

# OP Year 2018



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Year 2018





## Review by the President and Group Executive Chair



Timo Ritakallio  
President and Group  
Executive Chair,  
OP Financial Group

In today's changing world, companies need to react fast – the strategy must be kept up to date at all times.

In 2018, we specified our strategic vision on the speed of the financial industry disruption. We also started to reorganise our business in OP Financial Group. At the same time, we performed well in our customer business and further strengthened our market position. Our profits were strong, which makes it possible to further develop our business.

### We will reinvent ourselves for the benefit of customers

Our mission is to promote the sustainable prosperity, security and wellbeing of our owner-customers and our operating region. Our vision, updated last autumn, strongly supports this mission. Our goal is to be the leading and most attractive financial services group in Finland – the leading actor in terms of customer volumes, and a forerunner that others look up to. Our vision is to be the most attractive player in the industry for our customers, employees and partners.

In autumn 2018, we revised the focus areas in our strategy from 2016. Our first strategic focus area is

excellent employee experience. It is a prerequisite for ensuring the best customer experience. The best customer experience supports our third key goal, reaching the milestone of two million owner-customers before the year 2020. Our mission requires that we take care of our solid capital adequacy. That is why we aim to grow profits faster than expenses and to make our development investments profitable.

We have revised the responsibilities of the Executive Board and senior management. Private and corporate customers and insurance customers with their various needs lie at the core of our decision-making structure. As part of the reorganisation process, we conducted the Information and Consultation of Employees process that concerned the central cooperative's personnel. The negotiations with employee representatives were held in a very good spirit – the final result was that 700 roles ceased to exist and 1,000 new jobs were created. The negotiations formed part of our 100-million euro cost-cutting programme where we, for example, critically examine the relation between inhouse and out-of-house services.

All of our reorganisation actions aim to maximise benefits for our owner-customers.

” All of our actions aim to maximise benefits for our owner-customers.

## Investments in the future – self-managed teams will take us to the 2020s

Finland's economy was going strong in 2018, which supported OP Financial Group's business. Our position as a provider of corporate loans strengthened further, and we arranged the largest number of initial public offerings in Finland also in 2018. We launched new services that make our customers' daily lives easier, such as the easy-to-use OP Accessible and an automatic home loan service. We were also involved in Finland's first digital home sale.

We invested nearly 400 million euros in development projects in order to further strengthen the competitiveness of our core business.

Being a responsible employer matches our core values. Our goal is to build diverse teams led by both genders – that is how we will make better decisions.

Motivated employees who understand the meaning of their work and have independent decision-making power are satisfied and produce the best results. To improve employee experience, we will gradually adopt an agile operating model. In this

model, work is done in self-managed teams. We will reduce hierarchy and supervisor roles in our organisation.

## In the financial industry disruption, customers are the winners

Fast-developing technology makes it possible for both OP Financial Group and any future competitors in the financial industry to provide new kinds of services.

Amongst this disruption, customers have the greatest power. They decide what services they use, what to recommend and who will be allowed to manage their daily finances. Winner companies offer services that have been responsibly developed and that are based on data and new technology. These services bring value for the customer. As a reliable and well-capitalised financial player, we are able to ensure our customers' privacy protection. This is a major asset to us.

I want to thank our owner-customers, the entire OP Financial Group's personnel and our administration for the year 2018. Let us continue our journey of change together in 2019.

## Year 2018 in brief

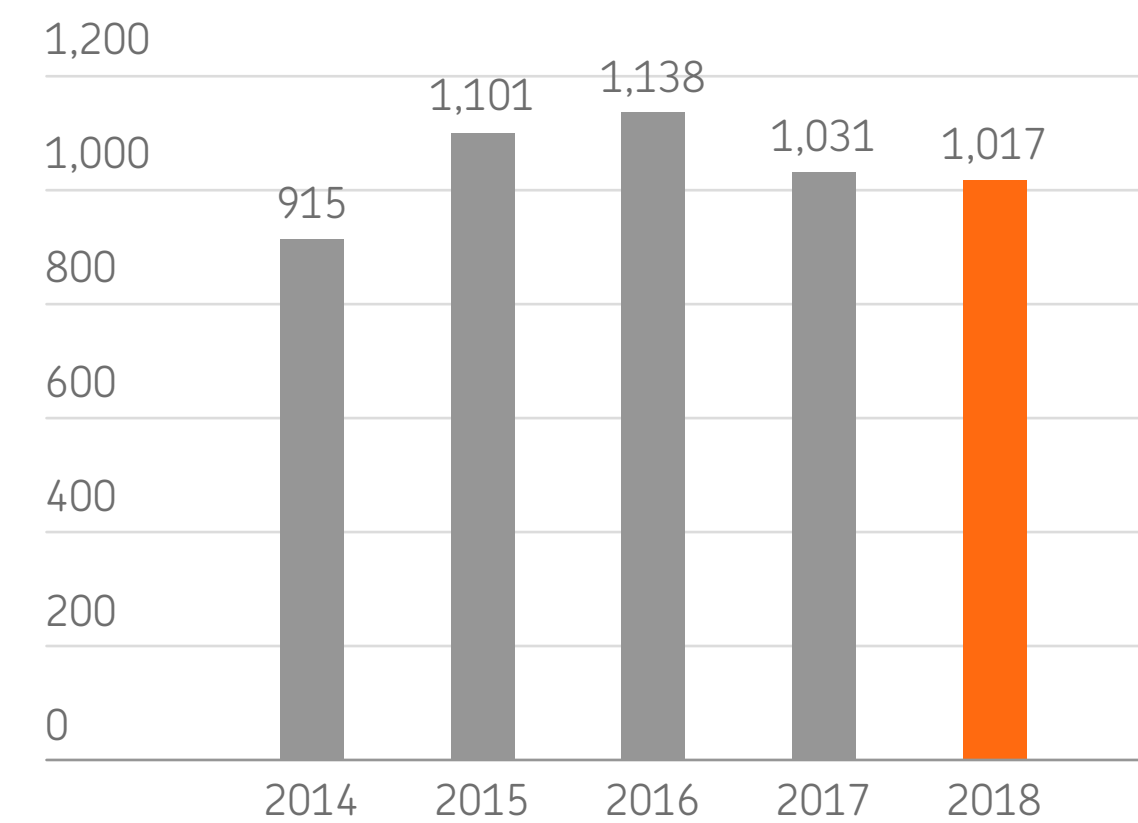
79,000

New  
owner-customers

230

OP bonuses accrued to owner-customers,  
€ million

Earnings before tax, € million



+7%

Net interest income

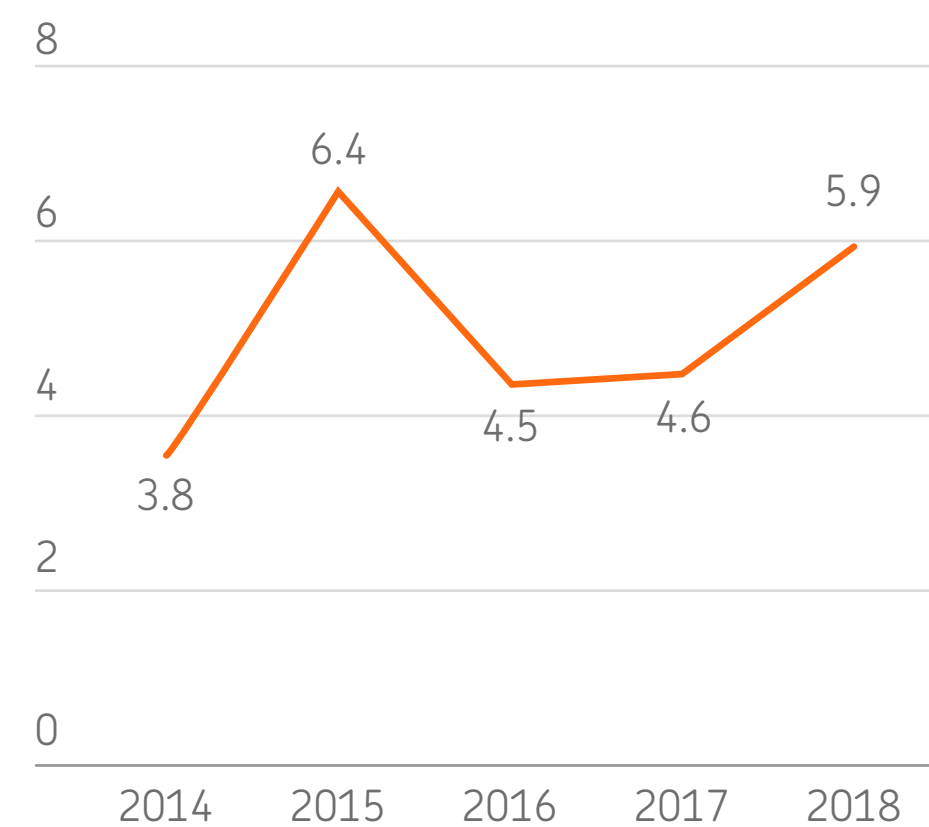
+19%

Net insurance income

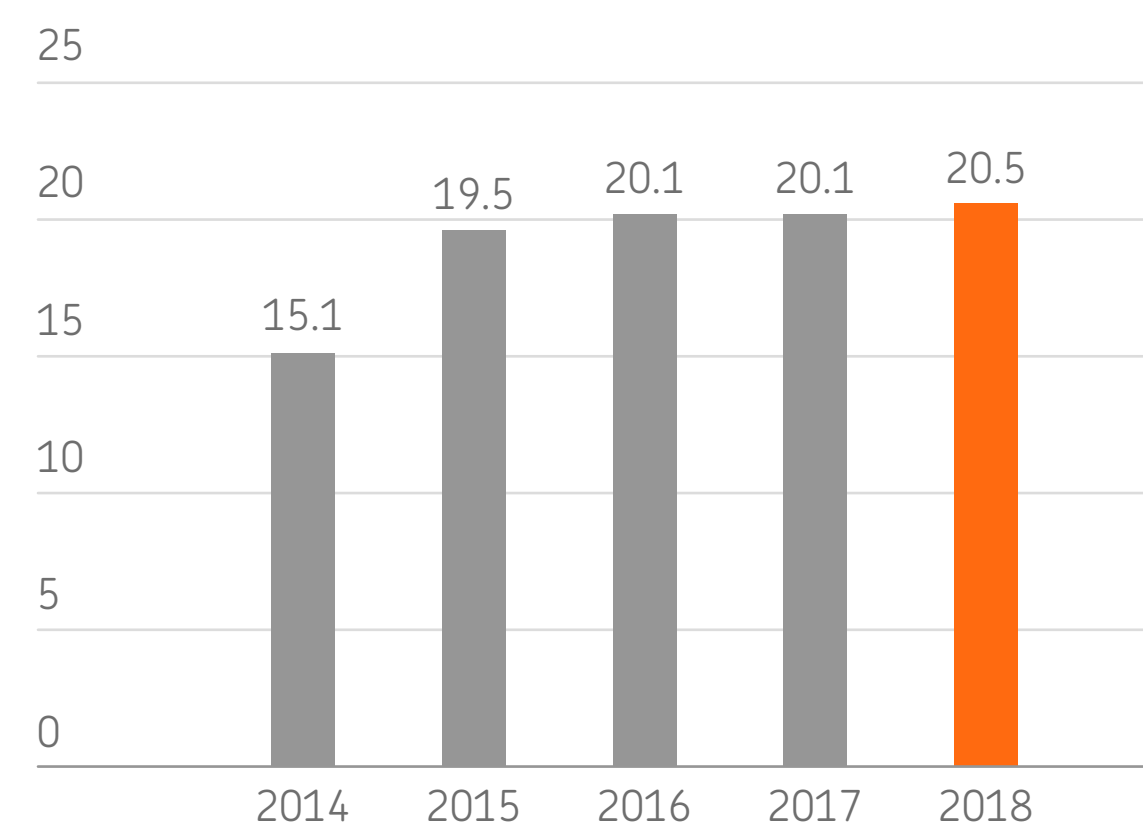
+1%

Net commissions and fees

Loan portfolio growth, %



Common Equity Tier 1 ratio (CET1), %



12,066

Employees

 Women  
 Men

24%

Women in leadership  
positions



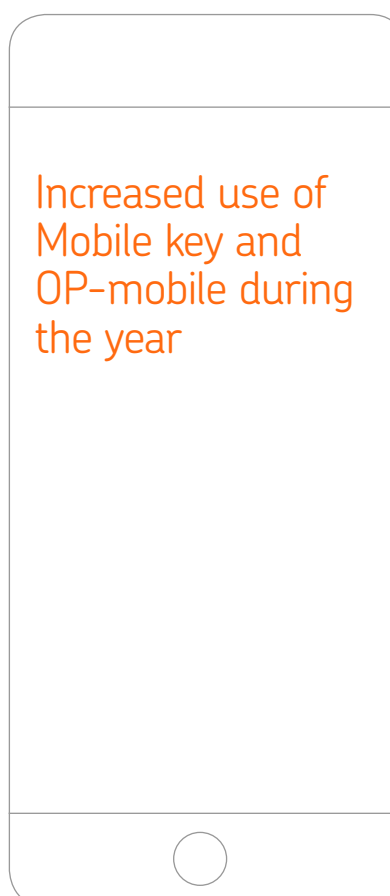
## Highlights in 2018



### Digital home loan decision

Through the automatic loan decision service, customers can apply for and receive a home loan decision and offer online, quickly and automatically.

The ethical principles of using artificial intelligence and the AI trainer programme



# 22 million

OP-mobile logins a month

Over

# €150 million

Siirto mobile payments

# 0.5 million

Mobile key users



### Support for financial literacy and digital skills

During 2018, we supported the personal financial management of a total of 42,000 children and young people in over 500 events across Finland and arranged approximately 800 digital guidance events for seniors.

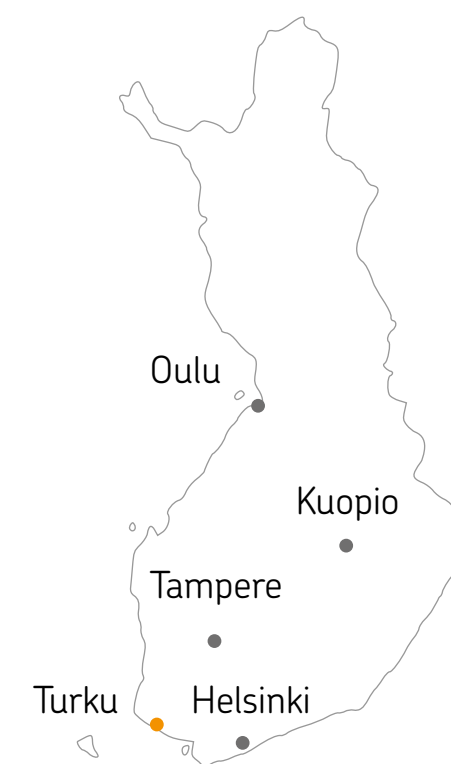
# 42,000

 young people

New President and Group Executive Chair and new areas of responsibility for the management

OP Laskulaina: a new invoice financing service for companies

### Pohjola Hospital in Turku



New blockchain-based solutions together with partners: a completely digital identity for companies & trading in shares of unlisted companies

Summer jobs paid for by OP

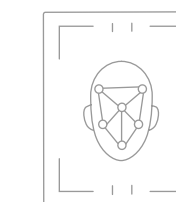
# 1,200



### OP Accessible

In July, we launched a stripped-down and easy-to-use version of our online service to promote equal access to banking services for all customer groups.

### Updated vision and strategic focus areas



We piloted face recognition payment

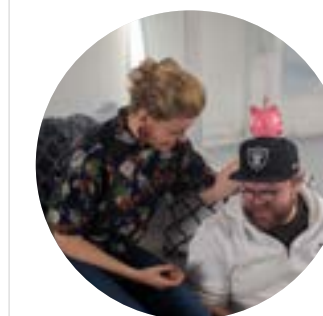
We donated

# 1.3

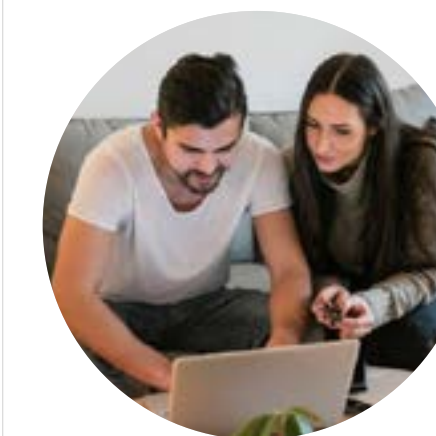
million euros to universities of applied sciences

### New insurance services for companies

We launched new insurance services for companies – such as digital insurance card and OP Risk Management Service – and renewed our corporate insurance services at op.fi.



OP Investor Academy at op.media



### The first digital sale of a home in Finland

OP is involved in developing a platform for the digital housing market (DIAS).

### The most attractive employer in the financial sector and Finland's most trusted financial services group

**1.** Digital Leaders in Finland – the best mobile experience  
The Banker: OP is the Bank of the Year in Finland  
Prospera Corporate Banking 2018: OP Corporate Bank is the best bank in Finland according to the largest companies



Investment-based cash management service automatically invests company's extra funds.



### Green Bond Framework

The framework enables issuance of green bonds.



Pohjola Health Advisor and Pohjola Hospital mobile app

# Highlights in 2018

## Increased use of Mobile key and OP-mobile

The Mobile key, a confirmation tool launched in December 2017, was made available in early 2018 to all OP-mobile users. With the Mobile key, you can confirm transactions on OP-mobile without a key code list. Half a million OP-mobile users have already adopted the Mobile key. The use of OP-mobile has increased to over 22 million logins a month, and over 150 million euros have already been transferred in real time with Siirto mobile payments on OP-mobile and Pivo. [Read more >](#)

## Digital home loan decision

In February 2018, we started to pilot a digital home loan decision service. Towards the year end, over a hundred OP cooperative banks adopted the digital home loan decision service and it was extended to cover two borrowers' loan decisions. Through the automatic home loan service, customers can apply for and receive a home loan decision and offer online, quickly and automatically. By December, over 5,700 applications had already been received through the service. [Read more >](#)

## The ethical principles of using artificial intelligence and the AI trainer programme

In the beginning of the year, OP Financial Group adopted ethical principles for using artificial intelligence (AI). These principles include a people-first approach, transparency and openness, impact assessment, ownership and privacy protection. [Read more >](#)

Last autumn, we launched an AI trainer programme. At the first stage, 20 OP employees participate in a training pilot organised with the Metropolia University of Applied Sciences to learn how to act as AI trainers in various business areas. [Read more >](#)

## New President and Group Executive Chair and new areas of responsibility for the management

Timo Ritakallio took up his duties as OP Financial Group's President and Group Executive Chair on 1 March 2018. OP revised the areas of responsibility of the Executive Board and senior management in June, and last autumn we continued to redesign our organisation under the new areas of responsibility. In the new management model, decision-making has been built around private and corporate customers. [Read more >](#)

## Pohjola Hospital in Turku

Pohjola Health Ltd's fifth hospital was opened in Turku in May, thus marking the completion of the network of Pohjola Hospital. Five Pohjola Hospitals, located in Helsinki, Tampere, Oulu, Kuopio and Turku, provide basic healthcare and special healthcare services, examinations, surgery and rehabilitation on an extensive basis. [Read more >](#)

## Support for financial literacy and digital skills

During 2018, we supported the personal financial management of a total of 42,000 children and young people in over 500 events across Finland. We also arranged approximately 800 open digital

guidance events for seniors. OP is the main partner of the national Financial Literacy competition for ninth-graders. Promoting financial literacy among young people is an important corporate responsibility theme for us. In October, OP participated in Vanhus-tenviikko ("Elderly Week") by organising over 70 digital guidance events around Finland. In the events, seniors learn to use digital services in view of the level of their skills. [Read more >](#)

## New blockchain-based solutions together with partners

A completely digital identity for new companies with blockchain

OP, Asiakastieto, Nordea and Tieto, together with Finnish authorities, were the first in the world to develop a business network based on blockchain technology that allows users to establish a limited company completely digitally. At the same time, new companies also get a completely digital identity that updates in real time.

Trading in shares of unlisted companies with blockchain

Since the autumn of 2018, OP, Asiakastieto, Nordea, Privanet and Tieto have been developing a business network based on blockchain technologies. The network makes it possible to manage the shareholders of unlisted shares and to digitalise share trading. The consortium provides a reliable, simple and completely digital platform for managing the share and shareholder register of unlisted shares, for issuing new shares and for stock trading on secondary markets between buyers and sellers.



## OP Laskulaina for companies

OP Laskulaina is a new flexible invoice financing service, which has been directly integrated in the company's accounting and invoicing service system. Piloted since May 2018, the service enables companies to flexibly draw down credit against sent and open sales invoices without the need to wait for the often long payment term fulfilment. [Read more >](#)

## Summer jobs paid for by OP

In its Summer jobs paid for by OP campaign, OP donated over 500,000 euros to non-profit organisations across Finland. The money was used to offer summer jobs to 1,200 young people. [Read more >](#)

OP Accessible

In July, OP launched a stripped-down and easy-to-use version of its online service to promote equal access to banking services for all customer groups. The OP Accessible platform provides basic banking services to private customers who are unable to use, for example, the op.fi service or OP-mobile due to vision or hearing impairments, motoric challenges or other functional defects. The service has been developed in cooperation with customers.

[Read more >](#)

## OP Sijoittajakoulu (Investor Academy)

OP Sijoittajakoulu (Investor Academy), published in August at op.media, deals with saving and investing in a fun and understandable way, through videos, podcasts and articles. The Investor Academy has gathered over 1.5 million viewing minutes. The following themes, for example, are discussed with interesting guests in the episodes: starting investing, the fundamentals of equity investment and responsible investing. [See more >](#)

## We piloted face recognition payment

OP was the first one in Finland to pilot payments based on face recognition. During the internal pilot, we have collected experiences of the use of the service. The pilot has been implemented together with Visa at OP's staff restaurant. Face recognition payment is based on a reliable payment system and face recognition technology. [Read more >](#)

## Updated vision and strategic focus areas

Last autumn, we clarified our strategic focus areas and updated OP Financial Group's vision. Our strategic focus areas are excellent employee experience, the best customer experience, two million owner-customers, profits growing faster than expenses, and productive development. Our vision is to be Finland's leading and most attractive financial services group from the perspective of employees, customers, partners and stakeholders. [Read more >](#)

## New insurance services for companies

In the course of the autumn, we launched new insurance services for companies and revamped our corporate insurance services at op.fi. In the future, all online transactions related to workers' compensation insurance will be done at op.fi, and the other insurance lines will be added there in stages.

**OP Risk Management Service** supports the further development of customer security and risk management. The service enables all the staff of a company to improve occupational safety by conveniently reporting any shortcomings in safety and dangerous situations at work.

The digital insurance card is a free-of-charge service for OP Insurance's corporate customers. The service brings together the most important insurance covers related to employees' personal insurance. The service also gives employees advice on what to do in the case of illness or accident.

[Read more >](#)

1.3 million euros to universities of applied sciences

In 2018, OP donated 1.3 million euros to Finnish universities of applied sciences. With the donations, we are supporting education and knowledge all around Finland. [Read more >](#)

## The most attractive employer in the financial sector and Finland's most trusted financial services group

In the Reputation & Trust survey by T-Media published in October, OP ranked seventh among the most renowned and trusted companies in Finland. The rank was the highest among companies within the financial sector.

Based on the annual Employer Branding Survey conducted by Universum in October, OP was ranked the most attractive employer in the financial sector both among business professionals and IT professionals. As the most attractive employer, OP ranked fifth among business professionals and ninth among IT professionals.

## Green Bond Framework for green bonds

In October, OP published a framework concerning the issuance of green bonds. Under the Green Bond Framework, OP Financial Group may issue Green Bonds via OP Corporate Bank plc or any other issuing entity of the Group. The readiness to issue Green Bonds supports OP's goal to channel financing to investments that are sustainable in terms of the environment and economy.

[Read more >](#)

## Pohjola Health Advisor and Pohjola Hospital mobile app

The phone lines of Pohjola Health Advisor service have been open since last spring. At the end of the year, the service also became digitally available as the Pohjola Hospital mobile app was launched to the public.

Pohjola Health Advisor helps OP Insurance's customers with the assessment of care needs, gives care instructions for minor ailments and, if necessary, a referral to suitable care at a virtual doctor or your nearest Pohjola Hospital or OP's partners. [Read more >](#)

## Investment based cash management for companies

In November, we launched investment-based cash management service (sweeping) that automatically allocates a company's extra funds to an investment generating better return. With the two-way service at op.fi, the company's cash is kept within the agreed limits. The service also makes it possible to automatically invest cash in the company's account in mutual funds. [Read more >](#)

## Bank of the Year

In November, OP was ranked first in Finland in the Banker's Bank of the Year Awards.

OP Corporate Bank plc was ranked the best bank in the Corporate Banking 2018 Finland survey conducted by Prospera among the largest companies, that is those with net sales of over EUR 1.5 billion.

## Digital Leaders in Finland 2019 – the best mobile experience

OP was selected as the best company in terms of mobile experience in the Digital Leaders in Finland 2019 survey. The results of the survey were published in November. The survey included OP-mobile, Pivo and the mobile website. In the evaluation criteria, mobile services' usability and functionalities were reviewed. As in the previous year, OP took first place. In the Digital Leaders survey, OP Insurance ranked first in its category.

## Digital sale or purchase of a home

OP is involved in developing a platform that enables the digital sale or purchase of a home (DIAS). This globally unique system for selling and purchasing housing company shares is created in cooperation with banks, real estate businesses, technology businesses and authorities. The digitalisation of the system for selling and purchasing housing company shares started in the beginning of 2019 and will progress in stages.

## OP Financial Group becomes member of Finance Finland

OP Financial Group became a member of Finance Finland as of 1 January 2019. Through this decision on the membership transfer, we want to strengthen the development, cooperation and competitiveness of the Finnish financial sector. [Read more >](#)



OP Financial Group



# OP Financial Group in brief

OP Financial Group is Finland’s largest financial services group, fully owned by its customers.

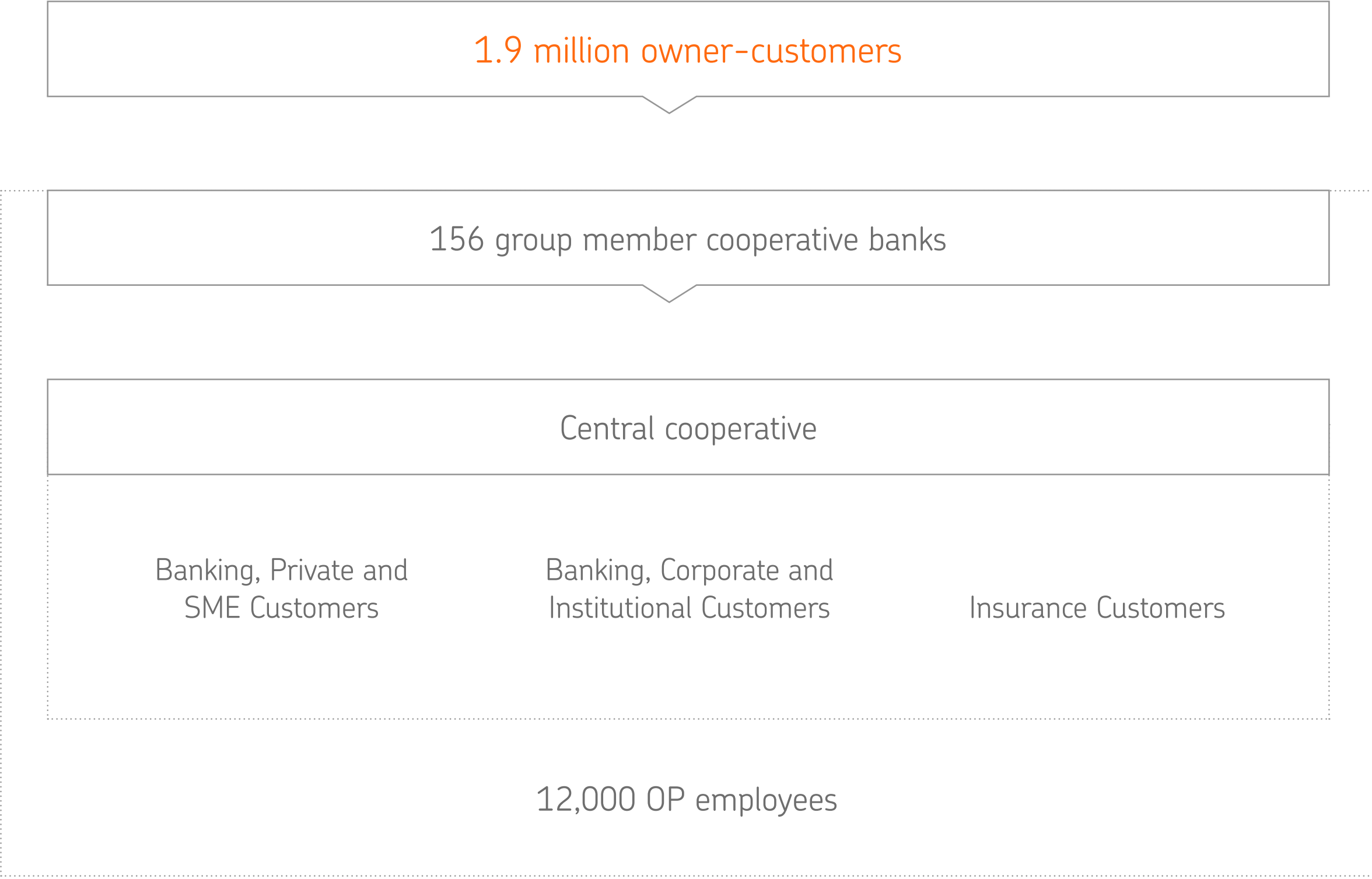
OP Financial Group is made up of 156 independent OP cooperative banks and OP Cooperative which they own, including its subsidiaries and closely related companies. Some 1.9 million owner-customers own the OP cooperative banks and thereby the entire OP Financial Group with a staff of roughly 12,000. Our vision is to be the leading and most attractive financial services provider in Finland – from the perspective of customers, employees and partners.

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

of digital channels and the most extensive nationwide network of branches.

OP’s business is based on the cooperative principle: cooperation and sharing the fruits of success with customers, meeting the needs of the community. Based on our mission, we create sustainable prosperity, security and wellbeing for our owner-customers and in our operating region by means of our strong capital base and efficiency. Our core values comprise responsibility, people-first approach and prospering together.

As a cooperative business, OP Financial Group aims not to maximise profits for its owners but to provide, as efficiently as possible, the services which its owner-customers need, ensuring its strong capital base. The shared success will be used for the benefit of owner-customers in the form of loyalty benefits, other financial benefits as well as the maintenance and further development of service capabilities. OP has the objective to continuously improve customer experience and increase value for customers.





## OP's business segments

OP runs business through its main three business segments: Banking for private and SME customers, Banking for corporate and institutional customers, and Insurance customers. We provide our customers with the most extensive and diversified range of banking, investment and insurance services and the best loyalty benefits in the country.

OP has built its new business segments around its customers. In 2018, we reorganised ourselves and put customers at the core of management. At the same time, we simplified our organisational structure, speeded up decision-making and created more well-defined responsibilities. The new business segments have been effective since early 2019. OP reports its 2018 financial statements based on its previous business segments: Banking, Non-life Insurance and Wealth Management.

The reorganisation is aimed at sharpening the strategic focus, maximising the benefit for customers and speeding up business success. By putting our customers at the core of our new organisation, we can better and faster meet our customers' changing needs.

### Banking, Private and SME Customers

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

Our private customers can do their daily banking transactions and make payments in various channels regardless of time and place, such as on the award-winning OP-mobile, on Pivo, and through op.fi. During 2018, we gradually provided our customers with an opportunity of receiving a home loan offer directly through OP eServices, too. It is possible to discuss loans over the phone, in a remote conference or face to face at a bank branch, and customers can sign their loan documents electronically, too, if they so wish.

We provide our customers with services related to buying, selling or renting a home, and it is possible

to look for a new home and other housing-related services at op-koti.fi. Our range of services also includes versatile saving and investment services and extensive owner-customer benefits. Our goal is to increase our customers' wealth and financial literacy, and we give investment advice at all our branches. In addition, we deliver a personalised, award-winning Private Banking experience.

We provide SME customers with all of the corporate and entrepreneur banking services, financing, payment transaction and cash management services, investment services, and expert services related to business development. As a partner for companies, we want to promote the success and growth of local business. When we know our customers well and are in close interaction with them, we can customise solutions for each of them.

Digital home loan decision,  
award-winning mobile experience  
and versatile services for SMEs

Based on OP's strategy, we are making heavy investments in the development of digital banking services. Our aim is to create the best financial

” By putting customers at the core of our new organisation, we can better and faster meet our customers' changing needs.

planning and management services in the market in terms of user experience.

In 2018, we introduced a digital home loan decision service to our customers. It enables OP customers to apply for and receive a home loan decision and offer online, which are binding on the bank. The service has had a very favourable reception, and customers have already filed over 5,700 loan applications through the service. During 2018, the use of the service has been extended to cover the majority of OP cooperative banks. Up to over 70 percent of all our loan applications are filed through digital channels.

The trend of preparing for a rise in interest rates has continued to intensify during the year along with the popularity of interest rate protection products, with respect to home loans, corporate loans and housing company loans. Up to one third of new home loans were protected in 2018. We introduced new customised solutions of hedging against interest rate risks to our forestry customers and to housing companies. This increased and widened interest for preparing for a rise in interest rates.

OP was selected as the best company in terms of mobile experience in the Digital Leaders in Finland 2019 survey. The number of OP-mobile users increased to over 1.2 million at the end of the year. Over half of OP-mobile's active users have adopted the Mobile key confirmation tool. In October 2018, the use of the Mobile key surpassed that of the key code list on OP-mobile.

The number of registered users on the mobile app Pivo increased to one million, and there are already over 500,000 customers on OP's services that have registered for the Siirto mobile payment service. Mobile payment volumes on both Pivo and OP-mobile increased to over 150 million euros. Towards the year end, we also piloted face recognition payment among our personnel.

According to the SME barometer of the Federation of Finnish Enterprises, OP is the leading bank for SMEs in Finland. Out of all the SMEs established, 53% were OP customers. During the year, we launched new services for SMEs, such as OP Credit Facility and OP Laskulaina. OP Credit Facility provides corporate customers with a fast and flexible

way of reacting to situations that require financing. OP Laskulaina is an invoice financing service for companies, which has been directly integrated in the company's accounting and invoicing service system.

OP New Light Entrepreneurship (OP Kevytyrittäjä) made a breakthrough as the leading service for solo entrepreneurs. Already over 7,500 entrepreneurs have started their business through the service, 6,000 of them in 2018.

During the year, we also earned many recognitions for our products and services and were selected number one in Finland by The Banker, an esteemed publication, in its Bank of the Year competition.



## Banking, Corporate and Institutional Customers

OP Corporate Bank is Finland's leading bank for corporates and institutions. We provide extensive services for various situations: financing, hedging, payment services, management of cash flows and working capital, asset management and risk management. We support the success of our customers in their business through long-term cooperation. We want to continue to improve our services in various service channels in order to deliver the best customer experience in the market.

Finland, Estonia, Latvia and Lithuania are our home market. Our strength is an extensive, local service network in Finland, but we also offer extensive services and our partner network for the international needs of our customers. As a partner for corporates, we wish to promote the success and internationalisation of Finnish business.

We provide comprehensive debt and equity financing solutions from our balance sheet and from the capital markets. In capital market services, we provide comprehensive services to all customer groups

for hedging against market risks and trading in financial markets.

The goal of our solutions that streamline purchasing and sales is, for their part, to support customers' liquidity management as well as asset and liability management. We seek options to customer financing of consumers and companies, in Finland and abroad. We bring solutions to online and mobile purchases and payments. We support the effective management of cash flows with account and limit solutions.

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

Excellent employee experience contributes to better customer experience and strong growth

OP Corporate Bank's employee experience developed favourably during the year, and our excellent

employee experience is visible to our customers in terms of better service. The customer satisfaction with OP Corporate Bank's Banking segment was excellent in 2018: NPS 79 (1-12/2018).

Two years ago, OP Corporate Bank took the first place in the large corporate customer survey by the Scandinavian Financial Research (SFR). In a corresponding survey by Prospera, OP Corporate Bank's promising trend culminated in 2018 when it ranked number one in the Tier 1 category, that is, among companies with net sales of over 1.5 billion euros. This can be regarded as the best customer survey result in our history.

In 2018, our financing to corporates increased at a rate faster than the market average, up to 10 percent annually. The growth has strengthened OP Financial Group's position as Finland's largest provider of corporate financing, but mainly it has made it possible for numerous Finnish companies to invest and grow. Thus, our strong corporate financing supported Finnish economic growth in the past year.

## Insurance Customers

OP provides an extensive and diverse range of non-life and life insurance services to private, corporate and institutional customers. We are further developing our service concepts, our digital insurance and claims services and our claims services partner network to deliver a uniform and high-quality customer experience. The Insurance Customers business segment comprises OP Insurance, A-Insurance, Eurooppalainen, OP Life Assurance Company and Pohjola Health.

We want to ensure that our customers have a versatile and comprehensive insurance cover. The key insurance lines for private customers include motor vehicle, home and other property policies as well as personal insurance, such as accident and health policies, for both home life and travelling.

In services for corporate customers, we wish to be their risk management partner. We seek to safeguard the business continuity of our customers, support employees' work ability and help to create a safe working environment. We provide our customers with extensive and diversified risk management services which enable them to better ensure trouble-free and secure business operations in case of problems. The entrepreneur himself/herself,

company staff, the company's fixed and current assets, cargo, vehicles and the business itself are the key insured objects or persons in the field of business insurance. OP also offers cyber-insurance against data damage and occupational healthcare service that can be included in the personnel's personal insurance contracts.

In claims services, OP has partnership agreements with firms representing over 20 industries, such as healthcare services providers, car repair shops, eyeglass retailers, building renovation firms and household appliance retailers. Through partnerships, OP ensures excellent customer experience, cost-efficient and even-quality claims settlement services and their easy availability.

Our Claim Help at [vahinkoapu.op.fi](http://vahinkoapu.op.fi) provides our customers with a smooth way of managing claims. The Claim Help service provides customers with information in the case of loss or damage, the contact details of our partners and information on what each insurance covers. Claim Help is also available on OP-mobile and OP Business mobile.

Personal customers file approximately 68% and corporate customers 43% of their loss reports either online or through mobile.

Pohjola Hospital network completed in May 2018

The range of OP's health and wellbeing services is managed as part of the Insurance Customers business division. The Pohjola Health's hospital network was completed in May 2018 when the Pohjola Hospital in Turku opened its doors. All five Pohjola Hospitals, (in Helsinki, Tampere, Oulu, Kuopio and Turku), provide basic healthcare and special healthcare services, examinations, surgery and rehabilitation on an extensive basis. In November, we made the decision to abandon the previously planned Pohjola Health network of medical centres.

We collect feedback from Pohjola Hospitals' customers with the NPS indicator depicting customer satisfaction. The NPS among Pohjola Hospital surgery patients has been high since the first hospital's opening, attaining 96 in 2018 (NPS range -100-+100).

Pohjola Health has succeeded in shortening a patient's stay on the clinical pathway significantly, which benefits all parties involved: customers, that is employees, employers, society and non-life and pension insurers through shorter absences and lower costs, claims paid and loss of income.

Pohjola to become a non-life insurance brand

We are planning to adopt the Pohjola name in our non-life insurance business during 2019. OP Insurance Ltd's name would then change to Pohjola Insurance Ltd. Considering that the name Pohjola is still strongly associated with insurance services, updating the brand is in line with our customers' expectations.

Alongside the rebranding of non-life insurance business, the Pohjola Health brand is renamed Pohjola Hospital, and it will focus on hospital business in the future.

Read more about OP's products and services at [op.fi](http://op.fi).

Up to

68%

of loss reports are filed online or on mobile by private customers



## Cooperative basis

In accordance with values and principles based on the cooperative system, we act in the best interests of our broader-based community and will therefore refrain from pursuing any targets of OP or individual players that conflict with the long-term targets prevailing in our operating region. This involves impactful actions for the benefit of the community at both local and national level – digitally and physically.

### Local impact of OP cooperative banks

A cooperative business model and actions taken by OP cooperative banks for the benefit of local communities enhance wellbeing and economic prosperity throughout Finland. OP is strongly committed to its customers and operating region. Thanks to our long-term knowledge of our local operating region, we can provide finance to households and businesses from boom to bust. Long-term financing of local businesses is, indeed, one of the key prerequisites of regional prosperity and stability. OP has a regional impact on the whole of Finland, considering that the network of over 360 branches is the most extensive and densest in the country.

Executing OP's mission means ensuring the prosperity and vitality of the operating region, which is also reflected in tangible actions at local level. OP cooperative banks can make independent decisions to support, for instance, local cultural life and the physical education of children and young people provided by local sports clubs.

"We foster local vitality" is one of OP's corporate responsibility themes. More information about our work on corporate responsibility at national and local level can be found [here](#).

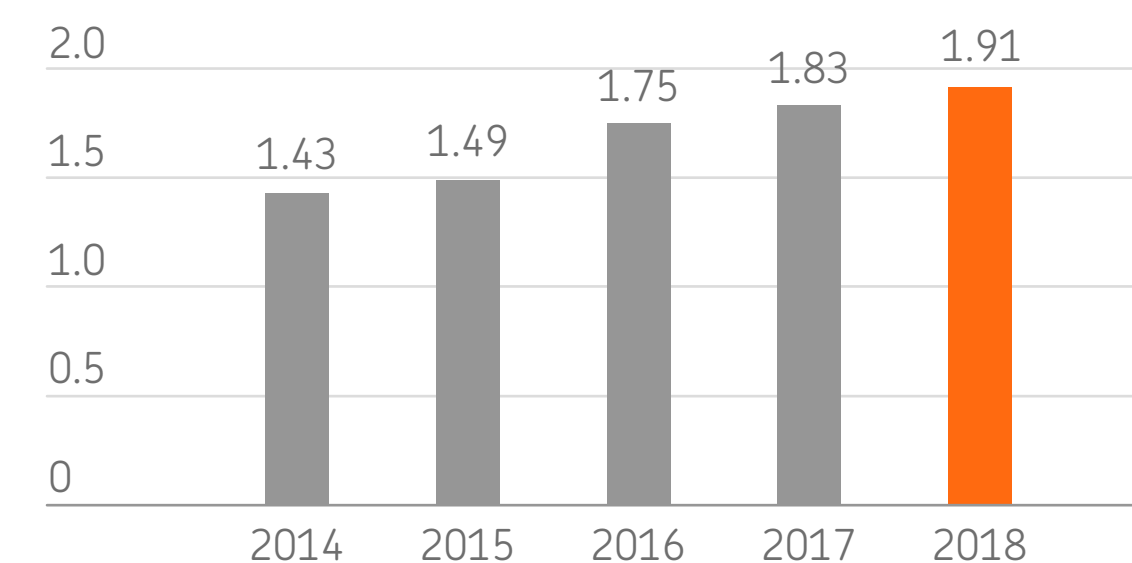
### Owner-customer interests guide our operations

OP Financial Group is owned by some 1.9 million owner-customers. Based on our mission we, owned by our customers, create prosperity and wellbeing for our owner-customers and in our operating region. Owner-customers are therefore at the core of our business.

Everyone can become an owner-customer by paying a cooperative contribution to their own OP cooperative bank. Such contribution entitles

owner-customers to a diverse range of benefits and gives them the right to vote in the election of the bank's Representative Assembly. It is a one-time contribution – no other payments or charges are required. Since 2014, our owner-customers have been able to make additional contributions to their own OP cooperative banks by means of Profit Shares. An OP cooperative bank will pay annual interest on Profit Shares on the basis of its financial performance, thus channelling part of its good performance for the benefit of its owner-customers. OP anticipates paying interest of 3.25% (3.25) on Profit Shares for 2018.

### Owner-customers, million



### Benefits and OP bonuses for owner-customers

A significant part of business performance is returned to owner-customers in terms of OP bonuses that are earned, for example, from loans, savings and investments, as well as insurance, and that are used to pay service charges and insurance bills. Owner-customers also get discounts on their insurance policies.

Moreover, owner-customers have access to specific owner-customer service packages, such as daily banking services, a long-term fixed rate home loan and the OP investment partner service. Owner-customers can also buy, sell and switch the majority of OP funds' units with no transaction costs. In addition to the services provided by OP cooperative banks, owner-customers can also benefit from a variety of benefits provided by OP Financial Group's partners. A total of 111 million euros (102) of bonuses were used to pay for banking and wealth management services and 118 million euros (114) to pay non-life insurance premiums in 2018. Since 1999, we have granted over 2 billion euros in OP bonuses. In 2018, our owner-customers earned a total of 230 million euros (220) in OP bonuses. Non-life insurance loyalty discounts amounted to

67 million euros (71). In addition, owner-customers bought, sold and switched the majority of the mutual funds without separate charges. The value of this benefit amounted to 6 million euros (5).

### Owner-customers influence in various ways

In accordance with cooperative principles, owner-customers can, if they so wish, have an impact on the bank's decision-making and development of operations. Through their representatives in the bank's governing body, owner-customers can promote business and prosperity in the region.

Owner-customers can have an influence on their own cooperative bank's activities, for example, in the following ways:

- In the OP cooperative bank's governing body: The Representative Assembly is the highest decision-making body of the bank with owner-customers acting as its members. An owner-customer can run as a candidate for the Representative Assembly election, and if elected, he/she can contribute to the bank's activities. Every owner-customer has the opportunity to vote in the election of their bank's Representative Assembly.

- In digital communities: Many OP Financial Group's cooperative banks have their own owner-customer community, a digital forum through which owner-customers can contribute to developing their own bank's operations and generate ideas for services for owner-customers. During 2018, owner-customers came up with ideas through the institution, for example, about what kind of communication and marketing the banks produce for owner-customers and what kind of local benefits the banks should offer to owner-customers.
- In product and service development: customers can be involved in OP's product and service development through the Paja customer community.



## Seven reasons to become an owner-customer

1

### Value-for-money OP bonuses

As an owner-customer, you will earn OP bonuses. They can be used to cover, for example, your banking service charges or insurance bills.

2

### Benefits and discounts for owner-customers

You will get owner-customer benefits from banking, insurance, and saving and investment services.

3

### Benefits from OP partners

Enjoy the benefits for owner-customers offered by our partners across Finland.

4

### You are supporting local business

OP cooperative banks provide support and financing to local businesses and act as their partners in the different stages of a company's life cycle. As OP cooperative bank's owner-customer, you too are involved in supporting the vitality of the local community.

5

### You are doing good to others

As an owner-customer, you can, for example, have your say on where the local bank donates funds for charitable purposes.

6

### You can have a say on your bank's activities and decision-making

As an owner-customer, you can vote and become a candidate for the Representative Assembly in your bank's election. As a member of the Representative Assembly, you can have a say on your bank's activities and get valuable experience on how banks operate.

7

### You are supporting Finnish society

As OP cooperative bank's owner-customer, you are involved in activities that make an impact throughout our entire operating region in Finland. Every year, OP Financial Group supports Finnish science, arts and sports financially, and OP Art Foundation lends high-value instruments to talented musicians. Every year, a number of students get a summer job at an OP cooperative bank, we put strong focus on enhancing the financial literacy of the youth and support the digital skills of the elderly. The Hiiop volunteering project encourages both employees and customers to engage in volunteering.



# Strategy

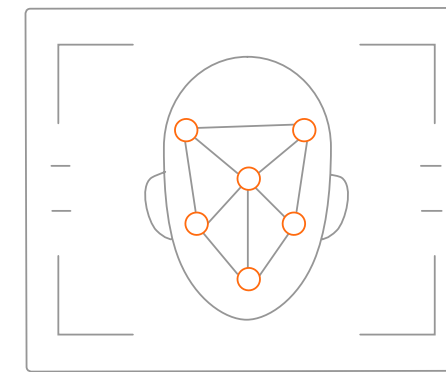




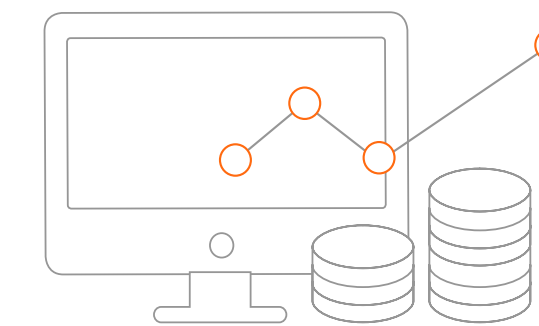
# Operating environment

OP is currently facing a major change in the operating environment and the industry. The world, technology and the competitive environment around us are changing fast and will involve opportunities that we cannot yet even imagine. Our customers' expectations are increasing, their behaviour is changing and digital transactions are becoming ever more common. Meanwhile, fighting climate change has become the major challenge of our era.

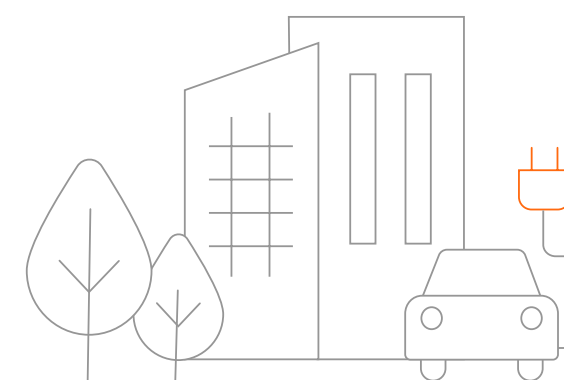
## Megatrends



Technological development



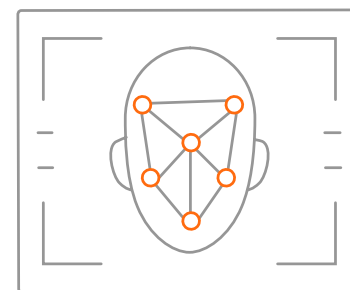
Value of data in business



Globalisation, urbanisation,  
transformation in the employment and  
economic transformation



Climate change



Fast **technological development** will change operating models in the financial sector. Technological development is a key force of change that will speed up disruption in the financial sector. Customers expect better and more smoothly-running services that are more competitive in terms of prices. Customers are more likely to switch service providers because in the digital environment it is easy to launch competitive tendering between service providers, compare and switch them. Technology will drastically change our daily lives, for example, when it comes to buying, financing, mobility, communication and housing.



**The value of data** and its role will increase constantly. Interpreting the data obtained from customer behaviour enables businesses to develop more customer-driven services and make business decisions with more background information. However, customers have the power to decide for what purpose their data is used. Data protection legislation has also been aimed at ensuring this aspect. The amount of data is growing exponentially, and it is processed more and more efficiently. Data exploitation capability has become a success factor for a number of companies, which, at its best, is shown as more diverse services to customers that better meet their needs.

**Globalisation** will shape the financial-sector operating environment in Finland, too. The digital services of foreign service providers are available to Finnish customers, too, on a more extensive basis. Changes in society, population ageing and urbanisation will set new requirements for the financial sector. Urbanisation will affect internal migration in Finland as well. **Economic transformation** and **transformation in the employment** will force companies to develop their internal and external operating models. The free movement of labour will improve the opportunities to recruit experts across borders while competition for the best employees and skills will become fiercer.



**Climate change** is the major global challenge of our time with an impact on all industries. The increasing expectations of stakeholders will require responsibility of companies in climate change efforts, and companies will play a major role in controlling climate change. Adapting to climate change and enabling a sustainable future will require tangible actions in the financial sector, too. Climate change and responsibility are reflected in the customers' daily lives and decisions. Legislative development, taxation and the integration of responsibility into business decisions will support creating a sustainable economy.





## OP Financial Group's strategy

We have sharpened our strategic priorities to respond to changes in our operating environment and to the changing needs of our customers. Our new vision, too, has an even sharper focus: OP Financial Group's vision is to be Finland's leading and most attractive financial services group from the perspective of employees, customers, partners and stakeholders.

In September 2018, OP Financial Group's Supervisory Board approved OP Financial Group's key strategic focus areas for the remaining strategy period, and OP's new vision. The strategy confirmed in 2016 still forms the foundation for our activities, but we wanted to sharpen its strategic focus because of changes in the operating environment. With the help of the sharpened strategy, OP will create something new on top of a previously built strong basis while maintaining its aptitude for development and innovativeness.

Our vision is to be Finland's leading and most attractive financial services group from the perspective of employees, customers, partners and stake-

holders. This is why excellent employee experience, best customer experience and an increase in the number of owner-customers to at least two million are now highlighted as strategic focus areas. Two other strategic focus areas support these: faster growth in profits than expenses and maximising development productivity.

In order to implement our strategy and mission as well as possible and to achieve our future target status, we have decided to initiate a significant reform in practices within OP Financial Group's central cooperative. New agile practices highlight job meaningfulness and enhance job satisfaction, which, in turn, improves customer experience and workplace efficiency, and creates potential for cost savings. OP aims to reduce the annual costs incurred by the central cooperative consolidated by 100 million euros.

Well-executed company-level agile practices have proven to be supreme in a world that is changing at a rapid pace. The first stage of adopting the new practices started in OP Financial Group's central cooperative in January 2019.

” Changing customer behaviour, the increasing significance of data, technological development, globalisation and climate change challenge us to reinvent ourselves on an ongoing basis. We have sharpened our vision and our strategic focus areas. They ensure that we will build the OP Financial Group of the 2020's on our strengths and that we can respond quickly to changes in our operating environment.

Timo Ritakallio,  
President and Group Executive Chair



# To be the leading and most attractive financial services group in Finland



## Mission

By means of our strong capital base and efficiency, we create sustainable prosperity, security and wellbeing for our owner-customers and in our operating region.



” Employee experience actually consists of the entire journey of a person in the company and all the experiences on the way. We are all creating our own and each other’s employee experience every day. A good employee experience arises from a meaningful job, a sense of being in control of your work and from a possibility to influence your work.

Hannakaisa Länsisalmi,  
EVP, Human Resources

Excellent employee experience

Our goal is satisfied, motivated and skilled employees that produce the best and most attractive customer experience. In employee experience, we will particularly focus on the following three themes: wellbeing at work, job meaningfulness and a smooth workflow.

We will clarify job meaningfulness and develop activities further together. To support wellbeing at work, we take care of everyday work ability and increase daily physical activity in the workplace. In order to make work run more smoothly, it is important to have clear and agile goals and practices. OP engages its employees in the improvement of employee experience in everyday working life.

OP Financial Group’s central cooperative will gradually move to agile, self-managed practices, which will give freedom and responsibility to teams, speed up decision-making and guide work according to customer needs.

Best customer experience

OP Financial Group’s goal is the best customer experience in the financial industry and the best corporate image in Finland. In every service encounter, we wish to provide every customer with an experience that leaves a strong positive emotional imprint.

Our key steps towards the best customer experience create, above all, a smoother everyday life for our customers. This means that we need to have a grasp of the customer’s overall situation and to solve their needs – over the phone, face to face or digitally, and regardless of whether the customer is a private individual or a company.

During the remaining strategy period, we will especially focus on improving personal accessibility and smoothly running digital services. At the moment, the use of OP-mobile is increasing the most among our services, and OP-mobile has been defined as the main service channel for our private customers.

1.  
The largest companies in terms of net sales selected OP Corporate Bank as Finland’s best bank in the survey by Prospera.

Two million owner-customers

OP Financial Group’s aims to enter the year 2020 with two million owner-customers. We will reach this goal by communicating more clearly about the unique, increasing benefits of an owner-customer membership – also to young people.

When customers become members of an OP cooperative bank, they will become owner-customers, thus enabling them to make use of OP bonuses and other value-for-money benefits and to have a say on their bank’s activities. Many OP cooperative banks also provide their customers with benefits offered by local businesses. The benefits and added

value that owner-customers get are at the core of OP Financial Group’s work during the strategy period.

In addition to financial benefits, owner-customers have a genuine opportunity to contribute to their own cooperative bank’s decisions and influence developments in their neighbourhood.

Strategic targets

OP Financial Group’s strategic targets	31 Dec. 2018	31 Dec. 2017	Target 2019
Customer experience, NPS (-100–+100)			
Brand	23	22	25
Service encounter	61	58	70
CET1 ratio, %	20.5	20.1	22
Return on economic capital, % (12-month rolling)	20.8	20.4	22
Expenses of present-day business (12-month rolling), € million	1,833	1,661	Expenses for 2020 at 2015 level (1,500)
Owner-customers, million	1.9	1.8	2.1 (2019)

Profits must grow faster than expenses

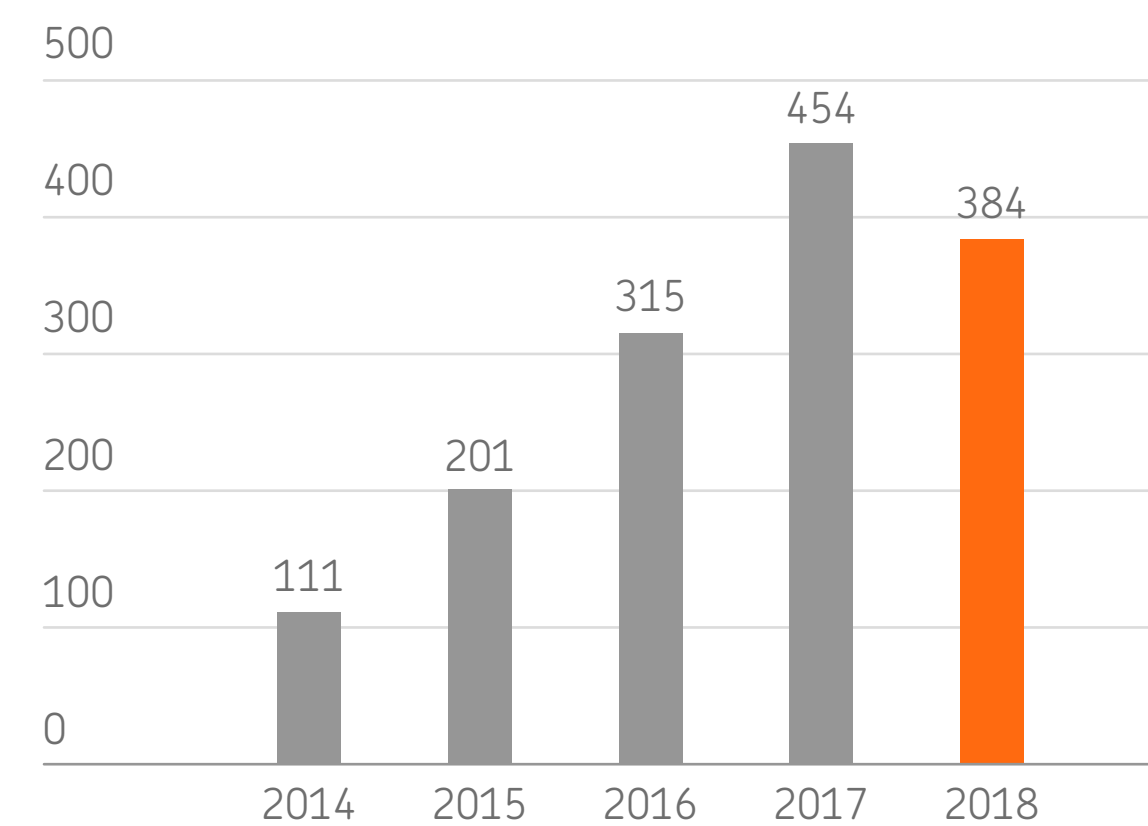
Implementing OP Financial Group’s mission successfully requires a strong capital base which is additionally necessitated by increasing regulatory requirements. We use the majority of our earnings to enhance our capital base. That will require efficiency and earnings power of the Group in the years to come, too.

In September 2018, OP Financial Group’s central cooperative launched a cost-cutting programme whereby the goal is to achieve annual cost savings of a hundred million euros by sharpening the focus of the strategy, focusing on core businesses and optimising the relation of inhouse and out-of-house services.





Product and service development expenditures, € million



### Productive development

Our goal is to get even better results for the money we have spent on development and thus to increase benefit to our owner-customers in that way, too. In 2018, OP spent nearly 400 million euros on development – for example, on fulfilling obligations set by the authorities, updating information systems and creating new services.

We must justify every euro spent on development to our owners, the customers. In the future, we want to pay even more attention to developing new things in areas relevant to OP Financial Group, and making sure that the basis of our operations is competitive.

In the financial sector, too, a platform economy ecosystem has been created. In the ecosystem, companies develop services together with other companies. It is not sensible to do everything yourself. OP Financial Group is also a forerunner in establishing partnerships.

” Five steps, one major goal: we want to be the most attractive financial player in Finland – for our customers, employees and partners.

Timo Ritakallio,  
President and Group Executive Chair

## Value creation

OP creates value for its customers, stakeholders and operating region on many levels. We provide our customers with competitive products and services while ensuring our profitability and enhancing our capital base. As a cooperative business, we promote the long-term success and prosperity of our owner-customers and operating region. This involves impactful actions for the benefit of the community at both local and national level.

Our value creation model depicts what kinds of resources and capital we use to implement our mission and strategy, and what kinds of outputs and impacts our activities have. Our most important resources consist of highly skilled and motivated employees, services and systems that are continuously developed further, economic capital and capital of trust based on strong values and close stakeholder relations.

All our activities aim to add value to our owner-customers. Our most important outputs create excellent employee and customer experience, strengthen our capital base and reputation, and

foster a sustainable economy and regional vitality. We seek to provide the best customer experience in the sector by creating relevant service encounters in all channels. Customer experience and its ongoing improvement is one of our most important targets, which is measured using a customer experience indicator.

### Value chain – OP as part of society

OP influences society on a wide front through its operations. The financial sector plays a key role in economic prosperity, both directly and indirectly. We provide necessary basic services and opportunities for citizens, companies and organisations. We take care of the performance of cash services and payment transactions, we provide protection and prevention in the case of loss events, and we work for a sustainable and responsible economy.

We act on our CR principles throughout the entire value chain. A strong capital base and effective risk management enable our business continuity. OP's centralised procurement is in charge of procuring the most important products and services within the Group. We expect our product suppliers and

service providers to conform with OP Financial Group's Supplier Code of Conduct, OP Financial Group's General Procurement Terms and Conditions, Code of Business Ethics and any applicable legislation and international agreements.

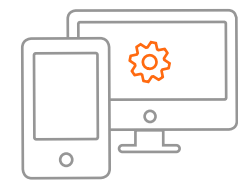
OP is strongly committed to its customers and operating region. We develop our services together with our customers right from the start. We support our customers and act as their partner, also during challenging times. We foster a sustainable economy, for example, by financing sustainable business,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



## Our key capitals



Satisfied, motivated and highly skilled employees (12,066)



Systems and services supporting customer experience – responsible and innovative development



Partner with a strong capital base – financial capital



Close partner for stakeholders – cooperative values, trust and reputation

## Value creation model

### Strategic priorities



## Outputs and impacts



- The most attractive employer in the financial sector (Universum 2018)
- Employee training: 14 hours/person
- Diversity: proportion of women in defined managerial positions 24%
- Employee turnover: 11.6%



- Customer experience: service encounter NPS 61, brand NPS 23
- Product and service development expenditures: €384 million
- Digital channels account for more than 98% of service encounters with private customers



- CET1 ratio: 20.5%
- Return on economic capital: 20.8%
- Interest paid on owner-customer investments: €94 million
- One of the biggest taxpayers in Finland: corporate tax €223 million

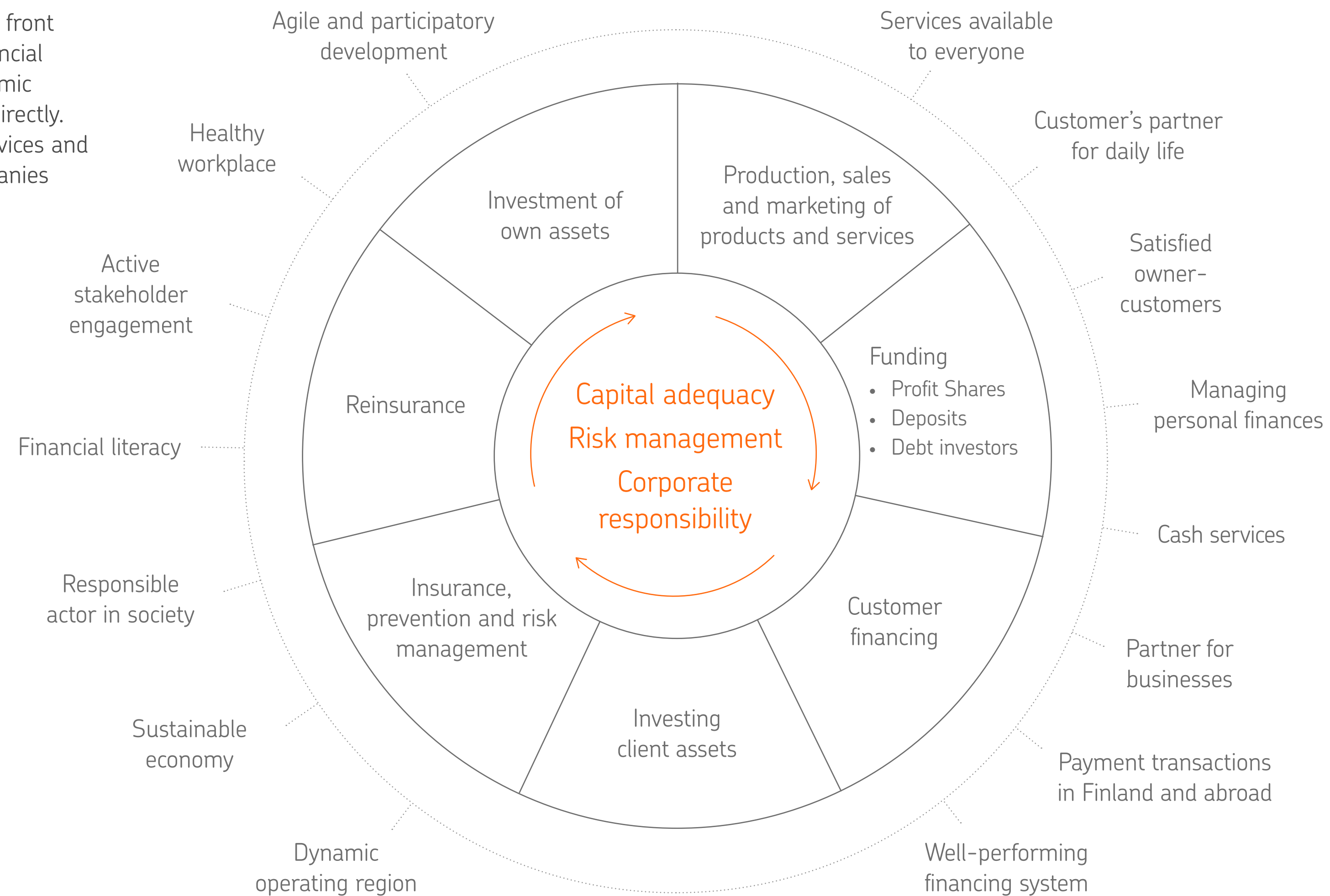


- Up to 1.9 million owner-customers
- New OP bonuses accrued to owner-customers: €230 million
- Finland's most trusted financial services group (Reputation & Trust 2018)
- Thriving local communities: regional impacts
- Promoting sustainable economy



## Value chain – OP as part of society

OP influences society on a wide front through its operations. The financial sector plays a key role in economic prosperity, both directly and indirectly. We provide necessary basic services and opportunities for citizens, companies and organisations.





# Corporate Responsibility





## Review by the director in charge of corporate responsibility



Tuuli Kousa,  
EVP, Communications  
and Public Affairs

### Corporate responsibility is a joint effort

For us at OP Financial Group, being a good corporate citizen has always been a given. We are a cooperative financial services group owned by our customers, and conducting our business responsibly and working together are among our core values.

We are committed to promoting a sustainable economy through our Corporate Responsibility Programme. The urgency of actions to curb climate change was highlighted in 2018 by a new report from the Intergovernmental Panel on Climate Change (IPCC). Slowing down climate change is one of the most pressing issues of our time, and everyone must contribute to the search for solutions. Both businesses and the general public must do more to find sustainable solutions for creating operating conditions for the future. OP has set itself an ambitious target of being carbon positive by 2025. Being carbon positive means not producing any emissions ourselves and also allowing our customers to cut their emissions.

One of our key missions is to encourage our customers to make more responsible choices and to adopt more responsible practices. Sustainable financing and socially responsible investment are routine for us. Our

responsible investment team is constantly looking for better operating models. We are an active owner that also exercises influence over other businesses in order to promote responsible practices. In the autumn of 2018 we published our Green Bond Framework, which allows us to issue green bonds.

Combatting climate change requires cooperation on many levels. OP joined the Climate Leadership Coalition and the City of Helsinki's Climate Partners network in 2018. To cap off the year, we donated 50,000 euros to WWF Finland to help with the fight against climate change.

Promoting regional vitality and the wellbeing of our owner-customers are also at the heart of OP Financial Group's CR policy. Financial literacy is an important life skill, and the growing popularity of payday loans is a serious social problem.

In 2018 we hosted more than 500 events at which we taught financial management skills to 42,000 children and young people around Finland. Among the most important means of teaching financial literacy are visits to schools and educational institutions as well as bank open days, which are aimed at introducing young people to the labour market and teaching them financial and entrepreneurship skills.

We donated EUR 1.3 million to universities of applied sciences to support Finnish education in 2018.

We also organised 800 Varmuutta verkkoon events across the country. Better digital literacy prevents the social exclusion of elderly people and promotes equal access to services. The year 2018 also saw us launching a new service called OP Accessible. It is a user-friendly online portal that simplifies online banking and makes our services accessible to all customer groups.

Our work towards becoming an even more responsible corporate citizen continues on many fronts in 2019. In respect of our insurance business, we focus on preventing injuries and increasing traffic safety. We continue to actively combat climate change in order to increase awareness about environmental issues. Our efforts to promote the development of green products and increase our customers' awareness about them also continue. We continue our work for the benefit of communities both locally and nationally. Our priority is still to teach digital literacy through our corporate volunteer scheme.

We want to be a forerunner in corporate responsibility in the financial sector. For us, corporate responsibility comes down to tangible actions. How will you contribute in 2019?

# Corporate responsibility management at OP

Corporate responsibility (CR) is an integral part of OP's business and strategy. CR is based on our mission and joint values, supported by our customer-owned business model.

Our business must promote the prosperity of our customers and our operating environment. Our community spirit and cooperative basis direct us to set an example for others. We develop products and services that encourage our customers to act in a responsible and environmentally friendly manner. OP aims to be a forerunner in CR in the financial sector. Our Code of Business Ethics contains OP Financial Group's CR principles, which all those employed by OP Financial Group, whatever their role, position or location, must observe. The Code of Business Ethics also includes the Group's environmental principles. Our Supplier Code of Conduct is binding on all of the Group's service providers, other suppliers and partners. The Code of Business Ethics is supplemented by more detailed rules and guidelines.

OP Financial Group's corporate governance practices also largely cover actions related to CR management. The main management approaches are defined in OP Financial Group's Corporate Governance Principles. Our 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. OP's Operational Risk and Compliance organisations also oversee risks and compliance related to CR. The organisations operate independently of the business divisions.

OP's CR actions and targets are guided and coordinated by our Corporate Responsibility Programme.

As reporting principles, OP uses the GRI Standards as GRI-referenced and follows the GRI Standards and the UN Global Compact initiative and is working towards making its reporting practices comply with the IIRC framework. OP Financial Group's sustainability reporting is mainly based on the same boundaries as the Group's financial reporting. Any deviations or limitations in the boundary are reported next to the applicable data.

## Organisation of responsibility issues

CR policies and guidelines are approved by the OP Financial Group's Supervisory Board. Strategic CR management is the responsibility of the Executive Board of OP Cooperative, which also makes strategic decisions on CR matters. The person responsible for CS within senior management is OP's Chief Communications Officer and SVP, Communications and Public Affairs. CR issues are discussed regularly, not only at the Executive Board's meetings but also at meetings of business divisions' executive boards. Day-to-day work concerning CR and the implementation of the CR Programme is carried out by CR working groups in the business divisions. OP Financial Group's CR policies and guidelines apply to all Group companies, including OP Corporate Bank, OP Mortgage Bank and OP cooperative banks.

Leadership methods are assessed as part of general leadership practices. Targets and operating principles will be updated should there be any changes in the operating environment, for example.



International commitments and participation in organisations

In addition to laws and regulations, OP undertakes to comply with international commitments that guide operations. OP signed the Global Compact initiative in 2011, committing itself to the initiative's 10 principles on human rights, labour standards, the environment and anti-corruption. The Global

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

Timo Ritakallio,  
President and Group Executive Chair



Compact principles have been integrated into OP's new supplier contracts. The principles of the Global Compact have also been taken into account in on-line training for personnel concerning the Code of Business Ethics and Corporate responsibility. The online training course was updated in 2018.

OP was among the first asset management companies in Finland to sign the UN Principles for Responsible Investment in 2009. Since then, the Group has developed responsible investment practices with even greater determination, and participated in wider development efforts in the sector. OP is also one of the founding members of Finland's Sustainable Investment Forum (FINSIF). OP is also involved in Global Compact Networks, the Corporate Responsibility Team of Finance Finland (FFI), the CR network Finnish Business & Society (FIBS), the Corporate Responsibility and Co-operative Affairs Working Group of the European Association of Co-operative Banks (EACB) and the CR working group of the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE).

We actively follow the development of guidelines intended for the financial sector as part of the OECD Guidelines for Multinational Enterprises. The OECD guidelines comprise voluntary CR principles

and standards, as well as instructions for applying legislation to international business operations.

OP has signed the Equator Principles initiative as a guarantee of responsible project financing. OP takes part in the annual CDP survey, which gathers information from businesses on the effect of climate change on their business and any actions they have taken in order to combat climate change and reduce greenhouse gas emissions. In 2018, OP scored a B on the survey's four-step scale (A–D), which means that the company has taken action to address environmental issues beyond the initial screenings or assessments.

In its role as an investor, OP Wealth Management has signed CDP's climate change and water initiatives and the deforestation initiative.

#### Key CR guidelines and principles

- OP Financial Group's Corporate Governance Principles
- OP Financial Group's CR policies
- UN Global Compact principles
- Code of Business Ethics
- OP Financial Group's Corporate Responsibility Programme

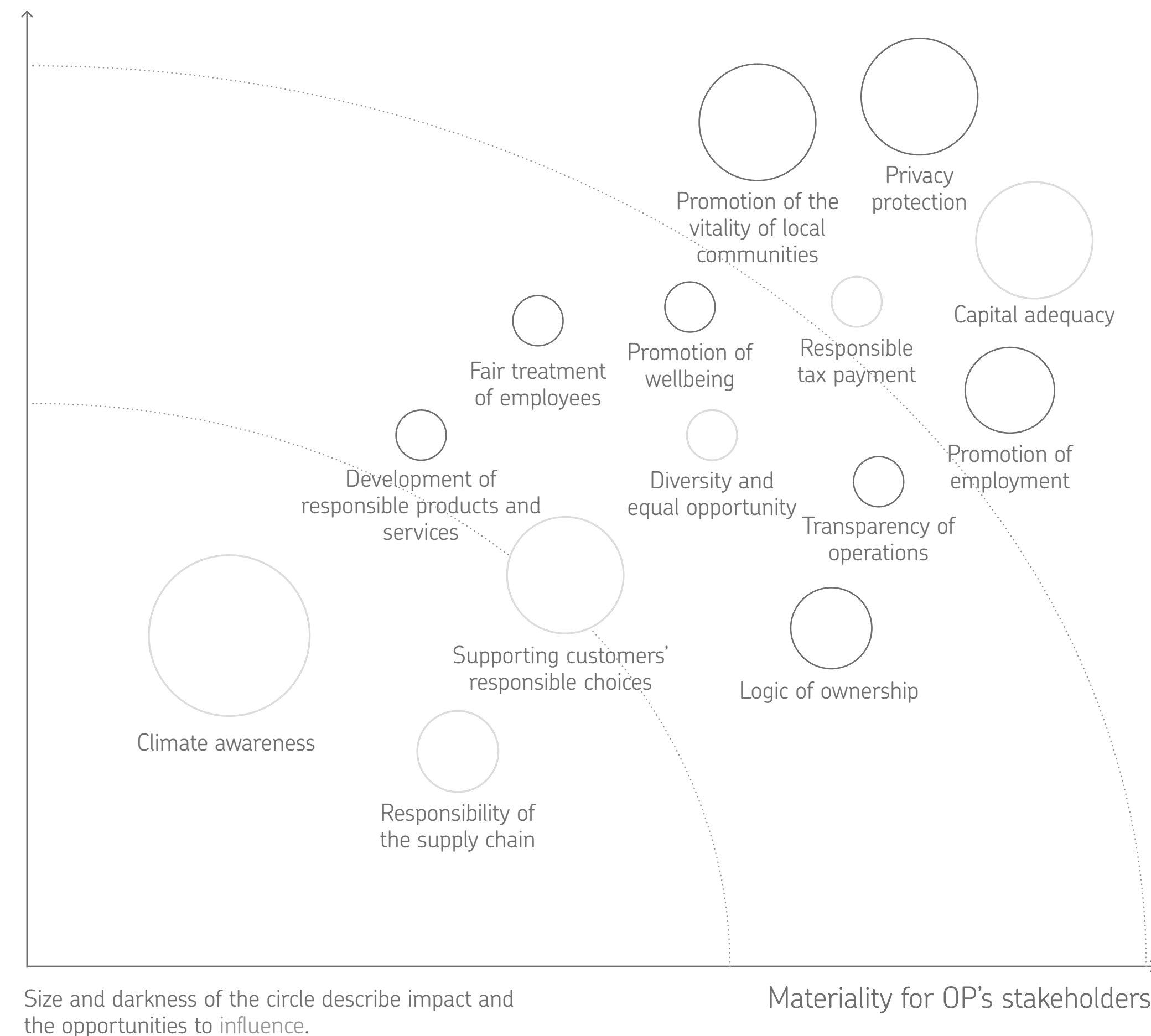
## Materiality

The purpose of the CR materiality analysis is to identify those aspects of CR that are the most central to OP and its stakeholders. The CR materiality analysis was carried out in 2016. Stakeholders' opinions were polled by means of two stakeholder surveys in which the respondents were asked to evaluate, for example, the materiality of responsibility-related aspects and OP's role in this work. This materiality analysis guides the development and targets of the CR programme.

## Risks and control

No products, services, business models and systems will be introduced before they have been assessed for potential risks and changes. Major new products, services and operating models or significant changes to existing ones are, when necessary, assessed by OP Cooperative's Executive Board, which ultimately decides on whether they should be adopted. The Executive Board is informed of

## Materiality for OP





significant realised risks as a part of monthly risk reviews. Risk maps, updated annually, are used to identify the critical risks affecting operations, including environmental, social and corporate governance (ESG) risks. These maps are used to conduct an analysis on the basis of which the executive management are made aware of critical phenomena. The effectiveness of the risk and capital adequacy management efforts of OP and its members is evaluated on an annual basis. Internal audits are conducted each year to examine the status of internal controls and capital adequacy management.

Internal controls cover all operations, involving all OP Financial Group entities and sites. The nature and extent of operations and, whenever necessary, special characteristics related to international operations are taken into consideration in specifying internal controls. Internal control covers all organisational levels. Internal control in its most extensive form primarily takes place at the operational level, characterised by continuous processes and forming part of daily routines. Internal control is complemented by the opportunity of anyone employed by OP Financial Group to report through an

independent channel if they suspect that rules or regulations have been violated (whistle blowing).

OP Financial Group as a credit institution is supervised by the European Central Bank (ECB). The Finnish Financial Supervisory Authority oversees OP Financial Group's investment firms and insurance companies in Finland as prescribed in legislation governing financial and insurance markets. OP Financial Group's operations in Estonia, Latvia and Lithuania are supervised by the national regulators of those countries where applicable.

OP Financial Group uses Group-wide financial reporting and risk reporting to monitor the attainment of its business goals and financial targets, and these reports are regularly reviewed in the executive management's meetings and in meetings of OP Cooperative's Executive Board. The very same principles apply to the monthly financial performance and risk report prepared by the management. When preparing and examining the report, the management ascertains the accuracy and correctness of the financial results and reporting by analysing performance and risk exposure and any deviations from targets.










The Supervisory Board's Audit Committee is tasked with assisting the Supervisory Board in order to ensure, firstly, that the central cooperative and OP Financial Group have in place an adequate and well-functioning control system to cover all operations and, secondly, that OP Cooperative's accounting and treasury control is organised appropriately.

### Corporate Responsibility Programme

OP's CR targets are guided and coordinated by our Corporate Responsibility Programme. The programme was updated in 2017 under the umbrella theme "Positive driver of change through responsibility". The programme is built around four main themes: 1) We foster a sustainable economy, 2) We support local vitality, 3) We act with a people-first approach and through engagement and 4) We foster health, security and wellbeing. Corporate Responsibility Programme

OP promotes the Sustainable Development Action Plan and Sustainable Development Goals agreed by UN Member States in 2015. The SDGs with the most relevance to OP's activities have been factored into our Corporate Responsibility Programme.

## We contribute to the Sustainable Development Goals

Sustainable development goals	OP 's target that supports SDG	Examples of results in 2018
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Ensure healthy lives and promote well-being for all at all ages.</p> <ul style="list-style-type: none"> <li>We promote traffic safety</li> <li>We are active in loss prevention together with customers, for example, at sporting events</li> </ul>	<ul style="list-style-type: none"> <li>OP Liikenneteko tour</li> <li>OP Claim Help service</li> <li>The Porokello reindeer alert system -the goal is to cut half the number of reindeer accident</li> <li>Five Pohjola Hospitals and Pohjola Health Advisor</li> </ul>
 <p>4 QUALITY EDUCATION</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p> <ul style="list-style-type: none"> <li>We support Finnish education and competence</li> <li>We aim to improve financial literacy among youngsters</li> </ul>	<ul style="list-style-type: none"> <li>EUR 1.3 million donated to universities of applied sciences 42,000 children and young people in 520 financial literacy events</li> <li>800 digital training events for elderly people</li> </ul>
 <p>5 GENDER EQUALITY</p>	<p>Achieve gender equality and empower all women and girls.</p> <ul style="list-style-type: none"> <li>We promote diversity: KPI is the proportion of women in managerial positions</li> </ul>	<ul style="list-style-type: none"> <li>Women held 24% of executive positions at the end of 2018 (21 %)</li> </ul>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> <ul style="list-style-type: none"> <li>We are a fair employer, and we also provide jobs to young people.</li> <li>We contribute to resolving the issues that are plaguing the labour market.</li> <li>Our customer service model factors in special groups.</li> <li>We have an extensive network of service providers.</li> </ul>	<ul style="list-style-type: none"> <li>Over 400 summer workers</li> <li>1,200 young people employed through the Kesäduuni OP:n piikkiin campaign</li> <li>8,000 OP Light Entrepreneurs</li> <li>365 branches across Finland</li> <li>OP-mobile has become the most popular way in which customers take care of their day-to-day banking needs, with visits totalling over 22 million per month.</li> </ul>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p> <ul style="list-style-type: none"> <li>Regional impacts of OP cooperative banks</li> <li>Business financing</li> </ul>	<ul style="list-style-type: none"> <li>365 branches across Finland</li> <li>ESIR financing</li> </ul>
 <p>10 REDUCED INEQUALITIES</p>	<p>Reduce inequality within and among countries.</p> <ul style="list-style-type: none"> <li>Financial literacy training events</li> <li>Promoting the digital literacy of elderly people</li> <li>Increasing accessibility</li> </ul>	<ul style="list-style-type: none"> <li>42,000 children and young people in 520 financial literacy events</li> <li>800 digital training events for elderly people</li> <li>New OP Accessible</li> </ul>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Make cities and human settlements inclusive, safe, resilient and sustainable .</p> <ul style="list-style-type: none"> <li>Residential lending</li> <li>Property development</li> </ul>	<ul style="list-style-type: none"> <li>OP Property Management Ltd built 888 new rental homes in 2018, and OP Financial Group now manages a total of 4,070 homes. A further 910 new rental homes are under development.</li> </ul>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure sustainable consumption and production patterns.</p> <ul style="list-style-type: none"> <li>Code of Business Ethics</li> <li>Sustainable finance</li> <li>We are a forerunner in sustainable investment</li> </ul>	<ul style="list-style-type: none"> <li>Group wide Supplier Code of Conduct 2018</li> <li>New online Code of Business Ethics training course</li> <li>Promoting responsible business practices through active ownership</li> </ul>
 <p>13 CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impacts.</p> <ul style="list-style-type: none"> <li>We seek to be CO<sub>2</sub> positive by 2025 i.e. emissions in scope 1+2 0 kg/CO<sub>2</sub>.</li> </ul>	<ul style="list-style-type: none"> <li>Emissions (scope 1 +2) 19 613 tn CO<sub>2</sub></li> <li>Fund-specific ESG analyses of OP equity funds</li> </ul>



Responsible procurement

The goal of OP’s procurement function is to ensure that any products, services or rights that are acquired are, on the whole, cost-effective, of high quality, reliable and ethical, and that suppliers are managed professionally to the benefit of OP Financial Group and its customers. OP believes that responsible procurement provides a way to promote responsibility among the thousands of contracting partners that OP Financial Group has, and thereby to comply with and promote OP Financial Group’s Corporate Responsibility Programme.

OP’s purchases and orders are based on Group-level framework agreements negotiated by OP Procurement or on the basis of OP Financial Group’s General Terms and Conditions for Procurement. Our Supplier Code of Conduct was updated in 2018. It stipulates that OP’s service providers and other suppliers and contracting partners must commit to abiding by local laws, regulations and good business practices. Suppliers must also ob-

serve OP Financial Group’s values and Code of Conduct. The Supplier Code of Conduct lays down the minimum requirements that OP’s suppliers must meet.

The year 2018 also saw us identifying responsible procurement targets and measures that allow us to promote responsibility even more clearly when making decisions on purchases and cooperating with suppliers. Responsible procurement management is closely linked to supplier management as well as supplier risk management.

Suppliers’ responsibility is first evaluated in connection with competitive tendering when we also evaluate their suitability for a partnership with us more generally, and subsequently at regular intervals in accordance with an operating model agreed with OP’s procurement function. OP audits suppliers in accordance with its annual CR auditing plan.

OP’s CR requirements for suppliers have since the end of 2011 been incorporated into our purchase

agreements. We updated our responsibility requirements in 2018. In addition to suppliers’ general responsibility requirements, we apply service-specific or category-specific responsibility requirements, as appropriate. For example, we are the first Finnish business to stipulate that our suppliers must have international TCO Certification for certain IT hardware, such as displays and desktops, that covers the entire life cycle of these devices.

OP’s suppliers are mainly based in Finland, and they mostly provide services in Finland. OP can therefore manage the CR risk level related to procurement through transparent and well-managed supplier cooperation.

” We updated OP’s Supplier Code of Conduct in 2018.



## OP's Corporate Responsibility Program

- We seek to be CO<sub>2</sub> positive by 2025
- We are a forerunner in sustainable investment



We foster a sustainable economy

We support local vitality

- We publish our tax footprint every year
- We aim to improve financial literacy among youngsters
- We impact local communities



- We promote employee wellbeing
- We promote diversity: the proportion of both genders in managerial positions 40%



We act with a people-first approach and through engagement

We foster health, security and wellbeing

- We promote road safety
- We promote physical activity among kids
- We are active in loss prevention together with customers





Renewable  
sources  
of energy  
accounted for

# 31%

of our electricity  
consumption.



## We foster a sustainable economy

Climate change has extensive effects, and it causes notable uncertainty for society. Together with our customers, we will build sustainable economy and support mitigating climate change and adapting to it.

We develop products and services that encourage our customers to act in a responsible and environmentally friendly manner and take into account the effects of our operations on biodiversity. We aim to be carbon positive in 2025. Being carbon positive means not producing any emissions from the energy and fuels that we use (Scope 1 and Scope 2) and also cutting emissions across our supply chain. For example, by means of videoconferencing we have successfully reduced emissions attributable to our customers' business-related travel. OP's environmental policy is part of our Code of Business Ethics. We expect our partners to abide by international and national environmental laws, regulations and principles. We also expect our partners to recognise the environmental impacts of their actions and proactively seek to reduce their emissions to the air, soil and water and to make efficient use of their resources. In 2018 we joined both the Climate Leadership Coalition (CLC) and the City of Helsinki's Climate Partners network.

We strive to reduce emissions from our offices, generate and make use of renewable energy and promote low-emission transport. The environmental management of OP's offices is based on the WWF Green Office system. Our target is to expand the Green Office system to more banks. Practical tools in our offices include energy monitoring systems, waste reporting and environmental certification for buildings (LEED). OP has carried out an energy audit, recommended for large enterprises, in accordance with the Energy Efficiency Directive.

### Sustainable finance

We recognise our role as one of the largest financiers in Finland and take this responsibility seriously. We want to support our customers in transitioning to a climate-friendly economy. Our clients and investors are interested in responsible financing, green finance, green loans and green bonds. From a bank's perspective, responsible investments and financial activities mean taking CR into account and incorporating it into all investment and financing decisions as well as prioritising investments that are sustainable from the perspective of the environment and climate. In addition to good securities trading, banking and insurance practices,



this also requires compliance with the principles of sustainable development. We keep a close eye on the development of the EU's sustainable finance legislation.

Sustainable finance also takes into account the impact of non-financial risk factors on customers' business. Non-financial factors are often referred to by the acronym ESG (Environmental, Social and Governance). OP Financial Group is committed to abiding by the Equator Principles, which is a voluntary risk management framework for managing environmental and social risks in project finance. The Equator Principles aims to reduce the negative impacts of financed projects on climate, local communities and people.

OP Financial Group published its own Green Bond Framework in November 2018, which allows OP Financial Group to issue green bonds. OP intends to use green bonds to finance projects or business ventures focusing, for example, on renewable energy (e.g. producing energy and electricity by means of hydropower and wind power), improving energy efficiency, environmentally friendly construction (e.g. certified green buildings), preventing and managing pollution (e.g. waste management, sorting and recycling or sustainable water supply and wastewater treatment systems), sustainable land use by means of, for example, sustainable

forestry or environmentally friendly transport. OP's Green Bond Framework complies with the International Capital Markets Association's green bond principles. OP's Green Bond Framework has been externally evaluated by Sustainalytics. The readiness to issue green bonds supports OP's goal of channelling financing to investments that are sustainable in terms of the environment and economy and responds to growing investor demand. In addition to issuing green bonds, OP is committed to continuously improving its sustainable finance services and products.

OP and LeaseGreen joined forces at the beginning of 2018 to launch an energy renovation service for housing companies, which is aimed at increasing the energy efficiency of buildings and reducing CO<sub>2</sub> emissions. Buildings are responsible for a considerable proportion of Finland's energy consumption. Improving the energy efficiency of buildings therefore helps to reduce Finland's carbon footprint. LeaseGreen is responsible for the implementation of the project, and OP provides the financing for the renovations by means of a model based on monthly payments and covering the investment by the energy savings achieved. The starting point is that the savings made from the renovations by housing companies exceed the costs and can, in an ideal scenario, lead to lower living costs for residents.

Sustainable investment and ownership

OP Wealth Management has signed the UN Principles for Responsible Investment (UNPRI). OP manages customers' assets worth EUR 71.8 (78) billion. OP follows the Principles for Responsible Investment in its asset management. We expect our active investment vehicles to conform to generally accepted international standards such as the Global Compact and the OECD's guidelines for multinational companies. OP also takes the role of active owner, encourages its target companies and partners to do business responsibly and promotes responsible investment in the sector.

The main policies of responsible investment are approved by the executive committee of OP Asset Management. Decisions in line with these policies are made by the ESG unit and the Committee for Responsible Investment, which is chaired by the Head of the Investment Solutions department. The actual implementation of the ESG strategies is carried out on a case-by-case basis through fixed-income investments, equity investments, real estate investments, Investment Solutions or the ESG unit or, alternatively, through collaboration between the ESG unit and the said functions.

Sustainable investment activities are carried out through various strategies for sustainable invest-





ment. These strategies include the factoring of sustainability issues into investment decisions, keeping up with international standards, active ownership and engagement, negative screening and positive thematic investment. We use negative screening to exclude manufacturers of controversial weapons, certain producers and users of coal as well as companies that have been found guilty of serious violations of international standards.

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. With respect to companies listed in Finland, the Group does its best to discuss grievances directly with the companies prior to AGMs, so that, as a general rule, it will be possible to support the Board's proposal if it comes to voting. OP Fund Management Company increasingly exercises voting rights in the AGMs of companies listed outside Finland through proxy voting. OP Fund Management Company gave voting instructions for more than 600 foreign AGMs in 2018.

OP Fund Management implements its ownership policy by actively participating in the AGMs of companies listed in Finland. One of the most important ways for OP to obtain information on and assess the responsibility of companies to invest in is meetings with the companies' executives. Sys-

tematic monitoring and supervision of ESG criteria of potential and existing investments is carried out through an international partner. If their active investments include companies with violations of international standards or other operations which are not responsible or in line with the investor's long-term interests, we will address the situation to correct it. If this does not produce the desired effect, the Committee for Responsible Investment may decide to sell the investment.

OP provides investors with a carbon risk indicator to help them choose between mutual funds by publishing the carbon intensity figures of OP equity funds. Furthermore, OP equity funds publish fund-specific ESG analyses that cover areas such as the fund's positive environmental impact. OP Wealth Management also operates thematic responsible investment funds: OP Climate, OP Clean Water, OP Low-carbon World and OP Sustainable World.

In addition to the UN Principles for Responsible Investment, OP has signed the Montreal Pledge, which encourages investors to report the carbon footprint of their investments. OP Wealth Management is involved in CDP's climate change, water and deforestation initiatives. OP Wealth Management joined the international Climate Action 100+ programme towards the end of 2017. The signato-

ries to this initiative engage with the world's largest corporate greenhouse gas emitters.

## FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues

OP Fund Management implements its ownership policy by actively participating in the AGMs of companies in Finland. We also take part in a wide range of foreign AGMs by supplying voting instructions via our service provider. Another important way in which OP obtains information and assesses companies' approach to responsibility is through meetings between portfolio managers and the companies' executives.

OP also has other ways of influencing companies. If their active investments include companies with violations of international standards or other operations which are not responsible or in line with the investor's long-term interests, OP will influence them to address the situation. If this does not produce the desired effect, the Committee for Responsible Investment may decide to sell the investment. At year-end 2018, the OP funds managed by OP Asset Management contained shares

from 84 companies listed in Finland. OP Asset Management discussed environmental and social responsibility issues with 27% of these during the year.

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

Positive screening

OP Financial Group encourages its investees and partners to operate responsibly and in line with international standards. Primarily, the most attractive investment vehicles in any fund are issuers whose operations are irreproachable from the perspective of international ethical standards. Positive screening is particularly visible in the OP Climate, OP Clean Water and OP Low-carbon World funds. The OP Climate Fund portfolio includes companies whose business benefits from preparedness for climate change. OP Clean Water, in turn, invests particularly in companies that focus on solutions safeguarding the sufficiency of clean water. OP Low-carbon World invests in companies that stand out from the competition on the basis of lower carbon intensity. At the end of 2018, the total value of these funds amounted to EUR 335 million or 1.5% of OP Fund Management Company's equity fund capital.

Negative screening

OP actively monitors the fulfilment of international standards by investment targets in line with OP Asset Management's Principles for Responsible Investment, both when making the investment decision and during the time of ownership. Investment vehicles are screened for violations of international standards. Furthermore, OP ensures that its portfolios do not include manufacturers, sellers or marketers of weapons (anti-personnel mines, cluster and nuclear weapons) banned by certain treaties. This screening is performed biannually by an external analysis company. The screening applies to all active OP equity funds and corporate bond funds that make direct investments as well as discretionary client portfolios that make the aforementioned kinds of investments. OP has also excluded dozens of high-carbon companies from the aforementioned funds and client portfolios. This applies, for example, to coal mining companies that make more than 25% of their net sales from energy coal production and to electricity producers that rely heavily on coal. A high-carbon company can avoid exclusion if it takes measures or has a plan in place to considerably reduce its dependency on coal. A list of the excluded companies is available on OP's website.

The OP Sustainable World balanced fund applies negative screening to various products and functions.

For example, the fund does not invest in tobacco or alcohol manufacturers. At the end of 2018, capital invested in the fund totalled EUR 45.5 (43.6) million or 0.2% of OP Fund Management Company's equity fund capital.

**302 Energy  
302-1 Energy consumption within the organisation and  
302-3 Energy intensity**

OP Financial Group's total energy consumption covers heat, electricity and fuel consumption in all countries where the Group operates. In 2018, OP Financial Group's total energy consumption amounted to 134,080 (142,585) MWh, down by 6% on the previous year. Consumption at sites not covered by consumption monitoring has been calculated on the basis of specific consumption by type of real property. These sites account for approximately half of the consumption. All electricity consumed on the Vallila Campus was generated through wind power.

OP Financial Group's energy intensity (total energy consumption per number of personnel for our own operations) also fell in 2018 and totalled 11.1 (11.6) MWh/year per employee.





Energy

	2014	2015	2016	2017	2018
District heating	77,716	73,400	72,050	70,635	72,290
District cooling	2,868	2,670	5,360	5,140	4,630
Fuels (Heating and reserve power)	6,946	7,060	3,780	4,700	190
Electricity	80,311	59,230	57,040	62,110	56,970
Total (MWh)	167,841	142,360	138,230	142,585	134,080

Scope 1 and 2 emissions tonnes CO<sub>2</sub>e

	2014	2015	2016	2017	2018
Scope 1	1,800	5	3	48	48
Scope 2, market-based	37,114	23,446	18,556	20,918	19,565
Scope 2, location-based	-	27,178	26,088	25,259	23,282
Intensity, CO <sub>2</sub> e tonnes/person	3	1.93	1.52	1.70	1.63

Intensity = Scope 1 + Scope 2 (market-based) / OP Financial Group employees.

Scope 3 emissions (tonnes CO<sub>2</sub>e)

	2014	2015	2016	2017	2018
Purchased products and services	2,266	2,508	2,612	2,034	1,285
Waste generated in operations	598	609	129	298	254
Business travel	2,408	2,622	3,841	3,712	3,541
Employee commuting			951	1,142	1,059
Investments					>10 million

In 2018, renewable electricity consumption accounted for 17,816 (18,800) MWh, or 13% (13), of all energy consumption and 31% of electricity consumption. Fuel conversion is based on the Ecoinvent 3.3 multipliers.

305-1 Direct (Scope 1) GHG emissions,  
305-2 Indirect (Scope 2)  
GHG emissions and  
305-4 GHG emissions intensity

Direct (Scope 1) greenhouse gas emissions are created by fuel consumed by stand-by generators for OP’s own premises. Indirect (Scope 2) greenhouse gas emissions are the result of electricity and heating energy consumption on the premises. All emissions have been calculated as CO<sub>2</sub> equivalents. In 2018, electricity for the Vallila Campus was generated entirely using renewable forms of energy.

The energy emission factors used in emission calculations are based on the 2017 electricity generation statistics of Statistics Finland, the 2017 District Heating Statistics, the IEA district heating and electricity data for 2016 (excluding Finland), the Ecoinvent 3.3 database and, with respect to green electricity, data provided by the Helen Mix and the Ecoinvent 3.3 database



305-3 Other indirect (Scope 3) GHG emissions

Purchased products and services include emissions generated by office stationery, postal delivery services, external data centres and customer newsletters.

Calculation of investments -category is based on GHG protocol and includes emissions attributable to financing and property investments but exclude, for example, project financing and other investments. Emissions are calculated by credit category. In respect of business financing, the emissions of the largest industries are calculated on the basis of selected businesses’ own emission reports. Emission factors for other categories, such as mortgages and property investment, are based on Statistics Finland’s and RAKLI’s data. This category’s emissions are estimated to amount to more than 10 million tonnes of CO<sub>2</sub>e, which makes it the most significant Scope 3 category.

With respect to indirect emissions, we also calculate the carbon footprint of our equity funds. Read more at [op.fi](https://www.op.fi)

305-5 Reduction of GHG emissions

According to OP’s Corporate Responsibility Programme, our aim is to become carbon positive by 2025. The direct greenhouse gas emissions from OP’s own operations (Scopes 1 + 2) totalled 19,613 (20,966) CO<sub>2</sub>e tonnes, or 1.63 (1.70) tonnes per person. These emissions (Scopes 1 + 2) have decreased by approximately 40% from 2011 (2011: 34,847 t CO<sub>2</sub>e). The main reasons for this were our move to new, energy-efficient offices and an increase in the use of renewable energy. In 2018, the electricity consumed on the Vallila Campus was generated entirely through renewable energy.

The CO<sub>2</sub> emission limit for the OP central cooperative’s company cars is 120 g/km. At the end of 2018, the average CO<sub>2</sub> emissions of company cars amounted to 120 (122) g/km. OP uses videoconferencing and online conferencing technology to reduce business travel. OP’s travel guidelines state that trains or buses must be prioritised in travel within Finland.

The central cooperative’s employees have access to travel cards so as to encourage the use of public transport for commuting.

Waste

tonnes	2016	2017	2018
Recycling/recovery	601	580	559
Other recovery	87	93	108
Incineration (mass burn)	39	39	44
Disposing	0	1	1

OP is an indirect opinion leader in encouraging customers to take environmental impacts into account when making financing, insurance and investment decisions and in recommending the use of e-services and electronic documents.

306-2 Waste by type and disposal method

In 2018, the OP offices managed by OP-Services in the Helsinki Metropolitan Area generated a total of 712 tonnes waste (713) based on reporting by the waste operator. All waste was recycled. A total of 79% of non-hazardous waste was either recycled or reused. The amount of hazardous waste was 1.4 tonnes.





## We support local vitality

One of OP's values is 'prospering together'. OP as a whole has major direct and indirect economic impacts on the entire Finnish society as well as locally. OP Financial Group's operations are based on cooperative values, a strong capital base, capable risk management and respect for our customers.

OP is committed to promoting Finland's economic development and prosperity in society. We take an active role in developing local and regional vitality. We do this by tangible actions to the benefit of our operating region and its residents.

OP Group provides its customers with competitive products and services while ensuring its profitability. OP cooperative banks make a considerable positive contribution to the regions in which they operate. OP has a local impact across Finland, as, with its 365 branches, OP Financial Group's branch and service network is easily the most extensive and has the best coverage in the country. Long-term financing of local businesses is one of the key prerequisites of regional prosperity in the long term.

OP pursues its mission not just through business, but also by playing a role in the local community. Our unique identity creates impacts that set OP cooperative banks apart from other banks. Such indirect financial impacts are created through contributions to local and regional economic vitality, as well as social contributions. Examples of indirect financial impacts include employment, purchases, investments, financing and tax payments. OP's role as a financier and insurer and our responsibility for our customers are emphasised in difficult economic times in particular. OP Financial Group has a co-operative foundation, which means that it aims not to maximise profits for its owners but to provide, as efficiently as possible, the services which the cooperative's owner-customers need. A considerable percentage of business earnings are returned to OP's owner-customers. What remains of the earnings is used to strengthen the Group's balance sheet and to ensure our ability to provide credit.

We have developed an impact evaluation model for measuring OP cooperative banks' regional impacts. In 2018, four OP cooperative banks – OP Kymenlaakso, OP Helsinki, OP Lounaismaa and OP





Pohjois-Karjala – conducted surveys measuring the banks' regional and social impacts. The aim of impact evaluation is to identify and measure the most notable regional impacts of OP cooperative banks. Impact evaluation surveys provide the banks with a tool that they can use to systematically improve their regional and social impact.

The financial sector's most notable social duties are actively combatting financial crime and abuses, such as bribery and corruption, and eliminating anti-competitive practices. We are strictly against all kinds of anti-competitive behaviour. OP Financial Group does not support political parties or contribute to the electoral campaigns of individual candidates.

## Donations to support local communities

OP supported Finnish education and competence in 2018 by donating a total of EUR 1.3 million to universities of applied science. The donations were given by OP's central cooperative and OP

cooperative banks. The donations follow on from OP's previous investments in the development of education. OP has also in previous years given significant donations during rounds of fundraising for universities.

In 2018, a total of 52 OP cooperative banks offered more than 1,200 summer jobs to young people aged between 15 and 17 years in local non-profit organisations. The Kesäduuni OP:n piikkiin campaign was aimed at helping young people to gain work experience by offering NGOs the opportunity to employ a young person for two weeks with a donation from an OP cooperative bank. The year 2018 was the second time that OP and Hope – Yhdessä & Yhteisesti ry collected school bags for children starting school. There were collection points in 52 towns and 70 OP branches around Finland accepting donations in July 2018. More than 2,000 school bags were donated. The bags were sent to HOPE ry, which delivered them directly to children of families in need who were starting school. OP also contributed to Red Nose Day by donating one

euro for each new owner-customer membership to promoting education over a period of one month. OP's campaign raised more than EUR 12,000 for Red Nose Day.

## Financial literacy and digital skills for people of all ages

In 2018, OP promoted the financial literacy of 42,000 children and young people by hosting more than 500 financial literacy events across Finland. Among the most important means of teaching financial literacy are visits to schools and educational institutions and banks' open days, which are aimed at introducing children and young people to the labour market and teaching them financial and entrepreneurship skills. OP Financial Group's financial literacy project is based on corporate volunteers running financial literacy courses for groups of young people across Finland. Some of the volunteers also act as personal financial mentors for individual youngsters. The project's primary target audience consists of adolescents who are



struggling to manage their finances. A total of 134 OP employees were involved in the financial literacy project in 2018. The project is coordinated by the Helsinki Deaconess Institute.

OP is the main partner of the Association for Teachers of History and Social Studies in Finland's financial literacy competition for year 9 pupils. A total of 27,000 adolescents took part in the competition in 2018. OP established a partnership with Junior Achievement Finland in 2018, through which it is promoting the labour market skills of primary and secondary school pupils by running programmes called Uskalla yrittää and Pikku-yrittäjät. In addition, OP continued to support the Economic Information Office's business villages for year 6 and year 9 pupils in Oulu, Tampere, Turku and Kuopio. OP also sponsored the work of HundredED and more specifically its Startup High School project in 2018.

Digital skills also play an important role in individuals' ability to manage their finances. OP launched a concept called Varmuutta verkkoon in 2018, which involves OP cooperative banks hosting events

aimed at promoting the digital competence and financial literacy of elderly people. OP hosted a total of 800 digital training events for elderly people in 2018. More than 70 Varmuutta verkkoon events were held in honour of the Week of Older People in October.

#### Local contributions from corporate volunteers

OP launched a corporate volunteering scheme in honour of the 100th anniversary of Finland's independence in 2017 and encouraged the public to perform one hundred years' worth of volunteer work. Ultimately, 274 years' worth of volunteer work was performed. The OP central cooperative and numerous OP cooperative banks continued to perform corporate volunteer work in the footsteps of the 2017 project in 2018. In order to lower the threshold for volunteering in 2017, OP launched a website aimed at bringing volunteers and those in need of volunteers together at Hiiop100.fi. The website was donated to the Citizen Forum at the end of 2018. By donating the website, OP hopes to keep the Hiiop100.fi service available to everyone, free of charge, in the future as well.

#### Donations to charities

2.8  
€ million

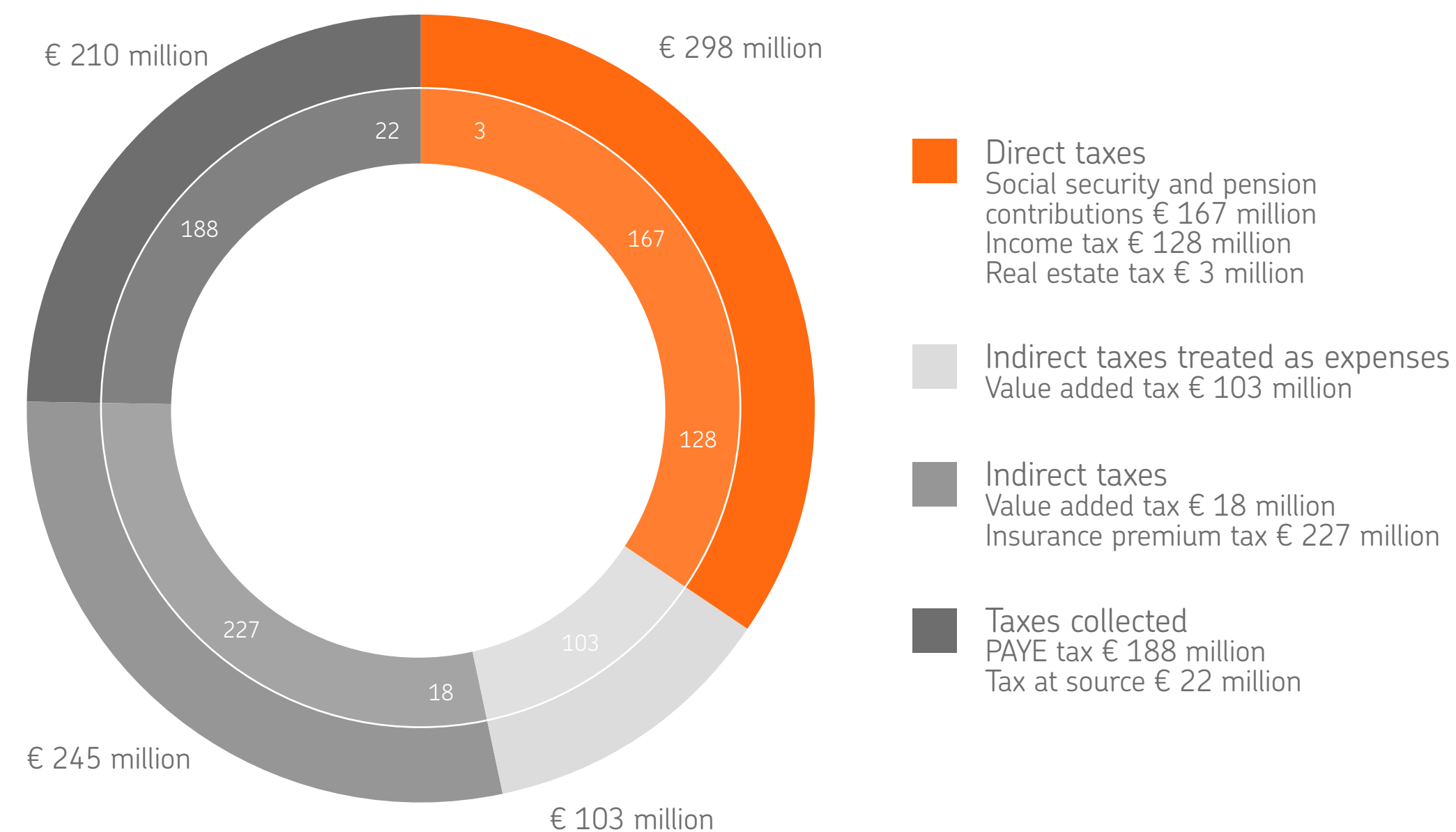
### OP cooperative banks as major taxpayers and employers

Measured by tax on profits, OP Financial Group is one the largest taxpayers in Finland. All of the 156 independent OP cooperative banks pay their corporate tax locally in their operating region. By paying taxes in Finland, the Group is contributing to the prosperity of the whole of Finland.

OP's taxes consist of indirect and direct taxes and taxes collected on behalf of the government. Direct taxes include income taxes, property taxes and fiscal charges paid directly by OP. OP's indirect taxes include value added tax and insurance premium tax. Taxes collected by OP on behalf of the government include taxes that OP collects as a payer and forwards to the government, such as withholding tax on wages and tax at source on interest.

No value added tax is payable on the brokerage and sale of financial services, which is why these services do not render OP liable for value added tax payments or entitle it to deduct value added tax in connection with purchases. OP Financial Group's member cooperative banks and other companies are nevertheless liable to pay value added tax on their other business transactions. The taxes included in OP's tax footprint are calculated on an accrual basis.

### Tax footprint





GRI 201-1 Direct economic value generated and distributed

It follows naturally from OP Financial Group’s co-operative structure that business profits and added value are channelled, via customer relationships, to owner-customers. OP cooperative banks use their profits for the benefit of their customers by providing loyalty benefits and other financial benefits and by maintaining and developing their customer service resources. New OP bonuses totalled EUR 230 million in 2018, up by 4% year on year. Many aspects of OP’s economic impact also have indirect impacts on local and regional economic vitality. Examples of indirect economic impacts include:

- Employment (creation of new jobs, traineeships, summer jobs)
- Purchases (from local suppliers and service providers)
- Investments (properties, maintenance, local infrastructure and construction projects)
- Financing (financing for start-ups, local financing, ethical lending criteria by sector)

Direct economic value added and distributed to stakeholders:

Finland	2014	2015	2016	2017	2018
Direct economic added value created					
a) Income	2,657	2,808	2,910	3,010	2,916
Breakdown of economic value added					
b) Purchases	661	574	640	762	837
c) Personnel costs	741	781	762	758	516
d) Returns to owner-customers	195	195	206	217	226
e) Income tax	308	249	223	214	223
f) Donations and other community investments	4	3	6	2.3	2.8
Business development	749	1,007	1,073	1,058	1,111

The transfer of statutory earnings-related pension liability at the end of 2018 reduced OP Financial Group’s pension costs by EUR 286 million.



OP cooperative banks are often among the largest taxpayers in the local authorities in which they operate, and OP as a whole is one of the biggest taxpayers in Finland. OP Financial Group's income taxes for the financial year 2018 totalled EUR 125 (189) million. The effective tax rate was 21.7% (20.7%).

GRI 201-2 Financial implications and other risks and opportunities due to climate change

Climate change has extensive effects, and it causes notable uncertainty for society. Together with our customers, we are building a sustainable economy and supporting efforts to mitigate climate change and adapt to it. OP's direct impact on climate change is minor. Environmental risks, on the other hand, including climate risks, can have direct impacts on OP's operations, as well as indirect impacts through effects on customers and stakeholders. Climate change and related regulation may have significant financial effects in emissions and energy intensive sectors. OP financing and investments impact on climate change indirectly.

Extreme weather phenomena have been factored into OP's own business continuity planning as

an operational risk. Concerns related to climate change may pose reputation risks if any conflicts with climate change prevention efforts were to be identified in the operations of OP or even those of its partners or customers.

On the other hand, increasing awareness of environmental issues creates new business opportunities in terms of, for example, investment products that emphasise environmental responsibility as well as different kinds of property insurance products. Our non-life insurance business continuously monitors the development of risks posed by climate change from the viewpoint of our existing and future insurance products. Our aim is to cover all insurable risks as extensively as possible, also in constantly changing circumstances. OP assesses the financial implications of climate change risks in connection with the annual CDP survey.

GRI 203-1 Infrastructure investments and services supported

OP's nationwide network of banking and non-life insurance services seeks to ensure that all customers have equal access to services. The service network consists of digital service channels (op.fi, OP-mobile and Pivo), telephone helplines and

physical branch offices. We are further developing our services by listening to our customers and their changing needs.

Pohjola Health Ltd has five Pohjola Hospitals that provide a wide range of basic health care and specialist health care services, examinations and tests, surgery and rehabilitation. The hospital network was completed in May 2018 when the Turku Pohjola Hospital opened its doors. These services form part of OP's non-life insurance business and support our mission of creating wellbeing throughout our operating region.

GRI 203-2 Significant indirect economic impacts

For more information about indirect economic impacts and assessment of social and local impacts, see the section titled "We support local vitality". OP is also a significant purchaser of goods and services. In 2018, the combined purchase volume of products, services, rights and the claims service partner network amounted to approximately EUR 1,800 (1,700) million, and suppliers numbered more than 20,000. On top of this, the Group's functions look after their own fundraising and investment-related acquisitions.



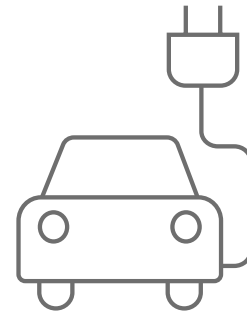


### Promoting a cleaner environment

Investments in solar power as well as in electric cars and charging points promote a cleaner climate and environment.

13

tonnes less  
greenhouse  
emissions



### Remote Meetings

OP's target is to develop the best remote meeting services in the world and to be there for its customers in the digital revolution. In 2018, managing banking affairs online or over the phone saved time and reduced greenhouse emissions.



7,800

saved working  
hours

## OP cooperative bank OP Kymenlaakso



### The employment impact of corporate financing

The bank finances companies in its operating region, thereby promoting the region's economic vitality.

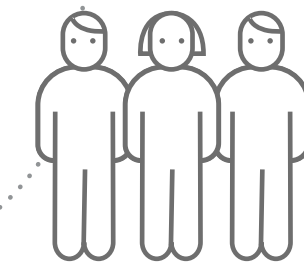
690

million euros in  
paid salaries



19,000

person-years

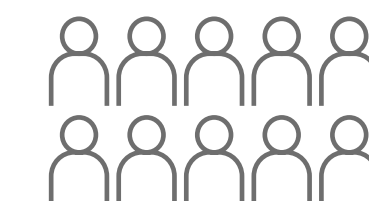


### Owner-customers' contribution to CSR efforts

OP cooperative banks use a survey to ascertain their owner-customers' wishes. The answers to the survey help to improve OP Financial Group's approach to corporate social responsibility.

More than  
300,000

people attended events  
sponsored by  
OP cooperative bank.



### Donations and sponsorships

The bank provides financial backing to sports clubs, local cultural and recreational activities as well as non-governmental organisations.



205-1 Operations assessed for risks related to corruption

The organisations of OP Financial Group follow Procedures for Managing Operational Risk. The central cooperative drew up a process-specific risk assessment plan in 2018. The risks associated with new products, services and operating models are also always assessed prior to adoption. The scope of the assessments can be agreed with the Group's member organisations, if necessary. Risks related to corruption are also taken into account and assessed in connection with both analyses.

The Group's member organisations update their operational risk analyses annually based on the procedural guidelines. The risks associated with new products, services and operating models are assessed in connection with the development and planning process prior to adoption. The risk analyses are based on the organisations' self-evaluations concerning operational risks and their management. The process involves each organisation identifying and evaluating the most important risks associated with its operations. The identification of risks is facilitated by a Group-wide risk library, which lists a range of risks subdivided into seven different risk categories. The risk library makes it

possible to link observations relating to corruption to risks relating to the abuse of insider information or positions of trust, values and various ethical principles, compliance with competition law, customer selection, conflicts of interest as well as bribery. No significant corruption-related risks were identified in 2018.

205-2 Communication and training about anti-corruption policies and procedures

The Code of Business Ethics ratified by the Supervisory Board of OP's central cooperative specifies that employees must avoid any situation that may put them or OP Financial Group under suspicion of bribery. OP Financial Group has created a compulsory online training course related to the Code of Business Ethics for all employees of the Group. The online training course was updated in 2018. By the end of 2018, a total of 98% of OP cooperative banks' employees and 83% of the central cooperative's employees had passed the Code of Business Ethics online course.

OP Financial Group has also published guidelines for handling conflicts of interest and anti-corruption

practices in order to prevent corruption. All of the Group's members have a duty to ensure compliance with the guidelines within their respective organisations. Each and every executive and employee must be familiar with the guidelines, and the guidelines must be discussed at Board meetings on an annual basis. Managers are in charge of monitoring compliance in practice, and ultimate responsibility lies with the Managing Director and Board of each organisation. The guidelines for handling conflicts of interest and anti-corruption practices must be revisited within the organisation and with personnel at regular intervals and whenever new employees are hired.

206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices

Late in 2015, OP was asked to respond to allegations that it was engaged in monopoly practices. According to a competitor, OP has a monopoly on retail banking services and is abusing this position by combining retail banking services with non-life insurance services. OP has also been accused of offering non-life insurance services at below cost price. The Finnish Competition and Consumer Au-





thority closed the case on 11 February 2019. The FCCA concluded that OP Financial Group had complied with competition laws and that OP’s bonus scheme does not violate the Finnish Competition Act. The FCCA also found that OP’s operations are not conducive to damaging the non-life insurance market.

FS13 Access points in low-populated or economically disadvantaged areas by type

OP Financial Group’s service network comprises branch, online, telephone and mobile services. The Group provides personal customer service both at branches and digitally. OP has Finland’s largest network of banking and non-life insurance services. This network seeks to ensure that customers have equal access to services. OP cooperative banks and their offices across Finland enable effective interaction with customers and the local community. At the end of 2018, the Group’s member banks had approximately 365 (407) branches as well as some 1,330 ATMs (shared between Finland’s banks) around the country. OP-mobile is the main channel for customers’ daily banking, with visits totalling over 22 million per month. The number of visits to op.fi amounted to almost 9 million.

FS14 Initiatives to improve access to financial services for disadvantaged people

OP launched a new online service called OP Accessible in 2018, which serves customers who have visual and hearing impairments, motoric challenges or other functional disabilities in Finnish, Swedish and English. The service promotes equal access to banking services and also provides a plain language service for elderly people. Furthermore, OP provides key code lists in Braille in order to enable visually impaired customers to use OP eServices. Customers can log into OP-mobile using fingerprint authentication.

We provide a comprehensive range of services in Finnish and Swedish. Among corporate customers as well as in growth centres and in the Helsinki Metropolitan Area in particular, there is great demand for services in English. We provide electronic services (op.fi, OP-mobile and Pivo) to meet our English-speaking customers’ daily banking and insurance needs. With respect to other services, we are continuously adding more resources in English to respond to customer demand. Some OP-Kiinteistökeskus branches also serve customers in

Russian. In the Baltic countries, our branches serve customers in the local languages, while our electronic services are available in English. OP also supports children and young people who are at risk of becoming socially excluded by teaching them financial literacy. OP hosted a total of 800 Varmuutta verkkoon events in 2018 to promote digital skills among elderly people.





## We act with a people-first approach and through engagement

As a cooperative business, we are here to serve people. Our customers trust us with major life-changing decisions. OP Financial Group aims to be the most attractive employer in the financial sector and one of the most esteemed large employers in Finland, and we actively promote diversity in our own operations. We want to involve our customers and stakeholders in our activities in different ways and to take their expectations into account in our CR efforts.

Stakeholder engagement aims to identify areas in need of improvement in OP's CR activities, describe OP's new approaches to stakeholders and make our dialogue with stakeholders even more effective. The work is coordinated by the CR and Public Relations unit. The OP forum for stakeholders continued to meet regularly in 2018. The members of the forum include representatives of labour market organisations, think tanks, political parties, universities and non-governmental organisations. We consult our stakeholders and assess the success of our stakeholder engagement efforts by means of various surveys and feedback questionnaires. Some of OP's own media channels, such as our Chydenius newsletter, have been revamped to strengthen our dialogue with stakeholders, particularly among

decision-makers. You can read more about stakeholder engagement at [op.fi](https://op.fi).

### Priorities and practices under OP's human resources strategy

Excellent employee experience is one of OP Financial Group's five strategic priorities. Our goal is to have satisfied, motivated and competent employees who produce the best and most attractive customer experience. In respect of employee experience, OP Financial Group focuses on the following three themes in particular: wellbeing at work, job satisfaction and a smooth workflow. We want our employees to find their work meaningful, and we involve our staff in our business development. In order to promote wellbeing at work, OP Financial Group looks after its employees' fitness for work on a daily basis and encourages physical activity. Having clear yet flexible goals and procedures is important for making work run more smoothly. Staff are encouraged to contribute to OP's efforts to improve employee experience in everyday working life. OP considers diversity to be an asset and guarantees equal opportunities, rights and fair treatment for everyone. Employees are treated equally in areas such as remuneration, recruitment and career advancement. We monitor the distribution of



personnel in various job categories by factors such as gender, pay and age on an annual basis. OP takes safety and security into account in all of its operations related to personnel and working conditions. Impacts related to personnel and working conditions at OP are controlled through strategic HR priorities and OP Financial Group’s HR Policy.

Practical management tools include OP Financial Group’s Code of Business Ethics, OP Financial Group’s Principles of Good Leadership, the remuneration system and policy, OP Financial Group’s Equality and Non-discrimination Framework Plan, competence development models, personnel surveys and the Procurement Policy and Supplier Requirements for OP Financial Group’s suppliers. OP Financial Group has two types of organisation-wide personnel surveys: an extensive Personnel Survey and a more fast-paced Personnel Pulse. The results of personnel surveys conducted in 2018 highlight the importance of customer-centricity, new approaches and faith in OP Financial Group’s success in the future.

102-8 Information on employees and other workers

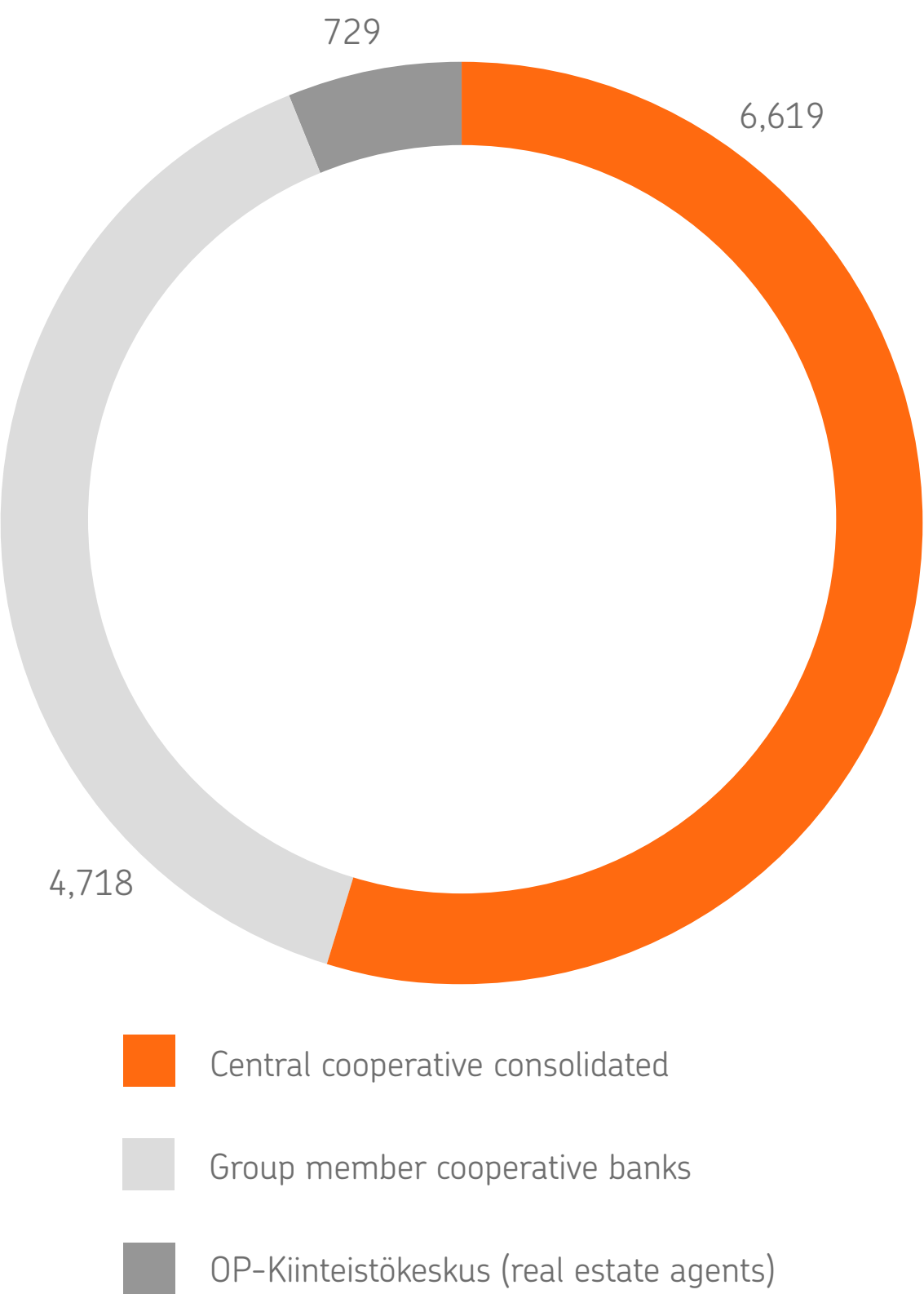
OP Financial Group has 12,066 employees in Finland, 6,619 of whom work in the Central Cooperative Consolidated, 4,718 at OP cooperative banks and 729 at OP-Kiinteistökeskus. OP Financial Group also has 103 employees outside Finland. In addition to its own staff, OP Financial Group employed 1,365 temporary agency workers at the end of 2018. They worked at the Central Cooperative Consolidated, mainly in development and service provision roles.

OP Group	Permanent full-time employees	Fixed-term full-time employees	Full-time employees	Permanent part-time employees	Total	Temporary agency workers
Men	3,485	234	3,545	174	3,719	..
Women	7,838	509	7,571	776	8,347	..
Total	11,323	743	11,116	950	12,066	1,365

OP Group	Permanent full-time employees	Fixed-term full-time employees	Full-time employees	Permanent part-time employees	Total	Temporary agency workers
Central cooperative	6,276	343	6,250	369	6,619	1,361
OP cooperative banks	4,355	363	4,225	493	4,718	4
OP-Kiinteistökeskus (real estate agents)	692	37	641	88	729	0
Total	11,323	743	11,116	950	12,066	1,365

OP Group	Permanent full-time employees	Fixed-term full-time employees	Full-time employees	Permanent part-time employees	Total	Temporary agency workers
Finland	11,233	730	11,027	936	11,963	1,365
Estonia	33	5	34	4	38	0
Latvia	24	4	22	6	28	0
Lithuania	32	4	32	4	36	0
China	1	0	1	0	1	0
Total	11,323	743	11,116	950	12,066	1,365

Personnel by organisation



401-1 New employee hires and employee turnover

A total of 1,721 (1,345) new employees started at OP Financial Group in 2018, of whom 1,217 are employed by the central cooperative and 392 by banks. OP Financial Group employed a total of 419 seasonal workers for the summer of 2018, whose average age was 25.2 years. Women accounted for 57% of the summer workers. The total turnover of permanent staff amounted to 11.6% (8.7), to 9.1% (7.1) at the central cooperative and to 14.7% (9.7) at banks. Voluntary turnover amounted to 6.9% (4.8) across the Group, to 6.4% (4.9) at the central cooperative and to 7.2% (3.8) at banks. OP Financial Group terminated 165 employees (59) in 2018, of whom 32 (21) were made redundant on production-related grounds. Of the redundancies, 49 (17) were at the central cooperative and 82 (21) were at banks. A total of 133 employees (38) took voluntary redundancy, of whom 49 (17) from the central cooperative and 82 (21) from banks. A total of 318 individuals (357) retired in 2018, of whom 91 (84) from the central cooperative and 213 (236) from banks. The average age of the retirees was 61.8 years (62.1).

New first-time employment relationships  
by age group, gender and country

OP Group	Under 30 years	30–49 years	Over 49 years	Total
Men	371	225	34	630
Women	616	403	72	1,091
Total	987	628	106	1,721
Central cooperative	Under 30 years	30–49 years	Over 49 years	Total
Men	242	190	21	453
Women	423	292	49	764
Total	665	482	70	1,217
OP cooperative banks	Under 30 years	30–49 years	Over 49 years	Total
Men	108	19	1	128
Women	171	82	11	264
Total	279	101	12	392
OP-Kiinteistökeskus (real estate agents)	Under 30 years	30–49 years	Over 49 years	Total
Men	21	16	12	49
Women	22	29	12	63
Total	43	45	24	112

Terminated employment contracts by age group, gender and country

OP Group	Under 30 years	30–49 years	Over 49 years	Total
Men	350	204	145	699
Women	470	466	499	1,435
Total	820	670	644	2,134
Central cooperative	Under 30 years	30–49 years	Over 49 years	Total
Men	192	136	58	386
Women	247	189	147	583
Total	439	325	205	969
OP cooperative banks	Under 30 years	30–49 years	Over 49 years	Total
Men	144	57	61	262
Women	204	247	311	762
Total	348	304	372	1,024
OP-Kiinteistökeskus (real estate agents)	Under 30 years	30–49 years	Over 49 years	Total
Men	14	11	26	51
Women	19	30	41	90
Total	33	41	67	141





402-1 Minimum notice periods regarding operational changes

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

405-1 Diversity of governance bodies and employees

OP wants to provide equal opportunities to all employees. Of OP’s personnel in 2018, 69% (70) were women and 31% (30) were men. Women accounted for 63% (64) and men for 37% (36) of the central cooperative’s personnel. Of OP cooperative banks’ personnel, women accounted for 79% (80) and men for 21% (20). The average age of personnel at the end of 2018 was 43.0 years (43.4) across the whole of OP, 41.3 years (41.7) at the central cooperative and 44.7 years (44.9) at OP cooperative banks. The average length of service was 13.7 years (13.4) for employees at OP Financial

Group, 11.5 years (11.0) at the central cooperative and 17.7 years (17.2) at OP cooperative banks. In 2018, women held 24% and men 76% (79) of executive positions. The gender distribution in executive positions is 36% women and 64% men at the central cooperative and 14% women and 86% men at OP cooperative banks. We aim to ensure that OP Financial Group’s personnel is sufficiently diverse in terms of competence, experience, gender and age to meet the strategic goals and requirements of our business operations. In respect of executive positions, we aim to have both genders represented at a ratio of 60/40%.

OP Financial Group aims to plan the composition of governing bodies taking into account the value added by each individual in terms, for example, of fostering adequate diversity. Diversity is fostered by ensuring that the candidates have a wide range of knowledge, skills and experience and that different regions, both genders and all age groups are represented on the governing bodies. The aim is to plan the composition of OP Financial Group’s governing bodies so that men account for 62% (63) and women for 38% (37) of their members. At the end of the year, the average age of the members of OP’s governing bodies was 53.3 years (53.8). Members under the age of 50 accounted for 36% (32).

Workforce by personnel group and gender, %



OP Group	Under 30 years	30–49 years	Over 49 years	Men	Women
Management	0%	39%	61%	74%	26%
Supervisor	2%	60%	38%	42%	58%
Expert	7%	60%	33%	49%	51%
Employee	22%	43%	35%	17%	83%
Total	15%	50%	35%	31%	69%

Central cooperative	Under 30 years	30–49 years	Over 49 years	Men	Women
Management	0%	56%	44%	64%	36%
Supervisor	3%	67%	30%	46%	54%
Expert	8%	61%	31%	52%	48%
Employee	28%	49%	24%	20%	80%
Total	16%	56%	28%	37%	63%

OP cooperative banks	Under 30 years	30–49 years	Over 49 years	Men	Women
Management	0%	31%	69%	80%	20%
Supervisor	1%	53%	46%	32%	68%
Expert	5%	56%	39%	40%	60%
Employee	18%	39%	43%	11%	89%
Total	13%	43%	44%	21%	79%

OP-Kiinteistökeskus (real estate agents)	Under 30 years	30–49 years	Over 49 years	Men	Women
Management	0%	17%	83%	73%	27%
Supervisor	0%	33%	67%	74%	26%
Expert	3%	26%	72%	46%	54%
Employee	11%	40%	49%	37%	63%
Total	9%	38%	53%	41%	59%





Governing bodies by age group, %

	Men	Women
Under 30 years	47%	53%
30–49 years	54%	46%
Over 49 years	66%	34%
Total	62%	38%

The average length  
of service was

13.7

years

The average age  
of personnel was

43

years

Personnel development

OP Financial Group offers all employee groups a variety of ways to develop their competencies. OP Financial Group’s personnel development efforts are based on an understanding of the effects of progress and changes in the nature of work on individuals’ jobs, procedures and competence requirements.

OP Financial Group implements its strategy and annual plan through annual employee-specific performance reviews. They are an integral part of performance management and include a goal-setting review, a performance review and a competence and follow-up review. The first review of the year consists of an assessment of each employee’s performance during the previous period and the setting of targets for the coming period. The second review focuses on evaluating the competence required for the job and any changes in the same as well as on talking about the individual’s personal goals in the longer term. A personal development plan is drawn up of the most important areas in need of improvement. Progress relative to the goals set at the beginning of the period is also reviewed at this point. All members of OP’s personnel both in Finland and abroad have these kinds of annual performance and career development reviews.

Furthermore, in accordance with the Finnish Act on Co-operation within Undertakings, personnel and training plans are drawn up in those companies of OP Financial Group that regularly have more than 20 employees. The training plan must include an estimate of the professional competencies of the whole personnel, any changes in competence requirements and reasons for the same and, based on these estimates, an annual plan by employee group or in another appropriate manner.

The time spent on education and training at OP Financial Group in 2018 amounted to 14 hours per employee.

Employee wellbeing, occupational health care and workplace safety

The aim of OP Financial Group’s operating model for the management of employee wellbeing is to increasingly ensure, through close and well-organised management of occupational safety and health and wellbeing at work, the physical fitness and labour market skills of older employees and those at risk of becoming unfit for work. Key elements of employee wellbeing include early intervention, occupational health care, efforts to promote wellbeing at work, rehabilitation, flexibility at work and diversity management, among others.

Our annual employee health and wellbeing questionnaire enables us to identify priorities and goals for our employee wellbeing activities from our employees' perspective. Occupational safety is based on prevention and systematic procedures. Responsibility for occupational safety lies specifically with the employer.

In 2018, sickness absences accounted for 3.3% (3.3) of regular working hours. Men's sickness absences accounted for 1.9% (1.8) and women's for 3.9% (4.0). Sickness absences have remained at the same level throughout the 2010s. The figures are for Finland, excluding the personnel of OP-Kiinteistökeskus.

At OP Financial Group, the percentage of the total workforce represented in health and safety committees is 92% (89) of the entire Group personnel. The central cooperative has its own health and safety committee, as do all banks with more than 20 employees.

Group-level procedures have been agreed for threatening situations, to be applied locally. OP also has procedures and reporting practices in place in the event of bank robberies. Procedures in the event of serious threats have been agreed in terms of aftercare arrangements and protect-

ing personnel. All new customer service staff are explained the procedures, and refresher training is provided annually. Realised threat situations are entered in the operational risk management system and reported to the Executive Board at regular intervals. The staff's experiences of threatening customer service situations are also monitored by means of personnel surveys. Serious threats are reported to the police. Bank robberies are reported to the Executive Board in real time and entered into the operational risk management system.

#### Prevention of discrimination

OP aims to prevent discrimination in all its activities. Practical management tools include OP Financial Group's Code of Business Ethics, OP Financial Group's Principles of Good Leadership, the remuneration system and policy, OP Financial Group's Equality and Non-discrimination Framework Plan, the Procurement Policy and Supplier Requirements for OP Financial Group's suppliers. According to the supplier requirements, suppliers have to manage the issues described in OP Financial Group's CR requirements for suppliers in an active and goal-orientated manner and to ensure that their own suppliers also comply with these requirements. OP audits suppliers in accordance with its annual CR auditing plan.

Personnel may report any suspected cases of discrimination to the Audit function. Any deviations from the Code of Business Ethics should be raised with HR, line managers or Compliance. Anonymous reports on suspected breaches of rules and regulations can also be made to OP Financial Group's Chief Audit Executive through the so-called whistleblowing channel. Actions that contravene OP Financial Group's core values can also be reported. Any suspected breach of rules or regulations by suppliers can be reported to the Vice-President responsible for purchasing or to the appropriate procurement manager. Any cases of discrimination reported by customers reach us primarily through the authorities. The principles of the prevention of discrimination and the protection of human rights are set out, for example, in the UN Global Compact, the UNPRI and the ILO's Declaration on Fundamental Principles and Rights at Work.

#### 406-1 Incidents of discrimination and corrective actions taken

One case was reported in 2018. Ombudsman for Equality found likely to have involved discrimination. No further action was taken, as the person involved did not file charges.



## Freedom of association and collective agreements

OP Financial Group is a unionised employer. The Group companies apply three collective labour agreements: the collective agreement for the finance industry in banking operations, the collective agreement for the insurance industry in insurance operations, and the collective agreement for the medical services industry at Pohjola Hospital. These agreements contain regulations on, for example, the implementation of cooperation in occupational safety and health matters and the status of industrial safety delegates and ensuring their operating conditions. As a large-scale employer, OP Financial Group plays a major role in developing the industry.

OP Financial Group performs all cooperation procedures in compliance with the Act on Co-operation within Undertakings and other local legislation governing such procedures. In Finland, the main regulations concerning business restructuring are found in the Act on Co-operation within Undertakings. The following cooperation groups operate at OP Financial Group level and at OP's central coopera-

tive: OP Financial Group's cooperation team, the OP central cooperative's cooperation committee, and the OP central cooperative's employer/employee cooperation team. The purpose of these teams and committees is to develop the companies' operations and working conditions and to improve the opportunities of personnel to contribute to decisions that affect them in accordance with the Finnish Act on Co-operation within Undertakings. At OP Financial Group, staff representation in the governing bodies of companies that belong to the central cooperative has been arranged by nominating staff representatives to OP Cooperative's Supervisory Board, each for a term of three years.

OP Financial Group has arranged cooperation with employees through a cooperation group that convenes on a quarterly basis. The group discusses OP Financial Group's finances and performance, along with other current issues concerning the entire Group. All Group companies have arranged their own cooperation procedures in accordance with legislation. In Finland, 91% (91) of OP Financial Group personnel are covered by universally binding collective labour agreements. No binding collective agreements exist in the sector in the Baltic region.

# We foster health, security and wellbeing

OP's cooperative nature means looking after our customers, operating environment and stakeholders both through our business and our role in society. Our approach to non-life insurance is based on preventing losses and eliminating risks. We look after our customers' privacy. Many of our sponsorships are aimed at promoting the mobility of children.

## Responsible non-life insurance

In the provision of responsible non-life insurance, OP's role is to promote customers' risk management and safety, help prevent losses and ensure a smooth and efficient claims process if something happens. We evaluate potential risks and safety concerns together with the customer and optimise our insurance solutions individually for each customer. We ensure that our customers are aware of all their risks and that the loss or damage that they may suffer will not cause insuperable financial or personal difficulties for them. We make our customers' day-to-day life run more smoothly and safely by building the best possible package with

each customer. Our priorities in respect of responsible non-life insurance include promoting traffic safety, preventing accidents and injuries, treating injuries when accidents do occur and forecasting the effects of climate change.

Ensuring the safety of our customers and operating environment is one of OP's key objectives. We want to reduce the number of traffic accidents and change people's attitudes in order to promote traffic safety together with our partners. To this end, we have partnered up with, for example, the Porokello reindeer alert system. The aim of the project is to halve the number of collisions with reindeer. We actively disseminate information about unusual weather conditions, such as storms and poor road conditions, in order to prevent accidents and losses. When an accident does happen, our aim is to get our customer back to normal as soon as possible. Our OP Claim Help service provides a quick way to deal with insurance claims. Our Sports Advisor service helps to prevent typical sports injuries by training sports clubs' coaching staff. Pohjola Hospital's mission is to help people who are in the





middle of their careers to return to work after an illness or injury by efficiently restoring their fitness for work.

Climate change affects the lives of our policyholders and the business environment of our corporate customers. OP wants to factor environmental perspectives and climate-related risks into its insurance policies. Our aim is that our insurance solutions cover all policy-eligible risks as extensively as possible in changing circumstances as well. OP expects its claims partners to take the principles of sustainable development into account and act accordingly. We support our customers and partners in their efforts to curb climate change. We educate people about the risks associated with climate change and its impacts and help them to prepare for the changes. Our goal is to foster responsibility among the public and corporations and to influence the drafting of legislation and regulations relating to climate change.

We encourage physical activity among children by sponsoring low-threshold after-school activities for children and young people. Our aim is to provide a range of activities for as many children as possible and to encourage children around Finland to become involved in clubs.

## Privacy protection

OP's salaried employees and members of the governing bodies are bound to confidentiality by law in terms of all customer data. We respect banking and insurance secrecy, the confidentiality of customer and patient data and contractual non-disclosure obligations in everything that we do. Our employees only process customer information to the extent required by their duties.

Our practices guide us to take data protection comprehensively into account in all personal data processing. Through our data protection practices, we protect the personal data of our customers, personnel, partners and other parties interacting with OP. OP is committed to responsible marketing and advertising. By law, customers must be given information on certain terms and conditions, properties and risks related to goods and services. OP aims to provide its customers with all the information that may influence their decisions relating to products and services. OP very rarely targets marketing at children and young people and always takes this target group's general inexperience and limited legal capacity into account. We follow the marketing guidelines defined by the International Chamber of Commerce, good marketing practices and the marketing guidelines applicable to the

sectors in which we operate. We take pride in the quality of our health care and patient safety and process patient data with absolute confidentiality. The EU's General Data Protection Regulation entered into force on 25 May 2018. The regulation applies to the processing of personal data in all EU Member States, and its aim is to create a uniform level of protection of personal data throughout the European Union. The regulation brings openness and transparency to the processing of personal data and gives private individuals more control over their personal data. A data protection project is under way at OP to ensure that we satisfy the requirements of the new regulation and, in this way, can further improve our services. OP Financial Group has a Group-level Data Protection Officer, whose role is based on the EU's General Data Protection Regulation. Data subjects may contact the data protection officer with regard to all issues related to processing of their personal data and to the exercise of their rights under the regulation. Employees should discuss any grievances primarily with their immediate supervisor. OP Financial Group also has an internal electronic notification channel for reporting suspected breaches.

## 417-1 Requirements for product and service information and labelling

OP Financial Group complies with the law that stipulates that customers must be given information on certain terms and conditions, properties and risks related to goods and services.

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

OP Financial Group received 24 substantiated customer complaints concerning the processing of personal data or breaches of customer privacy in 2018. The total number of complaints was calculated by counting only one complaint for each case where several complaints were filed concerning a single event (for example, a mailing error). One case led to the Data Protection Authority issuing written advice to OP Financial Group.

OP Financial Group's internal controls identified a total of 351 cases that can be classified as personal data breaches under the EU's General Data Protection Regulation in 2018. The figure also includes, for example, breaches attributable to human error that are unlikely to compromise the rights and freedoms of natural persons.



GRI indicators		2014	2015	2016	2017	2018
Environmental impacts						
302	Energy					
302-1	Energy consumption within the organisation	167,841	142,360	138,230	142,585	134,080
302-3	Energy intensity, MWh/employee/year	-	11,7	11,3	11,6	11,1
305	Emissions					
305-1	Direct (Scope 1) greenhouse gas emissions	1,800	5	3	48	48
305-2	Indirect (Scope 2) greenhouse gas emissions	37,114	23,446	18,556	20,918	19,565
305-3	Other indirect (Scope 3) greenhouse gas emissions					
	Category 1. Purchased goods and services	2,266	2,508	2,612	2,034	1,285
	Category 5. Waste generated in operations	598	609	129	298	254
	Category 6. Business travel	2,408	2,622	3,841	3,712	3,541
	Category 7. Employee commuting			951	1,142	1,059
	Category 15. Investments					>10 millions
305-4	Greenhouse gas emissions intensity, CO <sub>2</sub> e-tons/employee	3	1.93	1.52	1.70	1.63
Social impacts						
102-8	Employees,	12,356	12,130	12,227	12,269	12,066
	permanent	11,705	11,324	11,376	11,501	11,323
	fixed-term	651	806	851	768	743
	full-time	11,423	11,253	11,273	11,294	11,116
	part-time	933	877	954	975	950
	Finland	11,915	11,695	11,787	11,847	11,963

GRI indicators		2014	2015	2016	2017	2018
	outside Finland	441	435	440	422	103
	Temporary agency workers	..	723	1,089	1,511	1,365
102-38	Annual total compensation ratio	22	21	..	21	19
102-41	Percentage of total employees covered by collective bargaining agreements in Finland	90%	90%	91%	91%	91%
401	Employment					
401-1	New employee hires	1,402	1,015	1,236	1,345	1,721
	Terminated employment contracts	1,907	1,889	1,840	1,871	2,134
	Employee turnover, permanent employees	8.1%	8.3%	7.9%	8.7%	11.6%
	Voluntary turnover, permanent employees	3.5%	3.8%	3.7%	4.8%	6.9%
401-3	Parental leave: Return to work rate	95%	97%	95%	95%	95%
	Parental leave: Retention rate	95%	91%	93%	92%	88%
403	Occupational health and safety					
403-1	Workers' representation in formal joint management-worker health and safety committees	87%	87%	88%	89%	92%
403-2	Sickness absences of regular working hours	3.5%	3.5%	3.5%	3.3%	3.3%
	Occupational accidents causing a sick leave	..	..	..	10	9
	Injury rate LTA1	..	..	..	0.6	0.5
	Work-related fatalities	0	0	0	0	0

GRI indicators		2014	2015	2016	2017	2018
404	<b>Training and education</b>					
404-1	Average hours of training per year per employee	..	..	..	15	14
404-3	Percentage of employees receiving regular performance and career development reviews	..	83%	100%	100%	100%
405	<b>Diversity and equal opportunity</b>					
405-1	Diversity of governance bodies and employees					
	By gender					
	men	27%	28%	29%	30%	31%
	women	73%	72%	71%	70%	69%
	By age					
	Under 30 years	13%	13%	13%	13%	15%
	30–49 years	48%	48%	48%	50%	50%
	Over 49 years	39%	39%	39%	37%	35%
	By personnel group					
	Management	5%	4%	4%	3%	3%
	Supervisor	10%	9%	9%	10%	9%
	Expert	28%	30%	30%	30%	31%
	Employee	57%	57%	57%	57%	57%
	Average age of personnel	43,8	43,8	43,6	43,4	43,0
	Average length of service	14,5	14,4	14,0	13,4	13,7
405-2	Ratio of basic salary and remuneration of women to men					
	Management	..	..	..	..	91%
	Supervisors and Experts	..	..	..	..	87%
	Employee	..	..	..	..	106%



GRI content index

The report is GRI referenced. Any deviations from the GRI Standards are shown in a separate column.  
All standards: version 2016.

Code	Part	GRI content	Location	Omissions	Global Compact
Contents					
102-1		Name of the organisation	OP business segments		
102-2		Activities, brands, products and services	Helsinki		
102-3		Location of the organisation’s headquarters	Financial Statements, Note 49		
102-4		Locations of operations	Financial Statements, Note 49		
102-5		Nature of ownership and legal form	OP business segments		
102-6		Market areas, activities	Year 2018 in brief		
102-7		Scale of the organisation	We act with a people-first approach and through engagement		
102-8	a-d	Information on employees and other workers	We act with a people-first approach and through engagement	Only disclosures that are relevant for OP Financial Group are included.	X
102-9		Supply chain	Value chain – OP as a part of Society		
102-10		Significant changes to the organisation and its supply chain	Financial Statements, Report by the Executive Board: Changes in OP Financial Group’s structure		
102-11		Precautionary principle or approach	Financial Statements, Note 2: OP Financial Group’s risk and capital adequacy management principles		
102-12		External principles or initiatives to which the organisation subscribes or which it endorses	Corporate responsibility management at OP		
102-13		Memberships of associations and advocacy organisations	Corporate responsibility management at OP		
102-14		CEO’s statement	Review by the President, Group Executive Chairman, Review by the director in charge of corporate social responsibility		
102-16		Ethics and integrity	Strategy		X
102-18		Governance structure	Corporate Governance: Supervisory Board and its committees		
102-38		Annual total compensation ratio	GRI indicators		



Code	Part	GRI content	Location	Omissions	Global Compact
102-40		List of stakeholder groups	We act with a people-first approach and through engagement		
102-41		Percentage of total employees covered by collective bargaining agreements	We act with a people-first approach and through engagement	The percentage of total employees covered by collective bargaining agreements is reported for Finland only. No binding collective agreements exist in the sector in the Baltic region.	X
102-42		Identifying and selecting stakeholders	Corporate responsibility management at OP, op.fi/corporate responsibility		
102-43		Approach to stakeholder engagement	Corporate responsibility management at OP, op.fi/corporate responsibility		
102-44		Key topics and concerns raised by stakeholders	Corporate responsibility management at OP, op.fi/corporate responsibility		
102-45		Entities included in the consolidated financial statements	Financial Statements, Note 49		
102-46		Defining report content	Corporate responsibility management at OP		
102-47		List of material aspects	Corporate responsibility management at OP		
102-48		Restatements of information provided in previous reports	No restatements		
102-49		Significant changes from previous reporting periods in the scope and aspect boundaries	No restatements		
102-50		Reporting period	1 Jan 2018–31 Dec 2018		
102-51		Date of most recent previous report	27 Feb 2018		
102-52		Reporting cycle	Annual		
102-53		Contact points for questions regarding the report	<a href="https://uusi.op.fi/op-financial-group/corporate-responsibility/contact-information">https://uusi.op.fi/op-financial-group/corporate-responsibility/contact-information</a>		
102-54		Claims of reporting in accordance with the GRI Standards	GRI content index		
102-55		GRI content index	GRI content index		
102-56		External assurance	Independent assurance report		





Code	Part	GRI content	Location	Omissions	Global Compact
Management approach					
103-1		Explanation of the material aspects and their boundaries	Corporate responsibility management at OP, GRI indicators		
103-2		The management approach and its components	Corporate responsibility management at OP, GRI indicators		X
103-3		Evaluation of the management approach	Corporate responsibility management at OP, GRI indicators		
Topic-specific disclosures					
Material aspects of topic-specific disclosures only					
Economic impacts					
201		Economic performance			
201-1		Direct economic value generated and distributed	We support local vitality		
201-2		Financial implications and other risks and opportunities due to climate change	We support local vitality		X
201-3		Defined benefit plan obligations and other retirement plans	Financial Statements, Note 33	No information on economic impacts or costs is available. We are looking into the possibility of more extensive reporting.	
203		Indirect economic impacts			
203-1		Infrastructure investments and services supported	We support local vitality		
203-2		Significant indirect economic impacts	We support local vitality		
205		Anti-corruption			
205-1		Operations assessed for risks related to corruption	We support local vitality		X
205-2	b,e	Communication and training about anti-corruption policies and procedures	We support local vitality		X
205-3		Confirmed incidents of corruption and actions taken	No cases in 2018.	Some of the information is unavailable. We are looking into the possibility of more extensive reporting.	X
206		Anti-competitive behaviour			
206-1		Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	We foster a sustainable economy		



Code	Part	GRI content	Location	Omissions	Global Compact
Environmental impacts					
302		Energy			
302-1	c-g	Energy consumption within the organisation	We foster a sustainable economy		X
302-3		Energy intensity	We foster a sustainable economy		X
305		Emissions			
305-1		Direct (Scope 1) greenhouse gas emissions	We foster a sustainable economy		X
305-2		Indirect (Scope 2) greenhouse gas emissions	We foster a sustainable economy		X
305-3		Other indirect (Scope 3) greenhouse gas emissions	We foster a sustainable economy		X
305-4		Greenhouse gas emissions intensity	We foster a sustainable economy		X
305-5		Reduction of greenhouse gas emissions	We foster a sustainable economy		X
306		Effluents and waste			
306-2	a-b	Waste	We foster a sustainable economy	Information is only available on our premises in Helsinki.	X
Social impacts					
401		Employment			
401-1	e	New employee hires and employee turnover	We act with a people-first approach and through engagement	Only disclosures that are relevant for OP Financial Group are included. The figures for terminated employment contracts and the total turnover of permanent staff do not factor in business transfers.	X
401-3	e	Parental leave	We act with a people-first approach and through engagement	Only disclosures that are relevant for OP Financial Group are included. The return to work and retention rates after parental leave are reported for Finland only and do not include OP-Kiinteistökeskus branches. No information is available on the male employees entitled to parental leave. We are looking into the possibility of more extensive reporting.	X
402		Labour/management relations			





Code	Part	GRI content	Location	Omissions	Global Compact
402-1	a-b	Minimum notice periods regarding operational changes	We act with a people-first approach and through engagement		X
403		<b>Occupational health and safety</b>			
403-1	b	Workers' representation in formal joint management-worker health and safety committees	We act with a people-first approach and through engagement, GRI indicators		
403-2	a	Injuries, occupational diseases, lost days, absentee rates and work-related fatalities	We act with a people-first approach and through engagement, GRI indicators	Information unavailable by gender and by personnel group. The percentage of sickness absences of regular annual working hours is reported for Finland only and does not include OP-Kiinteistökeskus branches. The number of accidents at work and the rate of injuries (LTA1) are reported for Finland only.	
404		<b>Training and education</b>			
404-1		Average hours of training per year per employee	We act with a people-first approach and through engagement	Information unavailable by gender and by personnel group. Average hours of training are reported for Finland only.	
404-2	a	Programmes for upgrading employee skills and transition assistance programmes	We act with a people-first approach and through engagement		X
404-3		Percentage of employees receiving regular performance and career development reviews	We act with a people-first approach and through engagement		X
405		<b>Diversity and equal opportunity</b>			
405-1		Diversity of governance bodies and employees	We act with a people-first approach and through engagement		X
405-2		Ratio of basic salary and remuneration of women to men	We act with a people-first approach and through engagement	The ratio of basic salary and remuneration of women to men is reported for Finland only and does not include OP-Kiinteistökeskus branches.	X
406		<b>Non-discrimination</b>			
406-1	b,e	Incidents of discrimination and corrective actions taken	We act with a people-first approach and through engagement, GRI indicators		X



Code	Part	GRI content	Location	Omissions	Global Compact
		<b>Local communities</b>			
FS13		Access points in low-populated or economically disadvantaged areas by type	We support local vitality		
FS14		Initiatives to improve access to financial services for disadvantaged people	We support local vitality	The information concerns Finland only.	
417		<b>Marketing and labelling</b>			
417-3		Incidents of non-compliance concerning marketing communications	No cases in 2018.		
418		<b>Customer privacy</b>			
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	We foster health, security and well-being		
419		<b>Compliance</b>			
419-1		Non-compliance with laws and regulations in the social and economic area	No cases in 2018.		
<b>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	We foster a sustainable economy		
FS11		Percentage of assets subject to positive and negative environmental or social screening	We foster a sustainable economy		



# Independent Assurance Report to the Management of OP Cooperative

This document is an English translation of the Finnish report

We were engaged by the Management of OP Cooperative to provide assurance on the OP Financial Group's numerical corporate responsibility information for the year ended Dec 31, 2018. The corporate responsibility information has been presented in the OP Financial Group's annual report OP Year 2018, in the "Corporate Responsibility" section's GRI Index (hereafter "Corporate Responsibility Information").

## Management's responsibilities

The Management of OP Cooperative is responsible for the preparation and presentation of the Corporate Responsibility Information in accordance with the GRI Sustainability Reporting Standards, and the information and assertions contained within it; for determining OP Cooperative's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders

and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

## Our responsibilities

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

The firm applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including

documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

## Procedures performed

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Corporate Responsibility Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included for example:

- Interviews with members of the Management to reassert our understanding of the objectives for corporate responsibility and of the connection between corporate responsibility and the business strategy and operations;
- Interviews with relevant staff responsible for providing the information in the Corporate Responsibility Information;
- An assessment of the Corporate Responsibility Information's conformity with the principles of the GRI Sustainability Reporting Standards for defining content and reporting quality;
- An assessment of data management processes, information systems and working methods used to gather and consolidate the presented Corporate Responsibility Information, and a review of related internal documents;
- Testing of data accuracy and completeness through samples from information systems and original numerical information.

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

## Inherent limitations

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

## Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Corporate Responsibility Information of OP Financial Group for the year ended December 31, 2018 is not presented, in all material respects, in accordance with the reporting criteria GRI Sustainability Reporting Standards.

Helsinki, 22 February 2019  
KPMG OY AB

Raija-Leena Hankonen, APA  
Niina Turri, Senior Manager, Advisory