

# Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

*OP Financial Group is made up of 102 OP cooperative banks and the central cooperative which they own, including its subsidiaries and affiliated entities. OP cooperative banks and therefore the entire OP Financial Group, which employed almost 13 000 people at the end of 2023, are owned by more than two million owner-customers. OP Financial Group's business consists of the following three business segments: Retail Banking (Banking Personal and SME Customers), Corporate Banking (Banking Corporate and Institutional customers), and Insurance (Insurance Customers). OP Financial Group's main area of operation is Finland. In addition, OP Corporate Bank operates in Estonia, Latvia and Lithuania.*

<https://vuosi.op.fi/en/2023/> (p.4)

## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

- ☒ Yes  
☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

- ☒ UN Guiding Principles on Business and Human Rights  
☒ International Labour Organization fundamental conventions  
☒ UN Global Compact  
☐ UN Declaration on the Rights of Indigenous Peoples  
☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: climate risk, ECB  
☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----



☐ None of the above

*Responsible business is one of OP Financial Group's strategic priorities. Our sustainability work is guided by OP Financial Group's sustainability programme. The programme's goals have been defined in accordance with the UN Sustainable Development Goals (SDG). As part of its strategy process in 2022, OP Financial Group has updated its sustainability programme and set indicators for monitoring the achievement of responsibility targets. OP Financial Group's Human Rights Statement and Policy describe our procedures and requirements regarding human rights.*

*OP Financial Group's Biodiversity Roadmap creates a framework for promoting biodiversity at OP Financial Group.*

<https://vuosi.op.fi/en/2023/> (p.20 – 25)

[OP Financial Group's sustainability programme | OP](#)

[OP Financial Group's Human Rights Statement](#)

[OP Financial Group's Human Rights Policy](#)

[Biodiversity | OP](#)

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

*OP Financial Group has assessed its operations, including corporate loans and personal customer segment. Corporate loans have been assessed and grouped into negative and positive impact categories by using the UNEP FI Impact Analysis Tool. Additionally, we conducted and*

[OP Financial Group's sustainability programme | OP](#)

<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).



*considered various internal and external stakeholder surveys when creating OP Financial Group's Sustainability Programme.*

*The geographical focus of the conducted materiality analysis is mainly on Finland, but other locations have been considered in the stakeholder analysis.*

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope  
i) by sectors & industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or  
ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

*In terms of emissions intensity, the most significant sectors are agriculture, forestry, fishery, energy and households.*

*We have identified the key ESG themes relevant for OP Financial Group by carrying out several internal and external stakeholder surveys and questionnaires. Based on these, we published a sustainability programme in August 2022. Thus, the themes of the sustainability programme were chosen based on their materiality to OP and its stakeholders.*

*In 2023 OP Financial Group's credit base and industry distribution were examined from climate and environmental perspectives using different tools and data sources. In addition, the analysis took into account the results of the biodiversity preliminary study carried out in OP Financial Group and the flood risk assessment.*

*Based on a quantitative analysis using the ENCORE tool, loan portfolio distributions and financed emissions per sector, the most significant industries for OP Financial Group from a climate and environmental perspective are agriculture, energy production, real estate, and various industries and transport sectors.*

*OP Corporate Bank has also operations in the Baltics. 10% of the credit portfolio is in the Baltics.*

*Asset Management is also committed to the principles of responsible investment and Pohjola Insurance to the principles of sustainable insurance. These principles are described in their own reports.*

[OP Financial Group's sustainability programme / OP](#)

<https://vuosi.op.fi/en/2023/>  
(Emission intensity information p.61 – 65, sustainability programme p.20 – 25, stakeholder engagement p.41)

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.



**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

*In order to address material ESG topics with OP Financial Group's sustainability programme and to make sense of our operating environment, several surveys were conducted. These included for instance the following:*

- Owner-customer survey
- Survey of large corporates
- Qualitative ESG-survey for corporates
- Customer behaviour research
- Internal personnel survey
- Internal stakeholder survey
- Internal market analysis

*Additionally, we utilized UNEP FI's tool to outline the most significant themes in our context. This way, we gained a thorough understanding of the context in which OP Financial Group operates in.*

*To further develop our stakeholder engagement, in 2023 we founded OP Financial Group's ESG forum, which gathers the relevant stakeholders we have identified, and they represent different fields and views of our stakeholders, such as our owner customers, personnel, environmental, social, and financial and business actors.*

*The main challenges and priorities in Finland are climate change, biodiversity and local communities.*

[Survey of large corporations 2023 | OP](#)

[OP Financial Group's sustainability programme | OP](#)

<https://www.op-media.fi/good-deeds-across-time/>

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>5</sup>? Please disclose.

*The most significant negative impacts identified are climate and biodiversity. The most significant positive impacts are teaching financial literacy for children and young people and teaching digital skills to older people.*

*Based on the analysis, we have identified mitigation of climate change and loss of biodiversity and improvement of financial literacy as our targets and included them into our sustainability programme. Full list of targets can be found in our sustainability programme.*

[OP Financial Group's sustainability programme | OP](#)

**d) For these (min. two prioritized impact areas): Performance measurement:** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.



indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

*The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.*

*We have identified the most relevant sectors and industries in our corporate loan portfolio from the climate perspective by assessing OP Financial Group's exposure and the emission intensity of each sector. OP Financial Group became a signatory member of PCAF in July 2022. The most material sectors can be found in our annual report. (p.62)*

*Based on materiality analysis we have set sector-specific emissions reduction targets in August 2023 for the three most carbon-intensive industries: the energy, agriculture and residential property sectors. Together, these form 90.6 per cent of emissions related to OP Financial Group's credit portfolio.*

*Approved in 2023, our biodiversity roadmap will enable us to create a framework for promoting biodiversity. OP Financial Group aims to create a nature positive handprint by 2030. The roadmap includes measures for all key business areas: corporate finance, asset management and insurance.*

[Commitments and principles / Responsibilities | OP Group | OP](#)

[Climate goals and targets | OP](#)

[Biodiversity | OP](#)



### Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>

- |                          |   |                                      |
|--------------------------|---|--------------------------------------|
| Scope:                   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress |
| progress                 | <input type="checkbox"/> No             |                                      |
| Portfolio composition:   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress |
|                          | <input type="checkbox"/> No             |                                      |
| Context:                 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress |
| progress                 | <input type="checkbox"/> No             |                                      |
| Performance measurement: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress |
|                          | <input type="checkbox"/> No             |                                      |

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

*Climate change mitigation, biodiversity as well as teaching financial literacy and digital skills.*

How recent is the data used for and disclosed in the impact analysis?

- ☐ Up to 6 months prior to publication
- ☒ Up to 12 months prior to publication
- ☐ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:  
(optional)

<sup>6</sup> You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.





## 2. Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>[1]</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

- a. **Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with<sup>[2]</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*OP Financial Group continues its work in accordance with the Principles for Responsible Banking (PRB). Our sustainability programme is linked with the Sustainable Development Goals (SDGs).*

*One of OP Financial Group's sustainability targets is to offer sustainable financing and investment products to customers. This target contributes to SDG 13 – Climate Action. OP Financial Group will become carbon neutral by 2025. This target contributes to SDG 13 – Climate Action. Also, we will decrease emissions across our loan and investment portfolios. This target contributes to SDG 13 – Climate Action. We will also promote biodiversity and the wellbeing of nature. This target contributes to the SDG 14 – Life below water and SDG 15 – Life on land.*

*Regarding the positive impacts, we have set social responsibility targets in our sustainability programme in 2022. We will support the management of personal finances and improve financial literacy and help customers with special needs to manage their finances. These targets contribute to SDG 4 – Quality education, SDG 8 – Decent work and economic growth as well as SDG 10 – Reduced inequalities.*

[OP Financial Group's sustainability programme](#)  
[LOP](#)

<sup>[1]</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>[2]</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.



**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

OP Financial Group will cut 25% of its corporate loan portfolio emissions by 2030 compared to 2022. In 2022, OP Financial Group renewed its Greenhouse Gas (GHG) emission calculation methodologies for GHG Protocol Corporate Standard Scope 3 Category 15 to be aligned with the Partnership for Carbon Accounting Financials (PCAF) standard. The renewed methodology is well suited to provide a baseline (2022) for OP Financial Group's climate target setting as well as guide internal decision-making.

OP Financial Group will become carbon neutral by 2025. This means zero emissions from the energy and fuels that we use (Scope 1 and Scope 2) and reducing emissions across our supply chain. The baseline year is 2011. The emissions have reduced 99 percent between 2011 and 2023. Our emission reduction data is market-based.

In 2023 OP Financial Group has set emissions targets for three sectors, based on a materiality analysis.

[OP Financial Group's sustainability programme | OP](#)

<https://vuosi.op.fi/en/2023/> (p.22 - 24)

[Climate goals and targets | OP](#)





*OP Financial Group's sector-specific emissions reduction targets:*

*In energy production, a 50% reduction of emissions intensity from the 2022 level by 2030*

*In agriculture, a 30% reduction of absolute emissions from the 2022 level by 2030*

*In home loans, a 45% reduction of emissions intensity from the 2022 level by 2030.*

*OP Financial Group's biodiversity assessment was conducted in 2022 and a roadmap was published in 2023. Our biodiversity roadmap enables us to create a framework for promoting biodiversity. OP Financial Group aims to create a nature positive handprint by 2030. By 'nature positive', we mean that OP's operations will have a net positive impact (NPI) on nature. We promote biodiversity in cooperation with our customers and stakeholders. For example, we highlight taking account of forest environments, traditional landscapes and farming, wetlands and water bodies, the Baltic Sea, invasive species prevention, and pollinators. We engage in biodiversity analysis from the climate, water sustainability and circular economy perspectives.*

*Regarding financial literacy skills, our goal is to reach 70 000 children and youth through financial literacy training events and projects organised by OP cooperative banks per year. In 2023, we reached around 91 000 people, which is significantly more than in 2022. Finally, our goal was to reach 20 000 customers in training events on digital skills every year. In 2023, we reached 26 000 people.*

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>7</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

*One of OP Financial Group's sustainability targets is to offer sustainable financing and investment products to customers. This target contributes to SDG 13 – Climate Action. Our goal for sustainable financing products is at least 8 billion euros of total commitments by the end of 2025.*

<https://vuosi.op.fi/en/2023/> (p. 22 – 24)

[OP Financial Group's sustainability programme LOP](#)

<sup>7</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.



Moreover, OP Financial Group will become carbon neutral by 2025. This means zero emissions from the energy and fuels that we use (Scope 1 and Scope 2) and reducing emissions across our supply chain. This target contributes to SDG 13 – Climate Action.

OP Corporate Bank is committed to ensuring that its corporate loan portfolios are carbon neutral by 2050. A corresponding goal has been set for OP cooperative banks' corporate loans. OP Asset Management and OP Fund Management Company are committed to ensuring that the funds they manage are carbon neutral by 2050 and halve their emissions by 2030. OP Financial Group will cut 25% of its corporate loan portfolio emissions by 2030 compared to 2022. Besides various sustainable investment and financing products, the range of tools includes investment decisions promoting the achievement of our goals and active dialogue with our clients and investees. We require that large companies subject to high climate transition risk prepare company-specific emission reduction plans by the end of 2025. This target contributes to SDG 13 – Climate Action.

We have created a roadmap for achieving major emission reductions before 2050, especially in Finland, our main market in corporate financing. OP Corporate Bank no longer provides finance for new coal power plants or coal mines, or for companies that plan to build them. Neither do we finance new corporate customers with financial dependence of over 5% on coal as an energy source, measured in net sales.

We will also promote biodiversity and the wellbeing of nature. This target contributes to the SDG 14 – Life below water and SDG 15 – Life on land. We conducted a biodiversity assessment in 2022 and published a biodiversity roadmap in 2023. We will also develop the competencies of specialists working with agricultural customers and improve the knowledge of farmers by entering training partnerships.

We have promoted financial literacy skills, our goal is to reach 70 000 children and youth through financial literacy training events and projects organised by OP cooperative banks per year. In 2023, we reached around 91 000 people. our goal was to reach 20 000 customers in training events on digital skills every year. In 2023, we reached 26 000 people.

OP Financial Group's sustainability programme was updated in 2022 and it outlines targets that are aligned with SMART-principles. The new targets are ambitious but achievable.

**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

OP Financial Group's sustainability programme was updated in 2022. The programme contains concrete targets and actions that need to be taken in the next years.

[OP Financial Group's sustainability programme](#)  
[| OP](#)



Also, we published a biodiversity roadmap including more concrete steps in 2023.

<https://vuosi.op.fi/en/2023/> (p. 22 – 24)

OP Financial Group has not conducted a public analysis on the negative impacts of its sustainability targets. However, ESG-risks and negative impacts are considered in its lending processes.

[Biodiversity | OP](#)

## Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (Climate)	... second area of most significant impact: ... (Biodiversity)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (financial literacy and digital skills)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

## 2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.



**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

*OP Financial Group's sustainability programme was updated in 2022, meaning that some of the previously reported targets may have changed. However, the sustainability programme covers most of the same themes reported previously.*

*For instance, as reported previously, OP Financial Group aims at offering sustainable financing and investment products to its customers. In 2022, the amount of sustainable financing products was 5,2 billion euros while in 2023 it was 6,6 billion euros.*

*In 2023, OP Financial Group's direct and indirect emissions (Scope 1+2) decreases significantly and totalled 282 CO<sub>2</sub>e tonnes while in 2022 they were 7 156 CO<sub>2</sub>e tonnes. The emissions are market-based.*

*The theme of biodiversity was added to the programme. OP Financial Group will promote biodiversity and the wellbeing of nature. We published a biodiversity roadmap in 2023.*

*Regarding financial literacy skills, our goal is to reach 70 000 children and youth through financial literacy training events and projects organised by OP cooperative banks per year. In 2023, we reached around 91 000 people, which is significantly more than in 2022. Finally, our goal was to reach 20 000 customers in training events on digital skills every year. In 2023, we reached 26 000 people.*

[\*OP Financial Group's sustainability programme | OP\*](#)

[\*https://vuosi.op.fi/en/2023/\*](https://vuosi.op.fi/en/2023/) (p. 22 – 25)



## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

*Does your bank have a policy or engagement process with clients and customers<sup>8</sup> in place to encourage sustainable practices?*

☒ Yes

☐ In progress

☐ No

*Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?*

☒ Yes

☐ In progress

☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>9</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

*OP Financial Group takes social responsibility and environmental aspects into consideration in our financing decisions. We engage in active dialogue with our clients, which includes ESG issues. We conduct ESG analyses to provide an overview of the business operations of corporate customers and to allow us to identify our customers' business risks and offer strategic support for business development.*

*We use ESG analysis to assess the environmental, social and governance risks of customer companies and funded projects through ESG factors relevant to their industry. ESG analysis is part of the assessment of a company's creditworthiness and to assess companies' ability to mitigate critical ESG risks. In addition, ESG analysis helps us to recommend suitable sustainable corporate finance for our customers. We measure the amount of sustainable financing in our sustainability programme. In 2023, the amount 6.6 billion euros.*

*In OP's Biodiversity Roadmap we have a target for client engagement. We will enhance understanding of our customers' key biodiversity impacts and their effects on the overall business. We will help our customers to set targets for promoting biodiversity. We will follow a group of target-setting companies and their performance in key sectors identified in the portfolio. We will discuss biodiversity goals with 200 corporate customers (that are considered most material based on our exposures) on the sectors assessed as most material for our business*

[OP Financial Group's sustainability programme | OP](#)



(agriculture/food industry, forest industry, energy, real estate and construction, and transport).

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

*Responsible business is one of OP Financial Group's strategic priorities, meaning that sustainability is integrated into everything we do.*

*We leverage the opportunities provided by climate and environmental perspectives in our product development. Green and sustainability-linked loans granted by OP Group totalled 6,6 billion euros at the end of 2023.*

*OP Financial Group has issued four green bonds: OP Corporate Bank's EUR 500 million green bond issued in 2019, the EUR 500 million green senior non-preferred bond issued in 2022, OP Mortgage Bank's EUR 750 million green covered bond issued in 2021 and the EUR 1,000 million green covered bond issued in 2022.*

*In 2023, we launched a green loan to SMEs and housing companies granted for green investments that enable businesses to reduce their environmental impact, and EIF guarantee granted on the basis of a green business model or for a green investment.*

<https://vuosi.op.fi/en/2023/> (p. 26 – 33)

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

<sup>8</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>9</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.





#### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>10</sup>) you have identified as relevant in relation to the impact analysis and target setting process?*

☒ Yes

☐ In progress

☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

*As Finland's largest financial services group, we maintain an open and continuous dialogue with various stakeholders, supported by our long tradition of cooperative values and operating principles. Through this dialogue, one of the main principles and goals of our stakeholder engagement is to identify areas of development in the corporate responsibility work of OP Financial Group.*

*To further develop our stakeholder engagement, in 2023 we founded OP Financial Group's ESG forum, which gathers the relevant stakeholders we have identified, and they represent different fields and views of our stakeholders, such as our owner customers, personnel, environmental, social, and financial and business actors.*

<https://vuosi.op.fi/en/2023/> (p.41)

<sup>10</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations



## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

*The ESG Committee is established by the Executive Management Team and is chaired by OP Financial Group's ESG and Responsibility Director. The ESG Committee meets once a month and the minutes of the meetings are reviewed by the Executive Management Team. The committee supports business segments, centres of excellence and OP cooperative banks in their ESG activities as well as prepares OP Financial Group's sustainability programme for the Board's approval, and tracks progress against the agreed targets. The members of the committee represent different business segments of OP Financial Group.*

*In its remuneration, OP Financial Group complies with provisions based on EU and national laws and guidelines issued by the European Central Bank, the Finnish Financial Supervisory Authority and other regulators. The Group's remuneration policies are based on laws, provisions and recommendations applicable to the financial sector and on the Finnish Corporate Governance Code. Also, OP Financial Group has a public document on ESG considerations in employee remuneration which outlines the guidelines with which ESG is considered.*

<https://vuosi.op.fi/en/2023/> (p.42 - 43)

[Remuneration - Administration - OP Group | OP](#)

[Consideration of sustainability risks in employee remuneration \(pdf\)](#) (in Finnish)

### 5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).



*One of the goals of our sustainability programme is to increase our personnel's sustainability competencies. We carried out many ESG-related study modules and training courses intended for our employees and bank boards during 2023. Particularly those working in investment and insurance sales have increased their competencies also regarding responsible and sustainable investing. Regulation, regulatory supervision and OP Financial Group's own policy priorities constantly set new competence and training requirements for various positions. In addition to training, we ensure that the competencies related to regulation are deepened and maintained by active communication and internal control.*

<https://vuosi.op.fi/en/2023/> (p.34 - 35)

*We foster the diversity of governing bodies the same way we foster the diversity of our personnel: by ensuring that candidates have a wide range of knowledge, skills and experience, and that each region, gender, and age group, as well as many different native languages, are represented. Completing training on the sustainability programme during 2023 is mandatory to OP Financial Group's personnel.*

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>11</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

*We have integrated environmental, social and governance (ESG) themes into our lending and we will assess in all significant loan decisions how our corporate customers have prepared for risks caused by the ESG factors. We use ESG analysis to assess the environmental, social and governance risks of customer companies and funded projects.*

[OP Corporate Bank's corporate loan portfolios and OP's mutual funds to be carbon neutral by 2050 \(pdf\)](#)

*We will not provide finance for new coal power plants or coal mines, including companies that plan to build them. Neither will we develop new corporate finance relationships with customers whose financial dependence on coal used for power generation accounts for over 5% of their net sales.*

[OP Financial Group's Human Rights Policy](#)

*OP Financial Group's Human Rights policy describes our processes for human rights due diligence and identified salient risks.*

[Reporting suspected misconduct Whistleblowing | OP](#)

*A whistleblowing channel is available for reporting any suspicions regarding misconduct and violations of policies and regulation.*

### Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

<sup>11</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.



☒ Yes

☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes

☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes

☐ In progress

☐ No



## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes ☐ Partially ☐ No

If applicable, please include the link or description of the assurance statement.

Yes by KPMG Oy Ab.

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI
- ☐ SASB
- ☒ CDP
- ☐ IFRS Sustainability Disclosure Standards (to be published)
- ☒ TCFD
- ☒ Other: ....UN Global Compact

OP Financial Group's commitments are listed on our website.

[Commitments and principles / Responsibilities / OP Group / OP](#)

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>12</sup>, target setting<sup>13</sup> and governance structure for implementing the PRB)? Please describe briefly.

We will continue building a sustainable tomorrow together by focusing on the themes included in OP Financial Group's sustainability programme.

[OP Financial Group's sustainability programme / OP](#)

<sup>12</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>13</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.



## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement             |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
|  | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Conducting an impact analysis   | <input type="checkbox"/> Access to resources             |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Reporting                       |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input type="checkbox"/> Assurance                       |
|  | <input type="checkbox"/> Prioritizing actions internally |
| <input type="checkbox"/> Setting targets   |  |
| <input type="checkbox"/> Other: ...  |  |

If desired, you can elaborate on challenges and how you are tackling these:





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## **Independent Limited Assurance Report over selected responses within OP's UN Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking Reporting and Self-Assessment Template**

We have been engaged by the Management of OP Cooperative ("OP") to provide limited assurance over selected responses ("Selected Responses") in OP's UN Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking Reporting and Self-Assessment Template ("Template").

The information subject to assurance comprises Selected Responses included within OP's Template for the year ending 31 December 2023. The Selected Responses subject to assurance are prepared by OP based on the Principles' Reporting and Self-Assessment Template version (V2) from September 2022. In accordance with the guidance for assurance providers, limited assurance is provided on the following items:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

### *Management's responsibilities*

The Management of OP is responsible for the preparation and presentation of the Selected Responses in accordance with the reporting criteria, i.e. UNEP FI Principles for Responsible Banking Reporting and Self-Assessment Template (Reviewed version (V2) from September 2022), and the information and assertions contained within it. The Management is also responsible for determining OP's objectives with regard to sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

### *Our responsibilities*

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

We are independent of the company in accordance with the ethical requirements applicable in Finland to the engagement we have undertaken and have fulfilled our other ethical obligations under those requirements.

KPMG Oy Ab applies International Standard on Quality Management ISQM 1 which requires the firm to design, implement and operate a system of quality management including policies or



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

#### *Summary of procedures performed*

A limited assurance engagement on Selected Responses consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Responses, and applying analytical and other evidence gathering procedures, as appropriate. Based on our professional judgment and acknowledging the fact that banks are in different stages of implementation of the Principles for Responsible Banking we have performed the following procedures, among others:

- We planned our procedures informed by the Assurance Guidance to undertake limited assurance on Principles reporting Version 2 (updated October 2022), to be used with the V2 of the Reporting and Self-Assessment Template (from September 2022), issued by UNEP FI, considering OP's stage of implementation of the Principles for Responsible Banking.
- Interviewed a member of OP Cooperative's management and personnel responsible for providing the Selected Responses;
- Assessed the application of the Reporting and Self-Assessment Template reporting principles related to the Selected Responses;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Selected Responses;
- Reviewed the presented information and assessed its quality and reporting boundary definitions; and
- Assessed the Selected Responses' information accuracy and completeness, whereby with information is meant data disclosed related to the activities of the bank as well as the actions undertaken, through a review of the original documents.

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

#### *Inherent limitations*

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



### *Conclusion*

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Responses to principles 2.1, 2.2, 2.3 and 5.1 in the Template are not prepared, in all material respects, in accordance with the UNEP FI Principles for Responsible Banking Reporting and Self-Assessment Template (Reviewed version (V2) from September 2022), for the year ended 31 December 2023.

Yours sincerely

KPMG Oy Ab

Helsinki, 22 March 2024

Juha-Pekka Mylén

APA

Tomas Otterström

Partner, Advisory