010). Turn to page 33 for graph EN1 Materials used, office paper, kg.

Waste (EN22)

Waste sorting is an everyday activity at OP-Pohjola. All employees have their own containers for office paper, waste paper and waste which can be used in energy generation. Shared premises have containers for confidential material, mixed waste and biodegradable waste. There are also collection points for other types of waste, such as batteries, wood and hazardous waste. The amount of waste generated is reduced by developing practices, for example by enhancing electronic archiving and recycling and by providing better instructions on waste sorting. On office premises used by OP-Pohjola Group Central Cooperative Consolidated, waste volumes have fallen in recent years, due to conscious efforts. See page 34 for graph EN22 Total weight of waste, tonne.

Owing to efficient sorting, the recovery rate of 87.4 per cent has been achieved for all waste generated by OP-Pohjola Group Central Cooperative Consolidated. Waste taken to a landfill site accounted for 12.6 per cent.

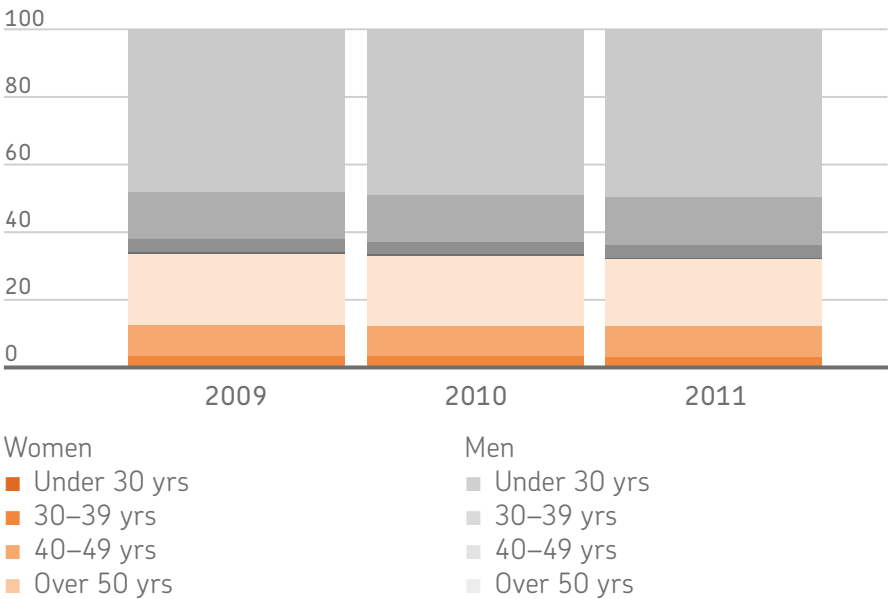
Environmental impacts of products and services (EN26)

OP-Pohjola offers a comprehensive range of electronic banking and insurance services, which are continuously developed. In 2011, personal customer service also went online. New tools, such as videoconferencing and online discussion, were tested on the Web. The goal is to offer customers investment, financing and non-life insurance products and services that can help reduce environmental impacts across the value chain. The creation of ethical guidelines for subcontracting was initiated as part of the development of purchasing activities. The aim is to specify CSR requirements for suppliers.

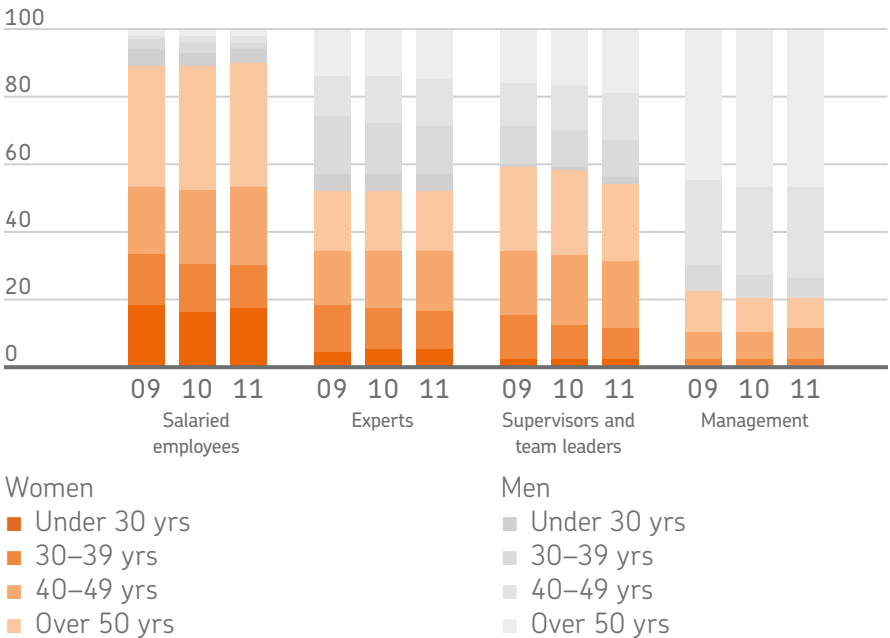
Social Responsibility

OP-Pohjola Group's cooperative structure and operating principles make it well-placed to implement social responsibility. HR management at OP-Pohjola is based on the Group's values and responsible practices. The principles of HR management guide responsible operations and their development. The Group invests heavily in the development of employee skills and management, employee wellbeing, remuneration and the promotion of equality. Employees are encouraged to

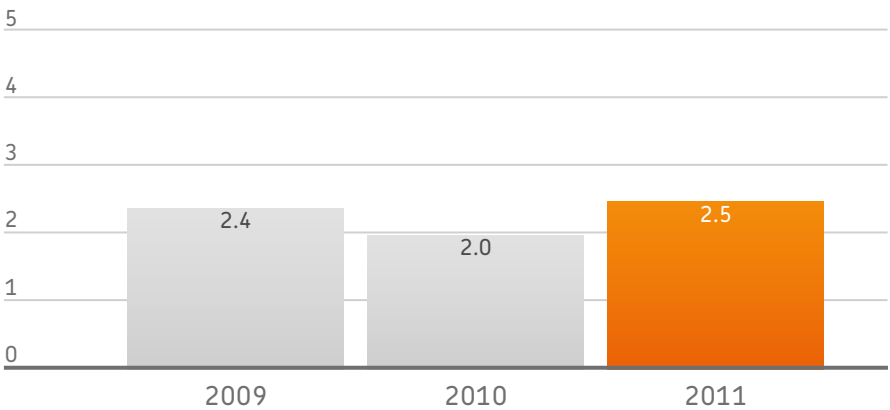
LA13 Composition of governance bodies by age, %



LA13 Composition of employees by age, %



LA10 Training investments as percentage of total payroll, %



develop their competencies throughout their careers.

Workforce structure (LA1, LA2 and LA13)

In 2011, the number of OP-Pohjola Group employees grew by 723. At the end of 2011, the Group employed 13,229 people (12,504 in 2010). Of these, 92 per cent (92) were indefinite-term and 8 per cent (8) fixed-term employees. In the Baltic countries (Seesam and Pohjola Finance), OP-Pohjola Group has 335 employees (336), of whom 95 per cent (91) have indefinite-term and 5 per cent (9) fixed-term contracts. More detailed information on workforce by gender, type of employment and type of employment contract both in Finland and in the Baltic countries can be found on pages 34–35 in graphs LA1.

Employee turnover was 3.6 per cent (4.7), which can be regarded as low in the financial sector. See page 35 for graph LA2 Employee turnover, %.

OP-Pohjola wants to provide equal working opportunities for all employees. Of the total workforce, women accounted for 73 per cent (75) and men for 27 per cent (25) in 2011. OP Pohjola Group's age distribution has remained stable. At the end of 2011, the average age of was 43 years (44). See pages 36–37 for the graphs on the composition of governance bodies and employees by age and gender (LA13).

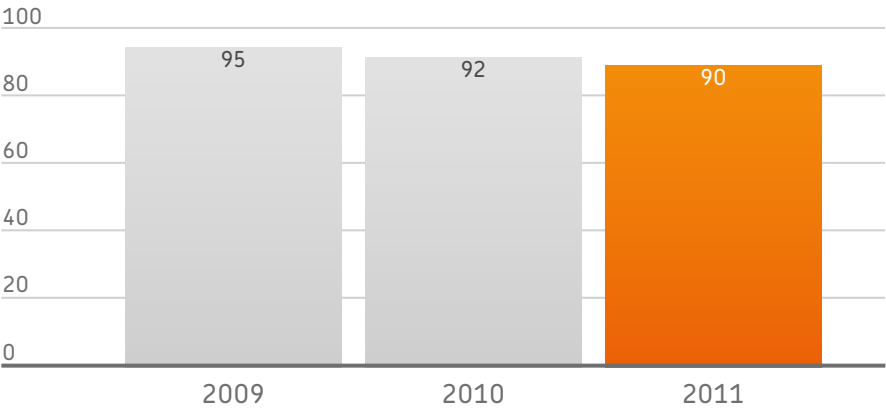
In 2011, the average age of retired employees was 61.5 years (61.3), and they had been employed by the Group for 24.5 years (23.3), on average.

Skills development (LA10 and LA12)

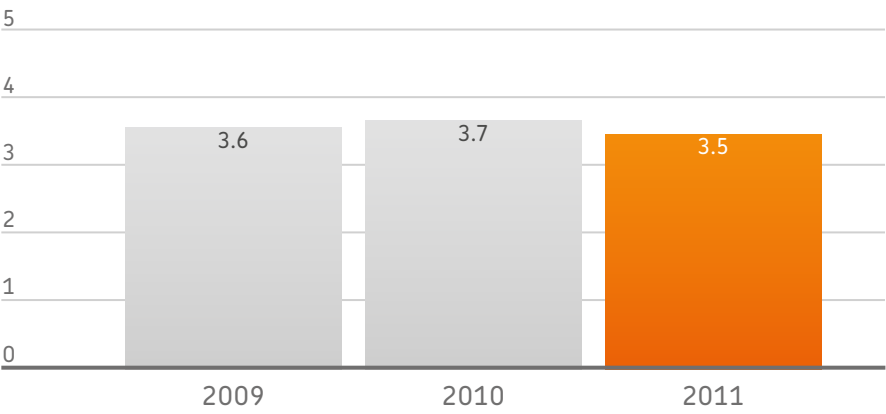
At OP-Pohjola Group, employees have good opportunities for skills development. Employee training has emphasised sales and interaction skills, while management development has focused on the ability to change and develop, among other themes. OP-Pohjola Group also offers its employees a wide array of opportunities for competence development by transferring from one position to another. In 2011, training investments accounted for 2.5 per cent (2.0 in 2010) of the total payroll. See graph LA10 Training investments as percentage of total payroll, % to the left.

Employee performance reviews also play an important role in training and education. Performance and career development

LA12 Employees involved in performance and career development reviews, %



LA7 Lost time (sickness absence) rate, %



reviews are conducted with all of OP-Pohjola Group's employees in Finland and overseas. Graph LA12 Employees involved in performance and career development reviews, %, see above.

Employee wellbeing (LA7)

OP-Pohjola is committed to determined and ongoing efforts to promote employee wellbeing. Job satisfaction and employee wellbeing are monitored in an employee survey, which was revised in 2011. On the basis of the survey results, operations are developed at work community, company and Group level.

In Finland, all of OP-Pohjola's employees are covered by occupational health services. In the Baltic countries, these services are arranged as required under the legislation of each country.

In 2011, the lost time rate was 3.5 per cent (3.7 in 2010) of the standard working hours. Graph LA7 Lost time (sickness absence) rate, %, see above.

Human rights (HR3)

Respecting human rights is a key element of corporate social responsibility. By signing the principles of the UN Global Compact, OP-Pohjola Group has committed itself to supporting human rights and fundamental labour principles in its business operations. OP-Pohjola Group does not, under any circumstances, accept the violation of human rights or workers' rights. OP-Pohjola Group operates mainly in Finland and to a minor extent in the Baltic countries. The recognition and management of human rights risks are part of the Group's risk management, compliance operations and stakeholder engagement.

OP-Pohjola Group can best promote human rights through its products and services as well as through responsible purchasing. The assessment of human rights risks is an integral part of the process of responsible investment. Account is also taken of social responsibility risks in ethical lending principles and insurance risk assessments. Moreover, respect for human rights and

labour standards will be included in the Group's new purchasing policy, which is currently being revised. We expect our partners and suppliers to act responsibly, in compliance with the Group's operating principles.

The online course of the Code of Business Ethics that is to be initiated in 2012 will also include training on human rights. In addition, employees will receive training on the principles of the Global Compact as part of OP-Pohjola Group's Corporate Social Responsibility Programme. This will enable them to identify ways in which they can promote the realisation of human rights in business.

Society (S03)

OP-Pohjola contributes to sustainable financial prosperity, security and wellbeing in society. The Group interacts continuously with local communities and collaborates on a wide scale to boost regional vitality. In accordance with its values, the Group operates locally, regionally and nationally as an exemplary and ethically responsible company.

OP-Pohjola's operations are guided by a Code of Business Ethics. We comply with laws, standards and regulations and adhere to the principles of honest and fair business everywhere. This includes anti-corruption and anti-bribery policies, transparency in influencing public policy-making and adherence to competition regulations. Industry regulations place strict requirements on business operations and their social impacts. OP-Pohjola Group's internal control, corporate governance and capital adequacy management process are governed by the Act on Credit Institutions, the Act on Cooperative Banks and Other Cooperative Credit Institutions, the Insurance Companies Act and the Act on Deposit Bank Amalgamations, as well as the Financial Supervisory Authority's standards, regulations and guidelines. By signing the Global Compact's principles, OP-Pohjola has also committed to promoting the development of anti-corruption and anti-bribery policies within its sphere of influence.

Continuous staff training aimed at fighting money laundering and other financial fraud forms are an important part of OP-Pohjola Group's operations. Employee

training events on the prevention of money laundering and customer due diligence were actively organised in 2011. Training in which the latest aspects of the Group's Code of Business Ethics have been added will begin in 2012. This training is targeted at all employees.

3.3 GRI Reporting Principles

This report is OP-Pohjola Group's first actual Corporate Social Responsibility Report prepared in accordance with the Global Reporting Initiative (GRI) Guidelines. Previously, the GRI Guidelines have been used in OP-Pohjola's sustainability reporting as general guidance only. The report includes a GRI Content Index and an assessment of the GRI Application Level. OP-Pohjola aims to further develop the Group's sustainability reporting in compliance with the recommendations of the GRI Guidelines and the Financial Services Sector Supplement. The Group's GRI report also meets the reporting obligations related to the UN Global Compact and the promotion of human rights, labour, environmental and anti-corruption policies in OP-Pohjola's business. The GRI Content Index shows which indicators have been used to describe the implementation of the Global Compact's ten principles. In the future, OP-Pohjola will develop its sustainability reporting as an integral part of the Group's annual reporting.

Reporting Principles

OP-Pohjola Group's Corporate Social Responsibility Report includes the data for 2011, in accordance with the Group's structure and financial reporting principles. The report is divided into three parts. Corporate Social Responsibility at OP-Pohjola Group explores corporate responsibility from the perspective of business and strategy. It defines the fundamental elements of OP-Pohjola Group's corporate responsibility and introduces the focus areas, measures and management of the Group's Corporate Social Responsibility Programme. Corporate Social Responsibility Themes gives a more detailed presentation of the content, measures and objectives, as well as key performance indicators, of the focus areas of OP-Pohjola's corporate responsibility. These focus areas have been selected on the basis of the materiality principle. The CSR themes are built around the responsibility aspects identified as most material to OP-Pohjola Group's operations. GRI Corporate Responsibility Data presents

the GRI performance indicators regarded as most significant on the basis of the materiality analysis. The GRI indicators include the most material economic, social and environmental indicators as well as indicators from the GRI Financial Services Sector Supplement related to product and service responsibility.

Definition of Materiality

Materiality has been assessed by considering the importance of various sustainability aspects, from the perspective of stakeholder interests and the impacts of OP-Pohjola's operations. To find out which topics are of interest to the Group's stakeholders, a survey was performed of key stakeholder groups. The survey was responded to by 408 stakeholder representatives, who evaluated the importance of various sustainability aspects for OP-Pohjola, on a scale of 1 to 5. A materiality matrix was drawn up as a result of the survey, showing which aspects are prioritised on the basis of stakeholders' interests. The most material CSR themes to OP-Pohjola Group's business operations are reflected in the focus areas of the Group's Corporate Social Responsibility Programme. The impacts of corporate responsibility on business were assessed as risks and opportunities and as factors affecting competitiveness.

As a result of the materiality assessment, the Corporate Social Responsibility Report presents those CSR issues that are most important to OP-Pohjola Group. In the future, the assessment will be regularly updated through stakeholder engagement and as part of the Corporate Social Responsibility Programme.

Bases for calculations

OP-Pohjola Group's sustainability reporting is mainly performed within the same boundaries as the Group's financial reporting. The KPI and GRI indicators related to economic and social indicators and products and services were calculated and are presented in accordance with the accounting principles. Environmental responsibility data differ from the used boundaries because the data presented are based on those on OP-Pohjola Group's Facility Management Services. Any deviations and restrictions are reported in connection with the indicators concerned.

Numerical data are presented for the reporting period and comparative data for

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

Bases for calculations of the CSR Programme KPIs

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

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

The figures for 'Support for local projects' were derived from accounting records by taking into account donations, awards and sponsorship. The following were manually removed from the figures: sponsorship classified as sports advertising and EUR 3.6 million donations to universities, whose payment was divided between the years 2010 and 2011. 'Support for local projects' does not include the Baltic operations.

'Bonuses to owner-members' include bonuses accrued in 2011 by the cooperative banks' owner-members and Helsinki OP Bank Plc's bonus customers.

The 'Job satisfaction' figures are based on the annual personnel survey by calculating a job satisfaction index. In 2011, the survey was responded by 4,105 people from OP-Pohjola Group Central Cooperative Consolidated and 3,592 people from Group member banks across Finland. Since the personnel survey's structure changed in 2011, the previous scores are not comparable.

The figures on eBills received by private customers are collected monthly a service statistics system.

Customer satisfaction is calculated based on the results of customer satisfaction surveys conducted among private customers by member banks. The result is the average of the scores for customer loyalty and customer



satisfaction (on a scale of 1 to 5). In 2011, a total of 25 Group member banks conducted the survey with a total of 7,415 respondents.

‘Our carbon footprint’ includes the Group’s direct greenhouse gas emissions (Scope 1) and indirect emissions resulting from the generation of electricity and heat purchased from other entities (Scope 2). The GRI reporting principles explain the calculation in greater detail. The calculations exclude the operations in the Baltic countries.

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

**GRI Indicators Specific to the Financial Sector (FS)**  
In relation to the GRI indicators specific to the financial sector, the information is based on figures provided by business units, the accuracy of which has been internally assured.

**Financial Reporting (EC1 and EC3)**  
Information on economic responsibility is based on OP-Pohjola Group’s audited IFRS-compliant Financial Statements 2011.

**Environmental Reporting**  
*Energy and climate (EN4 and EN16)*  
OP-Pohjola’s carbon footprint was calculated in accordance with the Greenhouse Gas Protocol guidelines developed by the World Resources Institute and the World Business Council for Sustainable Development, which is the best available tool for calculating the carbon footprint of an organisation.

The following emission sources were taken into account, in line with the division of the Greenhouse Gas Protocol:

- Direct greenhouse gas emissions from the Group’s operations (Scope 1 – must be included): fuel consumption of emergency power systems and vehicles owned by the Group (including leased cars in use);
- Indirect greenhouse gas emissions from consumption of electricity and heat purchased from other entities (Scope 2 – must be included): electricity and heat on office premises used by OP-Pohjola Group Central Cooperative Consolidated and the member banks;

- Other indirect emissions (Scope 3 – inclusion is voluntary): waste and wastewater, electricity consumption in a server room located on a service provider’s premises, business travel, purchased transport and mailing, life-cycle emissions of paper consumption.

The following were left out of calculations: energy consumption in holiday properties in the Kuusiniementie housing corporation and on rented premises for ATMs; overseas operations; commuting; and business travel by train, bus and local transport. No data were available on these excluded activities, which fall under Scope 3, within the time frame reserved for calculations. In addition, sufficient emissions factor data were unavailable for the consumption of materials other than paper.

Energy consumption is reported for OP-Pohjola Group’s largest properties in Helsinki (Teollisuuskatu, Vääksyntie, Lapinmäentie and Hiomotie), as accurate electricity consumption data is available for these.

*Materials (EN1) and waste (EN22)*  
The materials reported include office paper consumed by OP-Pohjola Group Central Cooperative Consolidated and an estimate of office paper used by member banks on the basis of their number of employees. Waste recovery rate is reported for OP-Pohjola Group Central Cooperative Consolidated.

The accuracy of the reported corporate responsibility data was ensured by the providers of the data and those in charge of reporting. In the future, OP-Pohjola will improve the scope of reporting, as well as data collection and internal quality assurance practices.

**Social Reporting**  
The data on employees were obtained from the SAP Personnel system. The figures for employees cover OP-Pohjola Group, excluding the Baltic operations (Seesam and Pohjola Finance) and OP-Kiinteistökeskus estate agents (OPKK).

*Workforce structure (LA1, LA2 and LA13)*  
The number of employees is reported for the entire OP-Pohjola Group (incl. the Baltic operations), broken down by employment type, employment contract, gender and age.

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

Employee turnover is reported for the entire Group. These figures do not include internal turnover, i.e. employees who have transferred from one position to another within the Group.

*Skills development (LA10 and LA12)*  
Training was calculated in the form of training investments as a percentage of the total payroll.

All employees of OP-Pohjola Group, including management and employees in the Baltic countries, are involved in performance and career development reviews. With respect to OP-Pohjola Group Central Cooperative Consolidated, the percentage share of those involved in these reviews is calculated on the basis of responses to the annual personnel survey. The calculations exclude employees who joined the Group after the period covered by the previous performance and career development reviews.

*Employee wellbeing (LA7)*  
The wellbeing of the Group’s employees is monitored in an employee satisfaction survey.

All of OP-Pohjola’s employees in Finland are covered by occupational health services, provided in accordance with the Occupational Health Care Act (1383/2001). In the Baltic countries, these services are arranged as required by legislation in each country.

The lost time rate is proportioned to the theoretical working time.

**GRI Application Level**  
OP-Pohjola Group’s CSR Report corresponds to GRI Application Level B. In line with this level, OP-Pohjola reports on those corporate responsibility data and indicators that are material to its operations, in such a manner as to provide an adequate and balanced account of the Group’s corporate social responsibility and its impacts.

GRI content

● Fully reported    ● Partly reported    ○ Not reported

	GRI content	Page	Status	Explanation	Global Compact
1. Strategy and analysis					
1.1	Statement from the CEO	4	●		x
1.2	Key impacts, risks and opportunities	8	●		x
2. Organisational profile					
2.1	Name of the organisation	5–6	●		
2.2	Primary brands, products and/or services	5–6	●		
2.3	Operational structure of the organisation	5–6	●		
2.4	Location of headquarters	5–6	●		
2.5	Countries in which the organisation’s operations are located	5–6	●		
2.6	Nature of ownership and legal form	5–6	●		
2.7	Markets served	5–6	●		
2.8	Scale of the reporting organisation		●	www.op.fi > OP-Pohjola Group Annual Report 2011 Year 2011 > Key Figures and Ratios	
2.9	Significant changes during the reporting period		●	www.op.fi > OP-Pohjola Group Annual Report 2011 Year 2011 > Highlights 2011	
2.10	Awards received during the reporting period		●		
3. Report parametres					
Report profile					
3.1	Reporting period	39	●		
3.2	Date of the most recent report	39	●		
3.3	Reporting cycle	39	●		
3.4	Contact information	47	●		
Report scope and boundaries					
3.5	Process for defining report content	8–9; 39	●		
3.6	Boundary of the report	39–40	●		
3.7	Specific limitations on the scope or boundary	39–40	●		
3.8	Basis for reporting on joint ventures, subsidiaries etc.	39–40	●		
3.9	Data measurement techniques	39–40	●		
3.10	Restatements of information	39–40	●		

	GRI content	Page	Status	Explanation	Global Compact
3.11	Significant changes in the scope, boundary or measurement methods applied	39–40	●		
	<b>GRI content index</b>				
3.12	GRI content index	41–45	●		
	<b>Assurance</b>				
3.13	Policy and practice with regard to external assurance	39–40	●		
	<b>Governance, commitments and engagement</b>				
	<b>Governance</b>				
4.1	Governance structure	10	●		
4.2	Position of the chair of the Board of Directors	10	●		
4.3	Independent, non-executive directors on the Board of Directors	10	●		
4.4	Mechanisms for shareholders and employees to provide recommendations to the Board of Directors	10	●		
4.5	Executive compensation	10	●		
4.6	Avoiding conflicts of interest	10	●		
4.7	Determining the qualifications and expertise of Board members in term of strategic management and CSR	10	●		
4.8	Mission, values statements, ethical principles and sustainability principles	10	●	www.op.fi > OP-Pohjola Group Annual Report 2011 > Strategy > Core Values	
4.9	Board-level procedures overseeing sustainability performance	10	●		
4.10	Evaluating Board performance	10	●		
	<b>Commitments to external initiatives</b>				
4.11	Addressing the precautionary approach or principle	14	●		7
4.12	External charters, principles or initiatives endorsed	14	●		
4.13	Memberships in associations	23	●		
	<b>Stakeholder engagement</b>				
4.14	List of stakeholder groups engaged	13	●		
4.15	Identification and selection of stakeholders	12	●		
4.16	Approaches to stakeholder engagement	8-9; 12	●		

	GRI content	Page	Status	Explanation	Global Compact
4.17	Responding to key topics concerning stakeholders	8–9; 12	●		
	<b>Financial indicators (FS)</b>				
	<b>Management approach to financial responsibility</b>				
FS1	Policies with specific environmental and social components applied to business lines	21	●		
FS2	Procedures for assessing and screening environmental and social risks in business lines	21	●		
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	21	●		
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	11	●		
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	21	●		
	<b>Product portfolio</b>				
FS6	Product portfolio breakdown	31	●		
FS8	Monetary value of products and services designed to deliver a specific environmental benefit	22–23	●		
	<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	21–23; 32	●		
FS11	Percentage of assets subject to positive and negative environmental or social screening	21–23; 32	●		Positive screening
FS12	Voting policies applied to environmental or social issues for shares over which the reporting organisation holds the right to voting shares or advises on voting	21–23; 32	●		
	<b>Economic indicators (EC)</b>				
	<b>Management approach to economic responsibility</b>	10; 33	●		
	<b>Economic performance</b>				
EC1	Direct economic value generated and distributed	33	●		
EC3	Coverage of the organisation's defined benefit plan obligations	34	●		
EC9	Inderict economic impacts	33–34	●		



	GRI content	Page	Status	Explanation	Global Compact
<b>Environmental indicators (EN)</b>					
	<b>Management approach to environmental responsibility</b>	10; 34	●		
	<b>Materials</b>				
EN1	Materials used by weight or volume	35–36	●		8
	<b>Energy</b>				
EN4	Indirect energy consumption	35	●		8
	<b>Emissions and waste</b>				
EN16	Total direct and indirect greenhouse gas emissions	35	●		8
EN17	Total indirect greenhouse gas emissions	27	●		
EN22	Total amount of waste	36	●		8
	<b>Products and services</b>				
EN26	Mitigating environmental impacts of products and services	36	●		7, 8, 9
<b>Social indicators</b>					
	<b>Management approach to social responsibility</b>	10; 19	●		
<b>Labour practices and decent work (LA)</b>					
	<b>Employment</b>				
LA1	Breakdown of workforce	37	●		
LA2	Brakedown of employee turnover	37	●		6
	<b>Occupational health and safety</b>				
LA7	Injuries, occupational diseases, lost days, absentee rates and fatalities	38	●	Sickness absence	1
	<b>Training and education</b>				
LA10	Average hours of training per year per employee	37–38	●	Average training expenditure	
LA12	Employees receiving performance and career development reviews	37–38	●		

	GRI content	Page	Status	Explanation	Global Compact
	<b>Diversity and equal opportunity</b>				
LA13	Composition of governance bodies and employee breakdown	37	●		1, 6
	<b>Human rights (HR)</b>				
HR3	Employee training on human rights	38	●	Training in good business practices	1, 2, 3, 4, 5, 6
HR4	Total number of incidents of discrimination and actions taken		●	No reportable cases	
	<b>Society (S0)</b>				
	<b>Corruption</b>				
S03	Anti-corruption training	38	●	Training to prevent misconduct and fraud	10
S0	Total number of legal actions over anti-competitive, cartel and monopoly practices		●	No reportable cases	
	<b>Product responsibility (PR)</b>				
	<b>Management approach to product responsibility</b>	10; 21	●		
FS15	Policies for the fair design and sale of financial products and services	18; 21	●		
	<b>Product and service labelling</b>				
PR5	Results related to customer satisfaction, including results of surveys	26–27	●		
FS16	Initiatives to enhance financial literacy by type of beneficiary	18	●		
	<b>Customer privacy</b>				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	26–27	●	Customer feedback processing	1



## Statement GRI Application Level Check

GRI hereby states that **OP-Pohjola Group** has presented its report "Corporate Social Responsibility at OP-Pohjola Group 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 2nd 2012

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on February 21st 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

### Contact Information

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