



OP Financial Group's Corporate Governance Statement 2018



OP FINANCIAL GROUP'S CORPORATE GOVERNANCE STATEMENT 2018

This is a description of OP Financial Group's Corporate Governance Statement. By law, a credit institution and a securities issuer shall present its Corporate Governance Statement. OP Financial Group's issuers (OP Corporate Bank plc and OP Mortgage Bank) prepare their own Corporate Governance Statements which substantially follow that of OP Financial Group. This OP Financial Group's statement applies to credit institutions within the central cooperative consolidated, such as OP Customer Services Ltd and OP Card Company Plc, excluding the abovementioned issuers. OP Financial Group member cooperative banks will publish their own corporate governance statements.

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OP Financial Group's Corporate Governance Statement

1 CORPORATE GOVERNANCE AND MANAGEMENT

This Corporate Governance Statement of OP Financial Group has been prepared in accordance with the Act on Credit Institutions (CRD IV/CRR) and Chapter 7, Section 7 of the Finnish Securities Markets Act, and the Finnish Corporate Governance Code (2015) where applicable. The Statement has been issued separately from the Report by the Executive Board.

This Statement also covers some other key governance issues and the related, up-to-date information is available on OP's website at www.op.fi > OP Financial Group > About us > Corporate Governance.

OP Cooperative's Executive Board discussed this Corporate Governance Statement on 28 January 2019. The Audit Committee of OP Financial Group's Supervisory Board also assessed the Statement at its meeting. KPMG Oy Ab, OP Financial Group's auditor, has verified that the Statement has been issued and that the description it contains covering the main features of internal control and risk management systems related to the financial reporting process is consistent with the financial statements.

This Statement plus OP Financial Group's Financial Statements, Report by the Executive Board, Auditor's Report and Annual Review are available on OP's website at www.op.fi > OP Financial Group > To the media > Reports.

In their decision-making and corporate governance, OP Financial Group and its central cooperative, OP Cooperative, Financial Group (central cooperative), comply with the laws of Finland and standards issued by virtue of them. OP Financial Group's operations are specifically governed by the Act on the Amalgamation of Deposit Banks (Laki talletuspankkien yhteenliittymästä), the Act on Cooperative Banks and Other Cooperative Institutions, the Act on Credit Institutions, the Insurance Companies Act, the Act on Investment Services, the Co-operatives Act and the Limited Liability Companies Act.

Taking into account the specific characteristics of the cooperative system, OP Financial Group's Corporate Governance conforms, whenever applicable, with the Finnish Corporate Governance Code approved by the Securities Market Association in October 2015.

In addition, OP Financial Group follows the Code of Business Ethics in its operations.

2 STRUCTURE OF OP FINANCIAL GROUP AND ADMINISTRATIVE BODIES

2.1 Group structure

2.1.1 OP Financial Group

Established in 1902, OP Financial Group is a cooperative financial services group formed by independent cooperative banks and the Group's central cooperative with its subsidiaries operating under the principle of joint and several liability. OP Financial Group's success lies in a strong foundation of promoting the prosperity, well-being and security of its owner-customers, customers and business partners. Being a Finnish Group is an important part of its identity.

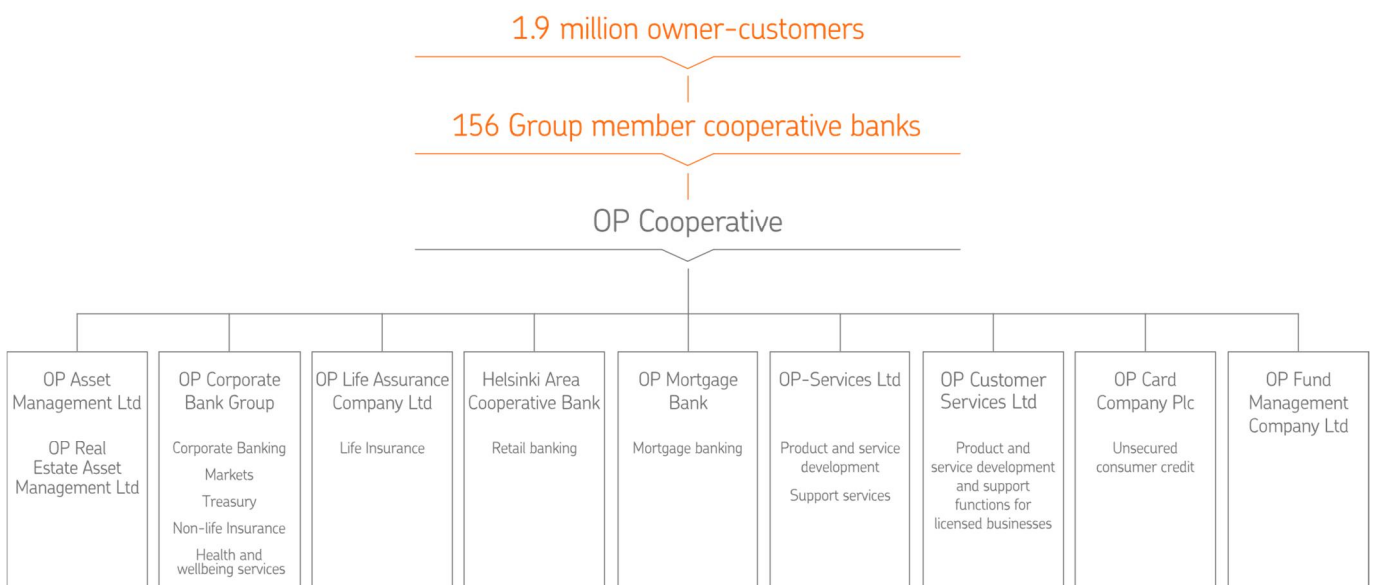
OP Financial Group consists of 156 member cooperative banks as of 31 December 2018 and their central cooperative, OP Cooperative, with its subsidiaries and affiliates. The

Group's operations are based on the cooperative principle – cooperation and sharing the fruits of success with everyone. Based on its mission, OP Financial Group creates sustainable prosperity, security and wellbeing for its owner-customers and in its operating region by means of its strong capital base and efficiency.

OP Financial Group's business is divided into three segments valid until the end of 2018: Banking, Non-life Insurance, and Wealth Management. The structure of the new business segments took effect on 1 January 2019. These new business segments are Banking for private and SME customers, Banking for Corporate and Institutional Customers, and Insurance Customers.

OP Financial Group consists of the following two parts:

1. An amalgamation in accordance with the Act on the Amalgamation of Deposit Banks
2. Other entities and organisations of OP Financial Group.



Credit institutions within OP Financial Group are liable for each other's debts. OP Financial Group is supervised by the ECB on a consolidated basis.

The amalgamation is formed by OP Cooperative (central cooperative), companies belonging to its consolidation group, the central cooperative's member credit institutions and companies belonging to their consolidation groups, and credit institutions, financial institutions and service companies in which the abovementioned institutions jointly hold more than half of the voting rights form the amalgamation.

OP Financial Group is comprised of the amalgamation and those non-amalgamation entities of which entities belonging to the amalgamation hold more than half of the total votes. The extent of OP Financial Group differs from that of the amalgamation in that OP Financial Group subsumes companies other than credit and financial institutions or service companies. The most important of these are the insurance companies with which the amalgamation forms a financial and insurance conglomerate. In addition, Pohjola Health Ltd, a hospital, belongs to OP Financial Group.

More detailed information on the legal structure of OP Financial Group's amalgamation can be found in the Financial Statements of OP Financial Group. The amalgamation does not form a corporate group, as referred to in the Accounting Act, or a consolidation group, as

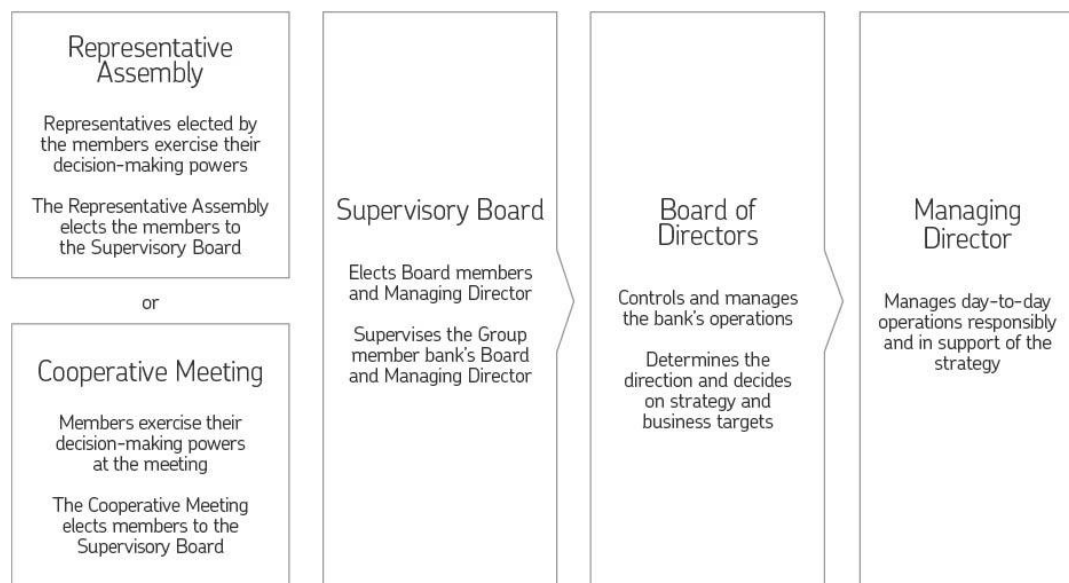
referred to in the Act on Credit Institutions. The central cooperative prepares consolidated financial statements as referred to in Section 9 of the Act on the Amalgamation of Deposit Banks.

2.1.2 OP cooperative banks

OP cooperative banks are independent, local deposit banks engaged in retail banking. They provide modern and competitive banking services to households, SMEs, agricultural and forestry customers and public-sector entities. Helsinki Area Cooperative Bank, which belongs to the central cooperative consolidated and whose governance model and structure differs from that of other OP cooperative banks, engages in corresponding retail banking in the Helsinki Metropolitan Area.

In terms of the type of their business organisation, the member cooperative banks are co-operatives whose basic values underlying decision-making include the one member, one vote principle. Within the OP cooperative banks, the owner-customers' decision-making power is exercised by the Representative Assembly comprising owner-customers or the cooperative meeting, which elects a supervisory board for the bank. The supervisory board in turn elects a board of directors for the bank.

Decision-making at a Group Decision-making at a Group member cooperative bank



The central cooperative's Supervisory Board has confirmed the Principles of Good Corporate Governance for the Group.

2.1.3 Cooperative bank federations

The cooperative bank federations are regional cooperation bodies for the member cooperative banks. Finland has six (6) cooperative bank federations.

The meeting of a cooperative bank federation comprising member cooperative banks elects the board of directors to represent the federation and attend to its affairs.

2.1.4 OP Cooperative and its responsibilities

The central cooperative of OP Financial Group is OP Cooperative in English and OP Andelslag in Swedish and is domiciled in Helsinki.

Within the central cooperative, the decision-making powers of member cooperative banks rest with the Cooperative Meeting and the Supervisory Board elected by it, and operational decision-making powers are exercised by the Executive Board acting as the board of directors elected by the Supervisory Board and being made up of management executives. The central cooperative's member banks own OP Cooperative.

The central cooperative's members may include credit institutions, as referred to in the Act on the Amalgamation of Deposit Banks, whose Bylaws or Articles of Association have been approved by the central cooperative. The Supervisory Board takes decisions on admitting new members.

The purpose of the central cooperative as the central cooperative of the amalgamation and as the company heading the financial and insurance conglomerate formed by OP Financial Group is to equitably contribute to and support the development of, and cooperation between, its member credit institutions, other OP Financial Group companies and entities and the entire Group. To that end, the central cooperative controls the Group's centralised services, develops the Group's business, manages the Group's strategic control and lobbying and manages control and supervision duties belonging to the central cooperative of the amalgamation and the company heading the financial and insurance conglomerate. Furthermore, the central cooperative acts as OP Financial Group's strategic owner institution.

2.2 Governance diversity

OP Financial Group has a long-term approach to planning the composition of administrative bodies. Effective work in administrative bodies requires that their members have sufficiently diverse expertise, skills and experience.

In preparing the selection of members of the administrative bodies, attention is paid to the person's added value to the body's composition 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, as well as the comprehensive representation of various regions and the balanced representation of genders and age groups on the administrative bodies.

The aim is that in the central cooperative's Supervisory Board and member cooperative banks' supervisory boards and boards of directors, both genders are represented in proportion of 60/40. To that end, the Group seeks to ensure on a long-term basis that of the candidates with equal strengths in terms of skills and experience is nominated a member of a governing body who represents a gender that is minority on the governing body.

2.3 Changes in OP Financial Group's structure in 2018

OP Financial Group's consolidated financial statements at the end of 2018 included the accounts of 156 OP cooperative banks (167) including group companies, and OP Cooperative Consolidated.

OP Insurance Ltd sold all share capital of its Baltic-based subsidiary Seesam Insurance As, including its Latvian and Lithuanian branches, to Vienna Insurance Group (VIG). The parties signed the related contract of sale on 18 December 2017 and the sale was completed on 31 August 2018.



OVY Insurance Ltd, which previously acted as OP Financial Group's internal credit insurance company, merged into OP Cooperative. The execution of the merger was registered on 31 July 2018.

Payment Highway Oy merged into Checkout Finland Oy. The execution of the merger was registered on 31 August 2018.

The number of OP cooperative banks decreased during 2018 due to mergers.

Leppävirran Osuuspankki and Suonenjoen Osuuspankki merged into Pohjois-Savon Osuuspankki. The execution of the merger was registered on 28 February 2018.

Auran Osuuspankki, Marttilan Osuuspankki, Pöytyän Osuuspankki and Tarvasjoen Osuuspankki merged into Paattisten Osuuspankki. Consequently, the business name of Paattisten Osuuspankki changed to Auranmaan Osuuspankki. The execution of the merger was registered on 31 March 2018.

Haukivuoren Osuuspankki, Heinäveden Osuuspankki, Hirvensalmen Osuuspankki and Sulkavan Osuuspankki merged into Suur-Savon Osuuspankki. The execution of the merger was registered on 31 March 2018.

Käylän Osuuspankki merged with Kuusamon Osuuspankki. The execution of the merger was registered on 31 August 2018.

Mellilän Osuuspankki and Niinijoen Osuuspankki accepted a merger plan on 21 August 2018, according to which the former will merge into the latter. Consequently, the business name of Niinijoen Osuuspankki will change to Niinijokivarren Osuuspankki. The planned date for registration of the merger is 28 February 2019.

Turun Seudun Osuuspankki and Merimaskun Osuuspankki accepted a merger plan on 13 December 2018, according to which the former will merge into the latter. The planned date for registration of the merger is 30 April 2019.

Järvi-Hämeen Osuuspankki and Kalkkisten Osuuspankki accepted a merger plan on 17 December 2018, according to which the latter will merge into the former. The planned date for registration of the merger is 30 April 2019.

3 CENTRAL COOPERATIVE'S ANNUAL COOPERATIVE MEETING

The Cooperative Meeting is OP Cooperative's highest decision-making body.

3.1 Meeting duties and items on the agenda

The Annual Cooperative Meeting deals with issues mentioned in Section 7 of the central cooperative's Bylaws, such as the adoption of the parent and consolidated income statement and balance sheet for the previous financial year, and the election of members of the Supervisory Board and an auditor. The Cooperative Meeting also approves alterations of the Bylaws, if any.

3.2 Notice of Meeting and attendants

Held in OP Cooperative's registered office in Helsinki before the end of May (in practice in March), the Annual Cooperative Meeting shall be convened by the Supervisory Board. An



Extraordinary Cooperative Meeting shall be held whenever the Supervisory Board deems it appropriate or whenever it must be held by law.

The Meeting is attended by the representatives of the central cooperative's member banks.

Notice of the Cooperative Meeting shall be brought to the attention of members in writing or using an electronic communication channel no earlier than two months and no later than one week prior to the final registration date.

3.3 Decision-making at the Meeting

In calculating the votes cast at the Meeting, members exercise their voting rights, based on cooperative contributions, equalling their shares in the central cooperative.

Member cooperative banks with a good financial standing have additional votes as stipulated in greater detail in the central cooperative's Bylaws. However, no single member may cast more than two per cent of the votes represented at the Meeting. At the Annual Cooperative Meeting, a member has only one vote if, due to its own financial difficulties, it has received financial support based on a resolution passed by OP Cooperative, which fulfils the characteristics specified in Section 8 of the central cooperative's Bylaws.

3.4 Annual Cooperative Meeting in 2018

OP Cooperative held its Annual Cooperative Meeting in Helsinki on 20 March 2018. The Meeting adopted the financial statements for 2017, decided on the allocation of surplus, discharged those accountable from liability and elected persons as required. Furthermore, the Meeting decided to alter the cooperative's Bylaws and on the cooperative's donations.

3.5 OP Financial Group's Nomination Committee

The statutory task of the Committee is to assist the Supervisory Board in matters related to the nomination and appointment of Supervisory Board members, especially in respect of the following matters:

- Assessing the collective knowledge, skills, experience and diversity of the Supervisory Board and the time commitment expected of its members, preparing descriptions of the roles and required capacities of new members, and identifying and assessing candidates for vacancies
- Assessing the composition and performance of the Supervisory Board and the performance of its individual members and
- Promoting the diversity and the equal representation of genders on the Supervisory Board.

Other duties of OP Financial Group's Nomination Committee are stipulated in the Nomination Committee's charter confirmed by the Supervisory Board.

The Committee members include the Chair, First Vice Chair and Second Vice Chair of the Board of Directors of each Federation of Cooperative Banks. The members of the Committee specifically appointed by the Supervisory Board act as the Committee Chair and Vice Chair who must be Chairs of the board of directors of the Federations of Cooperative Banks.

4 SUPERVISORY BOARD AND ITS COMMITTEES

OP Cooperative's Supervisory Board

4.1 Election, members and term of the Supervisory Board

In accordance with the Bylaws, the central cooperative's Supervisory Board has a minimum of 32 and a maximum of 36 members elected by the Cooperative Meeting. Sixteen (16) Supervisory Board members shall be elected from the regions of the Federations of Cooperative Banks in such a way that three (3) members shall be elected from each Federation of Cooperative Banks in Pohjois-Suomi, Pohjanmaa-Österbotten, Itä-Suomi and Länsi-Suomi-Sydkusten and two (2) from each Federation of Cooperative Banks in Sisä-Suomi and Etelä-Suomi. In addition, sixteen (16) members representing the Federations of Cooperative Banks are elected in such way that their seats among the Federations are determined in proportion to the total number of the owner-customers in the member banks of the Federation of Cooperative Banks in respect of all OP Financial Group's owner-customers.

A minimum of four (4) of the Supervisory Board members must be persons who are not members of a governing body of an OP Financial Group company, their managing directors or have no employment contract with such a company.

The Supervisory Board members' term of office is three years. However, the term of office of the members elected based on the number of owner-customers terminates earlier if the allotment of seats among the Federations of Cooperative Banks changes on the basis of the number of owner-customers.

A person known as honest and reliable is an eligible Supervisory Board member who, based on his/her professional experience, can be assessed to be qualified to work efficiently on the Supervisory Board and who fulfils other requirements set in OP Financial Group's internal guidelines.

4.2 Responsibilities of the Supervisory Board

The Supervisory Board is tasked with confirming OP Financial Group's strategy and risk tolerances as well as other strategic targets and objectives as well as supervising the central cooperative's governance within the remit of the Executive Board and CEO, and ensuring that the central cooperative's operations are managed in an expert and prudent manner in accordance with the Co-operatives Act, the Act on the Amalgamation of Deposit Banks, other regulations and regulatory requirements, the central cooperative Bylaws and in the best interests of the central cooperative and OP Financial Group.

To fulfil its statutory supervisory duties, the Supervisory Board is tasked with:

- monitoring the implementation of OP Financial Group's strategy and ensuring reliable supervision of compliance with OP Financial Group's strategy and risk tolerances as well as other strategic statements and principles
- ensuring that OP Financial Group's internal control systems are reliable
- regularly assessing the effectiveness of OP Financial Group's corporate governance
- taking any necessary measures to remedy shortcomings observed through its supervision.

By law, the Supervisory Board is also tasked with:

- approving OP Financial Group's operating principles aimed at promoting the diversity of the composition of the governing bodies and having the objective of equal gender representation in the governing bodies and drawing up the principles applied to achieve and maintain the objective;
- deciding on the general principles of OP Financial Group's remuneration schemes
- appointing and discharging the President and Group Executive Chair, acting as the Executive Board Chair, and his deputy and other Executive Board members as well as deciding on their emoluments and pension benefits and the division of responsibilities
- issuing to the Annual Cooperative Meeting an opinion on the financial statements, the consolidated financial statements and the Report by the Executive Board
- deciding on convening a Cooperative Meeting.

The Supervisory Board Charter stipulates other Supervisory Board responsibilities.

4.3 Supervisory Board Chair and Vice Chairs (presiding officers)

At its first meeting after the Annual Cooperative Meeting, the Supervisory Board shall elect from among its members a Chair and two Vice Chairs until the closing of the next Annual Cooperative Meeting. The Supervisory Board Chair and at least one of the Vice Chairs must be a person who is not the managing director of an OP Financial Group company or has an employment contract with such a company.

The presiding officers of the Supervisory Board comprise the Chair and both Vice Chairs of the Supervisory Board. The presiding officers communicate to the Executive Board Chair and Vice Chair in respect of important and far-reaching strategic issues relevant to OP Financial Group and the central cooperative consolidated as well as to OP Financial Group's HR directors in HR issues in which the Executive Board is disqualified.

4.4 Supervisory Board's meeting and decision-making procedures

Convened by the Chair or, whenever he is prevented, the Vice Chair, the Supervisory Board meeting is primarily held 6–7 times a year. The Supervisory Board meeting has a quorum when more than half of its members are present. Items on the Supervisory Board meeting agenda are discussed in advance by the Supervisory Board Working Committee or by other Supervisory Board committees.

Those who have the right to be present and speak at the meetings include members of OP Cooperative's Executive Board, Chief Risk Officer, Chief Compliance Officer, Chief Audit Executive and other persons reporting to the President and Group Executive Chair as well as five specifically appointed employee representatives or their deputies, if any.

The Supervisory Board has adopted, for example, the following charters and instructions:

- The charter for the Supervisory Board
- The charter for the Supervisory Board presiding officers
- The charter for OP Financial Group's Nomination Committee
- The charter for the Supervisory Board's Working Committee
- The charter for the Supervisory Board's Audit Committee
- The charter for the Supervisory Board's Remuneration Committee
- The charter for the Supervisory Board's Risk Management Committee
- The charter for the central cooperative consolidated's Executive Nomination Committee
- The charter for the Executive Board
- Principles of good corporate governance

- Principles of internal control
- Risk-taking and Risk Appetite Framework
- Accounting policies and the principles of capital adequacy measurement.

In addition, the Supervisory Board confirms operating principles regarding OP Financial Group.

4.5 Members of OP Cooperative's Supervisory Board as of 20 March 2018

(the term of members elected on the basis of capital adequacy is shown in parentheses.)

Name, year of birth and place of residence	Federation of Cooperative Banks and member's term of office	Position on OP Cooperative's Supervisory Board (number of managerial positions in parentheses)*	Full-time position, job title, education/degree(s)	Position of the person with an administrative staff background at a cooperative bank
Alho Timo, 1964, Lappeenranta	Etelä-Suomi, 2018–(2021)	Member (4)	Executive Director, Lappeenranta University of Technology Support Foundation, M.Sc. (Econ.), Diploma in Business and Administration	Chair of the Board of Directors, Etelä-Karjalan Osuuspankki
Arvio Kalle, 1964, Siikajoki	Pohjois-Suomi, 2018–(2021)	Member (3)	Managing Director, Ruukin Osuuspankki, Diploma in Business and Administration, MBA, LKV (authorised real estate agent), APV1 degree	
Bäckman Tiina, 1959, Oulu	Other member (elected without following the regional principle) 2017–2020	Member (2)	Rautaruukki Pension Fund, Chair of the Board of Directors	
Eklund Ola, 1952, Raasepori	Länsi-Suomi–Sydkusten, 2016–2019	Member (3)	Managing Director, Wintem-Agency Oy, M. Eng.	Chair of the Board of Directors, Andelsbanken Raseborg
Enberg Leif, 1954, Korsnäs	Pohjanmaa–Österbotten, 2016–2019	Member (5)	Entrepreneur, Mapromec Ab, M.Sc. (Econ. & Bus. Adm.)	Chair of the Board of Directors, Korsnäs Andelsbank
Harju Anne, 1969, Salla	Pohjois-Suomi, 2018–(2021)	Member (3)	Managing Director, Sallan Osuuspankki, M.Sc. (Agriculture and Forestry)	
Heinonen Jarna, 1965, Kaarina	Länsi-Suomi–Sydkusten, 2018–(2021)	Member (3)	Professor in Entrepreneurship, Turku School of Economics, University of Turku, D.Sc. (Econ. & Bus. Adm.)	Chair of the Board of Directors, Turun Seudun Osuuspankki
Hinkkanen Mervi, 1954, Kontiolahti	Itä-Suomi, 2017–2020	Member (2)	Coordinator, Karelia University of Applied Sciences, Bachelor of Hospitality Management, MBA	Chair of the Board of Directors, Pohjois-Karjalan Osuuspankki



Hällfors Terttu, 1955, Ulvila	Länsi-Suomi–Sydkusten, 2017–2020	Member (2)	Health Centre Physician, Ulvila Health Centre, Lic. Med.	Chair of the Board of Directors, Länsi-Suomen Osuuspankki
Jurmu Taija, 1976, Rovaniemi	Pohjois-Suomi, 2016–2019	Member (4)	Lawyer, Asianajotoimisto Jurmu, Master of Laws, Degree of Bar, ABM Chair	Vice Chair of the Board of Directors, Pohjolan Osuuspankki
Kaakko Marja-Liisa, 1965, Kalajoki	Pohjanmaa–Österbotten, 2016–2019	Member (2)	Senior Lecturer, Centria University of Applied Sciences, M.Sc. (Econ.), M.Sc. (Econ. & Bus. Adm.)	Vice Chair of the Board of Directors, Kalajoen Osuuspankki
Kiander Jaakko, 1963, Helsinki	Other member (elected without following the regional principle) 2018–2021	Member (2)	Director, Ilmarinen Mutual Pension Insurance Company, Dr.Soc.Sc.	
Kietäväinen Seppo, 1959, Juva	Itä-Suomi, 2018–2021	Member (3)	M.Sc.(Agric.)	Chair of the Board of Directors, Suur-Savon Osuuspankki
Koivula Olli, 1955, Kitee	Itä-Suomi, 2018–(2021)	Member (2)	Managing Director, Kiteen Seudun Osuuspankki, M.Sc. (Econ. & Bus. Adm.), M.Sc.(Agric.)	
Korkonen Jaakko, 1966, Seinäjoki	Pohjanmaa–Österbotten, 2018–2021	Member (2)	Lecturer, Seinäjoki Joint Municipal Authority for Education / Vocational Adult Education Sedu, M. Eng., certificate in educational administration	Chair of the Board of Directors, Peräseinäjoen Osuuspankki
Kuosa-Kaartti Katja-Riina, 1973, Orimattila	Etelä-Suomi, 2018–(2021)	Member (3)	Authorised public accountant, Tilintarkastus Kuosa-Kaartti Oy, M.Sc. (Econ. & Bus. Adm.)	Chair of the Board of Directors, Orimattilan Osuuspankki
Kääriäinen Jukka, 1953, Iisalmi	Itä-Suomi, 2018–2021	Member (2)	Planner, Social Insurance Institution of Finland, M.Soc.Sc.	Supervisory Board Chair, Pohjois-Savon Osuuspankki
Laine Timo, 1959, Lahti	Etelä-Suomi, 2017–2020	Member (4)	Managing Director, kauppaneuvos (Finnish honorary title) Päijät-Hämeen Osuuspankki, LL.M, Trained on the bench, eMBA	
Luomala Juha, 1963, Valkeakoski	Sisä-Suomi, 2017–2020	Member (3)	Managing Director, Valkeakosken Osuuspankki, M.Sc. (Econ. & Bus. Adm.), LKV (authorised real estate agent)	
Metsä-Tokila Timo, 1968, Naantali	Länsi-Suomi–Sydkusten, 2018–(2021)	Member (2)	Director, Centre for Economic Development, Transport and the Environment	Vice Chair of the Board of Directors, Paattisten Osuuspankki



Myller Kyösti, 1957, Ilomantsi	Sisä-Suomi, 2018–(2021)	Member (2)	Managing Director, Jämsän Seudun Osuuspankki, Diploma in Business and Administration, MBA	
Mäkelä Anssi, 1961, Urjala	Sisä-Suomi, 2018–(2021)	Member (2)	Senior Manager, Valmet Technologies Oy, M.Sc. (Tech.)	Chair of the Board of Directors, Urjalan Osuuspankki
Nevalainen Leo-Petteri, 1974, Savitaipale	Etelä-Suomi, 2018–2021	Member (2)	Managing Director, Savitaipaleen Osuuspankki, LL.M, Trained on the bench	
Nieminen Juha-Pekka, 1955, Uusikaupunki	Länsi-Suomi–Sydkusten, 2018–2021	Member (2)	Managing Director, OP Lounaisrannikko, M.Sc. (Econ.), eMBA	
Nikola Annukka, 1960, Kirkkonummi	Etelä-Suomi, 2018–(2021)	Member (4)	Director, Administration, Konehuone Oy, M.Sc. (Econ. & Bus. Adm.), M.Sc. (Econ.)	Chair of the Supervisory Board, Länsi-Uudenmaan Osuuspankki
Niskanen Yrjö, 1957, Rantasalmi	Itä-Suomi, 2018–(2021)	Member (2)	D.Sc. (Agriculture and Forestry)	Vice chair of the Board of Directors, OP Rantasalmi, Board Member, Suur-Savon OP-liitto
Näsi Olli, 1963, Huittinen	Länsi-Suomi–Sydkusten, 2018–(2021)	Member (3)	Managing Director, Satakunnan Osuuspankki, LL.M, Trained on the bench, eMBA	
Palomäki Riitta, 1957, Helsinki	Other member (elected without following the regional principle) 2017–2020	Member (2)	M.Sc. (Econ. & Bus. Adm.)	
Pehkonen Jaakko, 1960, Jyväskylä	Sisä-Suomi, 2017–2020	Chair of the Supervisory Board (5)	Professor of Economics, University of Jyväskylä, D.Sc. (Econ. & Bus. Adm.)	Chair of the Board of Directors, Keski-Suomen Osuuspankki
Sahlström Petri, 1971, Oulu	Pohjois-Suomi, 2016–2019	Member (3)	Dean, University of Oulu, Oulu Business School, D.Sc. (Econ. & Bus. Adm.)	Vice Chair of the Board of Directors, Oulun Osuuspankki
Sotarauta Markku, 1963, Ylöjärvi	Sisä-Suomi, 2018–(2021)	Member (2)	Professor, Tampere University of Technology, D.Sc. (Adm.)	Vice Chair of the Board, OP Tampere
Suhonen Timo, 1959, Nivala	Pohjanmaa–Österbotten, 2018–(2021)	Member (2)	Managing Director, Suomenselän Osuuspankki, M.Sc. (Econ. & Bus. Adm.), eMBA, LKV (authorised real estate agent)	
Tarkkanen Olli, 1962, Seinäjoki	Pohjanmaa–Österbotten, 2018–(2021)	Second Vice Chair of the Supervisory Board (4)	Managing Director, Etelä-Pohjanmaan Osuuspankki, LL.M, Trained on the bench, eMBA	

Väisänen Mervi, 1963, Sotkamo	Pohjois-Suomi, 2016–2019	First Vice Chair of the Supervisory Board (7)	Lecturer, marketing, Kajaani University of Ap- plied Sciences, M.Sc. (Econ. & Bus. Adm.) M.Sc. (Econ.)	Vice Chair of the Board of Directors, Kainuun Osuuspankki
Väänänen Ari, 1973, Maaninka	Itä-Suomi, 2018–(2021)	Member (3)	Managing Director, Maaningan Osuuspankki, LL.M, Trained on the bench	
Ylimartimo Arto, 1959, Oulunsalo	Other member (elected without following the re- gional principle) 2017–2020	Member (2)	Chair of the Board of Di- rectors, Asylum Oy M.Sc. (Econ. & Bus. Adm.), Authorised public account- ant	

4.6 Supervisory Board work in 2018

The Supervisory Board had nine meetings in 2018. Jaakko Pehkonen acted as its Chair and Mervi Väisänen and Olli Tarkkanen as its Vice Chairs. Information on other Supervisory Board members can be found on pages 11–13. The average attendance rate of members stood at 95%.

In 2018, the Supervisory Board, for example, dealt with and decided on the following matters:

- OP Financial Group's Financial Statements for 2017
- Clarifying the OP 2016 strategy
- Developing the central cooperative governance structure
- Setting up a Task Force on the Future
- Updating the health and wellbeing business strategy
- Adopting the Pohjola brand in the non-life insurance business
- OP Financial Group's annual plan for 2019
- Updating Group-level operating principles
- Adopting the Recovery Plan
- Appointing new Executive Board members, Chief Risk Officer and Group Compliance Officer.

4.7 Supervisory Board committees

At its regrouping meeting in spring 2018, the Supervisory Board elected from among its members five committees for a term of one year: Working Committee, Audit Committee, Remuneration Committee and Risk Management Committee as well as the central cooperative consolidated's Nomination Committee. In addition, the presiding officers have a status comparable with a committee. Acting as bodies supporting the Supervisory Board, as a rule the committees have no independent decision-making powers.

The Supervisory Board also appoints, from among its members, members of the committees reporting to it and the Chair and Vice Chairs of the Audit Committee and the Risk Management Committee, and confirms the rules of procedure for the committees. By the end of each June, the Supervisory Board appoints the Chair and Vice Chair of OP Financial Group's Nomination Committee.

4.7.1 Working Committee

The Committee includes the Supervisory Board Chair as its Chair, Supervisory Board Vice Chairs, the Chair of the Audit Committee and the Chair of the Risk Management Committee plus at least five other members.

A maximum of three of the Committee members may be managing directors of member banks and a minimum of three persons must be persons who are not members of a governing body of an OP Financial Group company, managing directors or have no employment contract with such a company.

The Working Committee is in charge of supervision referred to in §13 of the Bylaws of OP Cooperative. In the Committee Charter, the Supervisory Board may also set other tasks for the Committee.

Convened by its Chair, the Working Committee meets at least eight times a year. The central cooperative's Executive Board prepares the meeting agenda.

Working Committee members:

Name and year of birth	Role	Education/degree(s)	Full-time position, job title
Jaakko Pehkonen, 1960	Chair	D.Sc. (Econ. & Bus. Adm.)	Professor of Economics, University of Jyväskylä
Mervi Väisänen, 1963	Vice Chair	M.Sc. (Econ. & Bus. Adm.) M.Sc. (Econ.)	Senior lecturer in marketing, Kajaani University of Applied Sciences
Olli Tarkkanen, 1962	Member	LL.M, Trained on the bench, eMBA	Managing Director, Etelä-Pohjanmaan Osuuspankki
Kalle Arvio, 1964	Member	Diploma in Business and Administration, MBA, LKV (authorised real estate agent), APV1 degree	Managing Director, Ruukin Osuuspankki
Bäckman Tiina, 1959	Member	Senior Lawyer	Rautaruukki Pension Fund, Chair of the Board of Directors
Leif Enberg, 1954	Member	M.Sc. (Econ. & Bus. Adm.)	Entrepreneur, Oy Mapromec Ab
Jarna Heinonen, 1965	Member	D.Sc. (Econ. & Bus. Adm.)	Professor in Entrepreneurship, Turku School of Economics, University of Turku
Timo Laine, 1959	Member	LL.M, Trained on the bench, eMBA	Managing Director, kauppaneuvos (Finnish honorary title), Päijät-Hämeen Osuuspankki
Riitta Palomäki, 1957	Member	M.Sc. (Econ. & Bus. Adm.)	
Arto Ylimartimo, 1959	Member	M.Sc. (Econ. & Bus. Adm.), Authorised public accountant	Chair of the Board of Directors, Asylum Oy

4.7.1.1 Working Committee work in 2018

The Working Committee had seven meetings in 2018. The average attendance rate of members stood at 100%.

In addition to the Committee members, the Working Committee meetings were attended by the Chair and Vice Chair of the Executive Board and the secretary of the Supervisory Board acted as the meeting secretary. The meetings prepared matters to be discussed at Supervisory Board meetings and examined other important preparatory issues applying to the Group.

4.7.2 Audit Committee

During its regrouping meeting, the Supervisory Board elects, from among its members, four members to the Audit Committee for a one-year term and appoints from amongst them a Chair, Vice Chair and three managing directors of OP cooperative banks to act as permanent expert members for a term of three years or until the end of the term of the Supervisory Board. An Audit Committee member with an employment or executive contract with the Group may not be involved in the daily management of a credit institution whose affairs belong to the Committee's duties. At least one Committee member who has adequate expertise in accounting or audit must be outside of OP Financial Group.

The Audit Committee must have adequate expertise in accounting, book-keeping, financial reporting and accounting practices as well as internal audit. The Chair of the Committee must have special knowledge and experience in the application of accounting policies and internal control processes.

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

The Committee is also tasked with monitoring that the central cooperative consolidated's and OP Financial Group's activities and internal control are organised in accordance with the requirements of the laws and regulations and the principles of good corporate governance, in addition to supervising the performance of internal audit.

The Audit Committee also helps the Supervisory Board in ensuring that the central cooperative consolidated is managed in an expert and prudent manner that promotes the competitiveness and success of OP Financial Group.

In addition, the Audit Committee is tasked, for example, with:

- discussing the Group's accounting policies and capital adequacy measurement principles to be submitted to the Supervisory Board for adoption;
- supervising for its part financial reporting;
- supervising for its part compliance with laws, regulations and other provisions;
- supervising compliance with the Code of Business Ethics;
- supervising the performance and effectiveness of internal audit;
- assessing the sufficiency and effectiveness of internal control and risk management as well as efficiency especially from the perspective of financial position reporting;
- dealing for its part with issues related to regulatory supervision;
- dealing with and assessing matters related to auditing and auditors.

The Audit Committee meets at least six times a year.

Audit Committee members:

Name and year of birth	Role	Education/degree(s)	Full-time position, job title
Riitta Palomäki, 1957	Chair	M.Sc. (Econ. & Bus. Adm.)	
Katja Kuosa-Kaartti, 1973	Vice Chair	M.Sc. (Econ. & Bus. Adm.)	Authorised public accountant, Tilintarkastus Kuosa-Kaartti Oy
Jaakko Kiander, 1963	Member	Dr.Soc.Sc.	Director, Ilmarinen Mutual Pension Insurance Company
Anssi Mäkelä, 1961	Member	M.Sc. (Tech.)	Senior Manager, Valmet Technologies Oy,

Anne Harju, 1969	Expert member (2017–2018)	M.Sc. (Agriculture and Forestry)	Managing Director, Sallan Osuuspankki
Timo Suhonen, 1959	Expert member (2018)	KTM, eMBA, LKV	Managing Director, Suomenselän Osuuspankki
Ari Väänänen, 1973	Expert member (2016–2018)	LL.M, Trained on the bench	Managing Director, Maaningan Osuuspankki

4.7.2.1 Audit Committee work in 2018

In 2018, the Audit Committee had six meetings and, in addition, one meeting with the Risk Management Committee. The average attendance rate of members stood at 100%.

In addition to members and expert members, the meetings were attended by the auditor representatives and the Executive Board member in charge of finance and the Chief Audit Executive.

4.7.3 Remuneration Committee

The Remuneration Committee comprises the Supervisory Board Chair, Vice Chair as his first deputy and a maximum of other three members annually appointed by the Supervisory Board. A person included in the Supervisory Board, who has no employment or executive contract with an OP Financial Group company, may be a Committee member.

The Remuneration Committee is tasked, for example, with controlling and supervising the development of management and employee remuneration within OP Financial Group, assessing the performance of remuneration schemes in order to ensure that remuneration is in line with the Group's core values, strategy, objectives, risk policies and control system, and assessing incentives under the remuneration schemes and other effects on the management of risks, capital and liquidity. In addition, the Committee confirms, for instance, the performance metrics for OP Financial Group's personnel fund and their outcome and confirms those included in the Group's long-term management remuneration scheme and the amount of earned bonuses.

Furthermore, the Remuneration Committee, for example:

- prepares proposals to the Supervisory Board on OP Financial Group's remuneration principles and on the long-term remuneration schemes in place in OP Financial Group as well as on the general terms and conditions of remuneration schemes
- confirms practices related to OP Financial Group's pay and remuneration according to the remuneration principles and pay policy determined by the Supervisory Board
- monitors and supervises regularly the implementation of OP Financial Group's remuneration principles and pay policy, and compliance with the rules and regulations concerning remuneration schemes within the entire OP Financial Group
- provides an overall, OP Financial Group level assessment of the fulfilment of conditions for remuneration in terms of the consolidation group's earnings and earnings performance, capital adequacy, credit rating and financial and other factors before the payout of bonuses for each year and of deferred amounts
- confirms structural and other changes related to the development of remuneration
- confirms annually the bases for the pay scale and for the assessment of job grades within OP Financial Group
- confirms risk-taker jobs whose holders may have an impact on the risk profile of the Group, company or Group member cooperative bank;
- exercises oversight to ensure that the rules and regulations governing remuneration and incentive schemes are followed throughout OP Financial Group

- supervises the overall remuneration for people in charge of OP Financial Group's risk management, compliance and business-independent control functions
- annually issues a recommendation on the remuneration applied to the management of OP cooperative banks
- annually confirms the short-term remuneration schemes for the management and personnel of OP cooperative banks
- confirms a recommendation on the overall remuneration applied to OP-Kiinteistökeskus real estate agents.

Convened by its Chair, the Remuneration Committee meets 5–8 times a year.

Remuneration Committee members:

Name and year of birth	Role	Education/degree(s)	Full-time position, job title
Jaakko Pehkonen, 1960	Chair	D.Sc. (Econ. & Bus. Adm.)	Professor of Economics, University of Jyväskylä
Mervi Väisänen, 1963	Vice Chair	M.Sc. (Econ. & Bus. Adm.)	Senior lecturer in marketing, Kajaani University of Applied Sciences
Taija Jurmu, 1976	Member	Master of Laws, Degree of Bar, ABM Chair	Lawyer, Asianajotoimisto Jurmu
Seppo Kietäväinen, 1959	Member	M.Sc.(Agric.)	
Annikka Nikola, 1960	Member	M.Sc. (Econ. & Bus. Adm.), M.Sc. (Econ.)	Director, Administration, Konehuone Oy

4.7.3.1 Remuneration Committee work in 2018

In 2018, the Remuneration Committee met nine times. The average attendance rate of members stood at 100%.

Committee members included the Supervisory Board Chair, Vice Chair as his first deputy and Taija Jurmu, Annukka Nikola and Seppo Kietäväinen. In addition to the Remuneration Committee members, OP Financial Group's Executive Vice President of Human Resources and President and Group Executive Chair participated in Committee meetings.

4.7.4 Risk Management Committee

The Supervisory Board elects from among its members four Risk Management Committee members for a one-year term, who have the required expertise related to the credit institution's and OP Financial Group's risk capacity and the Group's risk policies based on the strategy, and appoints from among the Committee members a Chair and Vice Chair as well as three separately appointed OP cooperative banks' managing directors as permanent expert members from among Supervisory Board members. At least one of the Committee members must be outside of OP Financial Group.

The Risk Management Committee assists the Supervisory Board in matters related to the central cooperative consolidated's and Group's risk-taking and risk management, as well as risk-based supervision, in order to ensure that the executive management conforms to the risk-taking policy laid out in the Group strategy and the risk limits decided by the Supervisory Board.

The Risk Management Committee assists the Supervisory Board in ensuring that an adequate risk management system is in place and that no exposure is so large that it can jeopardise business continuity, capital adequacy, liquidity and strategy implementation.

The Committee must assess whether the prices charged for services that tie the capital of the central cooperative and its consolidation group are in line with their business model and strategic risk policies and, if this is not the case, draw up a plan to make corrections. The Committee must assist the Supervisory Board's Remuneration Committee in creating sound remuneration schemes.

To carry out its duties, the Risk Management Committee performs the following, for example:

- Discusses the Group's Risk-taking and Risk Appetite Framework document for confirmation by the Supervisory Board, including the Group's risk tolerances, the principles of the control system required by joint and several liability, statements on the adequacy of capital and liquidity as well as Recovery Plan updates.
- Supervises compliance of the risk policy with the Group strategy and risk tolerances; the quality of capital held by the Group and its entities, profit performance, risk exposure and compliance with the risk policy, risk tolerances and control limits.
- Assesses the adequacy of the Group's Risk Appetite Framework, the Group's risk exposure on the basis of risk analyses and the quality and sufficiency of the Group's risk management and capital adequacy management on the basis of various reports.
- Monitors OP cooperative banks' risk categories, the performance of the drafting body preparing ALM and risk management issues to the Executive Board, risk assessments issued by the regulator, the development of the regulatory framework related to the Group in respect of risk management.

The Risk Management Committee meets at least six times a year.

Risk Management Committee members:

Name and year of birth	Role	Education/degree(s)	Full-time position, job title
Arto Ylimartimo, 1959	Chair	M.Sc. (Econ. & Bus. Adm.), Authorised public accountant	Chair of the Board of Directors, Asylum Oy
Ola Eklund, 1952	Vice Chair	M. Eng.	Managing Director, Wintem-Agency Oy
Tiina Bäckman, 1959	Member	Senior Lawyer	Rautaruukki Pension Fund, Chair of the Board of Directors
Petri Sahlström, 1971	Member	D.Sc. (Econ. & Bus. Adm.)	Dean, University of Oulu, Oulu Business School
Juha Luomala, 1963	Expert member (2017–2020)	M.Sc. (Econ. & Bus. Adm.), LKV (authorised real estate agent)	Managing Director, Valkeakosken Osuuspankki
Leo-Petteri Nevalainen, 1974	Expert member (2018–2021)	LL.M, Trained on the bench	Managing Director, Savitaipaleen Osuuspankki
Olli Näsi, 1963	Expert member (2018–2021)	LL.M, Trained on the bench, eMBA	Managing Director, Satakunnan Osuuspankki

4.7.4.1 Risk Management Committee work in 2018

In 2018, the Risk Management Committee met six times and, in addition, one meeting with the Audit Committee. The average attendance rate of members stood at 96%.

In addition to members and the secretary, the Committee meetings have been attended by the Executive Board member in charge of risk management and Executive Board member in charge of finance.

4.7.5 The Central Cooperative Consolidated Executive Nomination Committee

The central cooperative consolidated Executive Nomination Committee comprises the Supervisory Board's Chair, the first Vice Chair and at least one other Supervisory Board member.

The Committee prepares proposals to the Supervisory Board on the nomination of the central cooperative's Executive Board members, the Chief Audit Executive and Compliance Officer, including the job descriptions and the related checks, the terms and conditions of the executive contract as well as termination. The Committee nominates persons other than those mentioned above directly reporting to the President and Group Executive Chair, based on the so-called one-over-one principle.

The statutory duty of the Nomination Committee is to assist the Supervisory Board especially in

- assessing the collective knowledge, skills, experience and diversity of the Executive Board and the time commitment expected of its members, preparing descriptions of the roles and required capacities of new members, and assessing work performing by individual members
- promoting the diversity and the equal representation of genders on the Executive Board.

The Charter of the Nomination Committee prescribes other Committee duties.

Members of the central cooperative consolidated Executive Nomination Committee:

Name and year of birth	Role	Education/degree(s)	Full-time position, job title
Jaakko Pehkonen, 1960	Chair	D.Sc. (Econ. & Bus. Adm.)	Professor of Economics, University of Jyväskylä
Mervi Välsänen, 1963	Vice Chair	M.Sc. (Econ. & Bus. Adm.)	Senior lecturer in marketing, Kajaani University of Applied Sciences
Taija Jurmu, 1976	Member	Master of Laws, Degree of Bar, ABM Chair	Lawyer, Asianajotoimisto Jurmu
Annikka Nikola, 1960	Member	M.Sc. (Econ. & Bus. Adm.), M.Sc. (Econ.)	Director, Administration, Konehuone Oy

4.7.5.1 The central Cooperative Consolidated Executive Nomination Committee work in 2018

The Nomination Committee met seven times in 2018. The attendance rate of members stood at 94%.

5 OP FINANCIAL GROUP'S PRESIDENT AND GROUP EXECUTIVE CHAIR, AND OP COOPERATIVE'S CEO AND EXECUTIVE BOARD

5.1 OP Financial Group's President and Group Executive Chair

The Chair (President and Group Executive Chair) of the central cooperative's Executive Board is responsible for managing OP Financial Group, the central cooperative and the central cooperative consolidated and is in charge of their strategic control in accordance with the strategic intent confirmed by the Supervisory Board. He is also tasked with presiding over Executive Board meetings and ensuring that the Executive Board works effectively and sees to it that it performs all duties within its remit.

The Supervisory Board appoints the President and Group Executive Chair and decides on the terms and conditions of his executive contract.

Specifically approved by the Supervisory Board, the job description of the President and Group Executive Chair defines his main responsibilities.

Reijo Karhinen, M.Sc. (Econ. & Bus. Adm.) and vuorineuvos (Finnish honorary title), acted as the President and Group Executive Chairman of OP Financial Group until 31 January 2018. Tony Vepsäläinen, LL.M, MBA, was the acting President and Group Executive Chair and the Chair of OP Cooperative's Executive Board between 1 and 28 February 2018.

Timo Ritakallio, LL.M, MBA, D.Sc. (Tech.), took up his duties as OP Financial Group's President and Group Executive Chair and the Chair of OP Cooperative's Executive Board on 1 March 2018.

5.2 CEO of OP Cooperative

The CEO is tasked with representing the central cooperative in accordance with the Cooperatives Act and managing the day-to-day administration of the central cooperative according to the instructions issued by the Executive Board and executing decisions by the Executive Board insofar as these duties are not included in an Executive Board member in accordance with the division of duties among the Executive Board members.

OP Financial Group's President and Group Executive Chair also acted as OP Cooperative's CEO until the alteration of the Bylaws regarding the separation of the roles concerned. The alteration was approved by the central cooperative's Annual Cooperative Meeting on 20 March 2018.

Harri Luhtala, CFO, was the acting CEO of OP Cooperative between 1 April and 31 October 2018 and Vesa Aho, CFO, has acted as the CEO since 1 November 2018.

5.3 Executive Board of OP Cooperative

5.3.1 Appointment, composition and term of the Executive Board

The central cooperative has an Executive Board acting as a directorate. The Executive Board comprises President, Group Executive Chair acting as the Chair, his deputy acting as Vice Chair and a minimum of two and a maximum of four other members and a minimum of four and a maximum of eight other members, depending on the Supervisory Board's decision.

The term of office of Executive Board members selected by the Supervisory Board is for the time being, but for a maximum period up to the member's retirement age in accordance with the pension plan. The term of office may end prior to this date if the person requests to resign or is dismissed from membership.

The Executive Board member must have the skills and knowledge required to perform his/her duties. The Executive Board Chair must have at least 10 years of experience in senior management duties related to his/her area of responsibility or to OP Financial Group's other business, and other Executive Board members must have at least 5 years of experience in similar duties.

Executive Board members in 2018:



Timo Ritakallio, b. 1962 (on the Executive Board since 1 March 2018)
President, Group Executive Chair
Chair
On the Executive Board since 2018
LL.M, MBA, D.Sc. (Tech.)

Relevant previous experience:

Ilmarinen Mutual Pension Insurance Company: President and CEO 2015–2018
Ilmarinen Mutual Pension Insurance Company: Deputy CEO 2008–2014
Pohjola Bank plc: Deputy President and CEO 2006–2008
OKO Bank plc: Deputy President and CEO 2001–2005
OKO Bank plc: Member of the Executive Board, Bank Manager 1997–2001
Opstock Pankkiiriliike Oyj: Managing Director 1993–1997
Uudenkaupungin Seudun Osuuspankki: Managing Director 1991–1993
Tampereen Seudun Osuuspankki: Manager of Securities Department 1988–1991

Other relevant positions:

Outotec Corporation: Vice Chair of the Board of Directors, Member of the HR Committee
Finnish Olympic Committee: Chair of the Board of Directors
Securities Market Association: Chair of the Board of Directors
Paulo Foundation: Chair of the Board of Directors
Finland Chamber of Commerce: Member of the Board of Directors and Members of Delegation



Tony Vepsäläinen, b. 1959
Executive Vice President, Operations, deputy to President and Group Executive Chair
Vice Chair
Member of the Executive Board since 2006
LL.M, eMBA

Relevant previous experience:

OP-Pohjola Group Central Cooperative: Chief Business Development Officer 2011–2014
OP-Pohjola Group Central Cooperative: President 2007–2010
Tampereen Seudun Osuuspankki: Managing Director 1998–2006
Turun Seudun Osuuspankki: Deputy Managing Director 1996–1998
Kuopion Osuuspankki: Bank Manager 1993–1996
Suomen Säästöpankki SSP Oy: Deputy to Area Manager 1992–1993
Pohjois-Savon Säästöpankki: managerial duties 1985–1992

Other relevant positions:

Automatia Pankkiautomaatit Oy: Chair of the Board of Directors
Housing Fair Finland Co-op: Member of the Supervisory Board



Vesa Aho, b. 1974 (on the Executive Board since 1 November 2018)
CFO, CEO of OP Cooperative
On the Executive Board since 2018
M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Garantia Insurance Company Ltd: CEO 2015–2018
OP Cooperative: Group Controller 2014–2015
Pohjola Bank plc: CFO, member of the Group's Executive Committee 2011–2014
Pohjola Bank plc: Head of Department, Credit Risk Management 2006–2011
Pohjola Bank plc: Credit Risk Manager 2004–2006, credit risk expert 2001–2004

Other relevant positions:

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Katja Keitaanniemi, b. 1972 (on the Executive Board since 6 August 2018)
Executive Vice President, Banking, Corporate and Institutional Customers
On the Executive Board since 2018
Lic.Sc. (Tech.)

Relevant previous experience:

Finnvera plc: Executive Vice President, SMEs, Member of the Executive Committee 2014–2018
Swedbank: Head of Investment Banking Finland, Member of Management Group of Global Investment Banking 2011–2013; Head of Research, Deputy Head of Global Research, Member of Management Group 2010–2011
eQ Bank/Conventum: Director of Research, Member of the Executive Committee 2002–2009
Nordea Securities: Senior Analyst, Forest & Paper Products 2001–2002

Other relevant positions:

Finavia: Member of the Board of Directors



Olli Lehtilä, b. 1962
Executive Vice President, Insurance Customers
On the Executive Board since 2014
M.Sc. (Agr. & For.), eMBA

Relevant previous experience:

Helsinki OP Bank Plc: Managing Director 2011–2014
Tampereen Seudun Osuuspankki: Managing Director 2006–2010, deputy Managing Director 1999–2006
Päijät-Hämeen Osuuspankki: Bank Manager, Corporate Banking 1997–1998
Postipankki Oy: various managerial and expert duties 1993–1997
Suomen Säästöpankki SSP Oy: various managerial duties 1992–1993
Sp-Palvelu Oy: Management Trainee, 1990–1992

Other relevant positions:

Helsinki Region Chamber of Commerce: Member of the Delegation
Ilmarinen Mutual Pension Insurance Company: Member of the Board of Directors
Pellervo Economic Research PTT: Member of the Board of Directors



Juho Malmberg, b. 1962 (on the Executive Board since 11 June 2018)
Executive Vice President, Development and Technologies
On the Executive Board since 2018
M.Sc. (Eng.)

Relevant previous experience:

OP Financial Group: Head of Development and Technologies 2016–2018; Head of Technology Services 2015–2016
ZenRobotics Ltd: CEO 2012–2014
Kone plc: EVP, Customer Experience, and Member of the Executive Board 2010–2012; EVP, Development, and Member of the Executive Board 2006–2010
Accenture: Director, Nordic Outsourcing 2004–2006
Accenture Finland: Managing Director 2002–2006; Deputy Managing Director 1999–2002; Technology Director 1993–1999

Other relevant positions:

Kemppi Oy: Member of the Board



Harri Nummela, b. 1968
Harri Nummela, Banking Private and SME Customers
Member of the Executive Board since 2014, and previously from 2007 until 2010
LL.M, eMBA

Relevant previous experience:

OP Cooperative: Executive Vice President, Digital Business and New Businesses 2015–2018
OP Cooperative: Executive Vice President, Wealth Management 2014–2015
OP-Services Ltd: Chief Executive Officer 2011–2014
OP-Pohjola Group Central Cooperative: Member of the Executive Board; Executive Vice President, Banking and Investment Business 2007–2010; Department Manager 1998–2006
OP Fund Management Company Ltd: Managing Director 1997–2006
Tampereen Seudun Osuuspankki: Department Manager 1992–1997

Other relevant positions:

Finnish Ice Hockey Association: Chair
Confederation of Finnish Industries EK: Vice Chair of the Business Transformation Committee



Tiia Tuovinen, b. 1964 (on the Executive Board since 11 June 2018)
General Counsel
On the Executive Board since 2018
Master of Laws, L.L.M. Eur.

Relevant previous experience:

OP Financial Group: Group General Counsel since 2017
Telia Company Ab: General Counsel, Global Services & Operations 2016–2017
TeliaSonera Ab, Team Leader of Competition Law and Compliance (Europe and Eurasia) 2014–2015
TeliaSonera Ab: General Counsel for Broadband Business Area (Nordic and Baltic countries) 2008–2014
TeliaSonera Ab: General Counsel, Integrated Enterprise Services Business Area (Corporate Customer Products and Services) 2007–2008
TeliaSonera Finland plc: General Counsel, Real Estates and Property Planning, Corporate Security 2003–2007
Sonera Corporation: Deputy General Counsel, Products and Services, Legal Affairs and Assistant General Counsel, Competition Management and Mobile Operations, Legal Affairs 1999–2003

Other relevant positions:

Confederation of Finnish Industries EK: Vice Chair of the Legal Affairs Committee



Leena Kallasvuo, b. 1956
Chief Audit Executive
Has attended Executive Board meetings since 2010
M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Financial Supervisory Authority (Financial Supervision Authority), various expert and managerial duties 2005–2010
Trema Finland Oy: Project Manager 2000–2005
Aktia Savings Bank: Head of Department 1997–2000
Säästöpankkien Keskus-Osake-Pankki: various expert and managerial duties 1983–1996

Other relevant positions:

-



Reijo Karhinen, b. 1955 (on the Executive Board until 31 January 2018)

President and Group Executive Chairman, CEO of OP Cooperative

On the Executive Board from 1994, Chair from 2007

Vuorineuvos (Finnish honorary title), M.Sc. (Econ. & Bus. Adm.), Honorary Doctor of Turku School of Economics, the University of Eastern Finland and the Lappeenranta University of Technology

Relevant previous experience:

OP Bank Group Central Cooperative: President 1997–2006, Executive Vice President 1994–1996

Kuopion Osuuspankki: Managing Director 1990–1994

Savonlinnan Osuuspankki: Managing Director 1988–1990

Varkauden Osuuspankki: Managing Director 1985–1988

Juvan Osuuspankki: Assistant Director 1979–1984

Karri Alameri, b. 1963 (on the Executive Board until 10 June 2018)

Executive Vice President, Wealth Management

On the Executive Board from 2015

M.Sc. (Econ. & Bus. Adm.), CEFA

Relevant previous experience:

OP Cooperative: Executive Vice President, Wealth Management, Investment

Pohjola Asset Management Ltd: President 2012–2014

OP-Pohjola Group Central Cooperative: Executive Vice President, Wealth Management 2013–2014

OP Life Assurance Company Ltd: Deputy CEO, Chief Investment Officer 2009–2012

Danske Capital, Sampo Bank plc: Deputy CEO 2007–2008

Mandatum Asset Management Ltd: Deputy CEO 2004–2006

Carnegie Asset Management Finland Ltd: Chief Investment Officer 1997–2003

Carina Geber-Teir, b. 1972 (on the Executive Board until 10 June 2018)

Executive Vice President, Brand and Communications

On the Executive Board from 2009

M.Soc.Sc.

Relevant previous experience:

Varma Mutual Pension Insurance Company, Communications Director 2002–2009.

Jari Himanen, b. 1962 (on the Executive Board until 6 May 2018)

Executive Vice President, Group Steering and Customer Relationships

On the Executive Board since 2014

Diploma in Business and Administration, eMBA

Relevant previous experience:

Etelä-Karjalan Osuuspankki: Managing Director 2009–2014

OP-Pohjola Group Central Cooperative: Bank Manager, Sales channels and sales support 2007–2009

OP-Pohjola Group Central Cooperative: Bank Manager, Member bank steering 2002–2006

Kuusamon Osuuspankki: Managing Director 1997–2001

Pohjolan Osuuspankki: Bank Manager 1994–1997



lisalmen Osuuspankki: Bank Manager 1989–1994
Etelä-Savon Osuuspankki: Bank Manager 1986–1989
Koillis-Savon Osuuspankki: Credit Manager 1985–1986

Harri Luhtala, b. 1965 (on the Executive Board until 31 October 2018)
Chief Financial Officer
On the Executive Board from 2007
M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

OP-Pohjola Group: various expert and managerial duties 1989–2007

Erik Palmén, b. 1959 (on the Executive Board until 10 June 2018)
Chief Risk Officer
Member of the Executive Board from 2010
M.Sc. (Econ. & Bus. Adm.), M.Sc. (Eng.)

Relevant previous experience:

Nordea Bank Finland Plc, various expert and managerial duties 1987–2009

Jouko Pölönen, b. 1970 (on the Executive Board until 30 April 2018)
Executive Vice President, Banking
On the Executive Board from 2014
M.Sc. (Econ. & Bus. Adm.), eMBA

Relevant previous experience:

Helsinki Area Cooperative Bank (formerly Helsinki OP Bank Plc): Managing Director since 2014
OP Corporate Bank plc (formerly Pohjola Bank plc): President and CEO since 2013
Pohjola Insurance Ltd: President 2010–2014
CFO 2009–2010 and CRO 2001–2008
PricewaterhouseCoopers: Authorised Public Accountant 1999–2001 and auditor 1993–1999

Outi Taivainen, b. 1968 (on the Executive Board until 10 June 2018)
Executive Vice President, Human Resources
On the Executive Board from 2015
M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Kone Corporation: Head of HR, Central and North Europe 2012–2015
HR House Oy: President and CEO 2009–2011
Nokia Corporation: Various executive and expert duties 1993–2008

The term of office of an Executive Board member and the Chief Audit Executive is for the time being, but for a maximum period up to the member's retirement age in accordance with OP Financial Group's pension plan.

Other senior management in 2018:



Tuuli Kousa, b. 1979

Executive Vice President, Communications and Public Affairs (since 1 September 2018)
Has attended Executive Board meetings since 2018
LL.B., LL.M.

Relevant previous experience:

OP: SVP, Public Affairs, Media Relations, CSR 2015–2018
Miltton Oy: Deputy Managing Director and Director 2011–2014
Prime Minister's Office: Special Adviser to the minister 2013–2014
Gummerus Kustannus Oy: Communications Manager and Member of Publishing Management Team 2009–2011
Neste Oil Corporation: Communications Manager, Renewable Fuels 2008–2009
SanomaWSOY: several roles in communications, business and HR development 2005–2008

Other relevant positions:

Housing Fair Finland Co-op: member of the Supervisory Board
University of Helsinki Research Foundation: member of the Board



Hannakaisa Länsisalmi, b. 1970

Executive Vice President, Human Resources (since 17 September 2018)
Has attended Executive Board meetings since 2018
Ph.D Psych

Relevant previous experience:

OP Financial Group: SVP, Human Resources, Non-life Insurance 2016–2018
MTV: Vice President, HR and Communications 2015–2016
KAIKI Consulting: Managing Director, Partner 2012–2015
Nokia Corporation: Director, HRD 2007–2012
Finnish Institute of Occupational Health: Department of Psychology, Team Leader and Specialist Research Scientist
Rautaruukki: Business Development Manager and HRD Manager 2001–2004

Other relevant positions: -



Markku Pehkonen, b. 1962
Chief Risk Officer (since 1 December 2018)
Has attended Executive Board meetings since 2018
M.Sc. (Econ. & Bus. Adm.)

Relevant previous experience:

Sampo plc: Chief Risk Officer 2009–2018
Danske Bank Markets, Head of Corporate Sales 2007–2009
Sampo plc: Head of ALM 2001–2007
Leonia plc: Director, Risk Management 1997–2001
Postipankki New York, Risk Manager 1996–1997
Postipankki Oyj: various expert and managerial duties 1993–1997

Other relevant positions:

Petsofi Ltd: member of the Board of Directors



Pekka Puustinen, b. 1980
Chief Strategy Officer (since 17 September 2018)
Has attended Executive Board meetings since 2018
D.Sc. (Econ. & Bus. Adm.), insurance science

Relevant previous experience:

Ilmarinen Mutual Pension Insurance Company: Chief Customer Officer, member of the Executive Team 2016–2018
Ilmarinen Mutual Pension Insurance Company: Director of Development, Chief Digital Officer 2015–2016
University of St Gallen HSG: Professor, Insurance Economics 2015
Helsinki Capital Partners: partner and member of the Board of Directors 2013–2018
Rock Me Advisory Consulting: owner 2014–2017
Bank of Finland: Member of the Payments Council 2014
University of Tampere: university lecturer, insurance science 2012–2015

Other relevant positions:

Tampere University of Applied Sciences: member of the Board of Directors
Tampere University Foundation: member of the Board

5.3.2 Responsibilities of the Executive Board

The Executive Board duties, according to its role, cover those related to OP Financial Group's steering, the management of the central cooperative consolidated and the management and administration of the parent entity (central cooperative) of the central cooperative consolidated.

Based on the Bylaws, the Executive Board is responsible for:

- managing as the central cooperative's directorate the administration and due organisation of the operations of the central cooperative and managing the central cooperative and its consolidation group in accordance with the Co-operatives Act, the Act on the Amalgamation of Deposit Banks and other legislation as well as the central cooperative Bylaws;



- controlling the operations of the amalgamation in accordance with the principles issued by the Supervisory Board and supervising the companies within the amalgamation so that they operate in accordance with the laws and decrees governing their financial position, regulations issued by the relevant authorities, their own bylaws or articles of association, and instructions issued by the central cooperative;
- steering OP Financial Group and implementing the Group strategy in line with the principles issued by the Supervisory Board.

Other duties of the Executive Board are stipulated in the Executive Board's charter confirmed by the Supervisory Board.

5.3.3 Executive Board meeting procedures and decision-making

At its meeting, the Executive Board decides on the matters within its remit. The Executive Board may hold a meeting on a teleconference basis or using other communications media if the matter in question is urgent or there exists some other similar reason to do so. Executive Board members must be given the opportunity to communicate with each other during decision-making.

Convened by the Chair or, whenever he is prevented, the Vice Chair, an Executive Board meeting is mainly held once a week and is attended by the Executive Board's ordinary members. Directors in charge of internal audit, risk management, communications, strategy and compliance have the right to be present and speak at Executive Board meetings. Executive Board meetings may also be attended by some other person whose presence is necessary due to the matter under discussion.

An Executive Board meeting has a quorum when more than half of its members are present. The meeting's agenda and the basic meeting material are distributed to the Executive Board's members for review well in advance prior to the meeting.

Each Executive Board member or another person indicated by the Executive Board may propose items to be included in the Executive Board's agenda. In this context, he/she may be assisted by an expert staff member or another expert. Each Executive Board member is responsible for the implementation of the execution of Executive Board decisions within his/her remit and supervises their implementation. Minutes shall be kept of all Executive Board meetings, containing those present, decisions made and any dissenting opinions, by the secretary appointed by the Executive Board. The next Executive Board meeting adopts the minutes of the previous meeting and the minutes are signed by the secretary and the Executive Board members present at the meeting. All minutes documents are numbered consecutively by calendar year.

The Executive Board is collectively responsible for the matters upon which it decides jointly at its meetings. In addition, Executive Board members bear operational responsibility for the areas of responsibility and organisational entities individually designated to them.

Executive Board members must also give the company sufficient information to assess his/her fitness and propriety and independence and inform of any changes in such information.

The Executive Board shall prepare an annual action plan, containing a meeting schedule and the most important issues discussed at the meetings.

5.3.4 Executive Board work in 2018

The Executive Board had 50 meetings in 2018. The average attendance rate of members stood at 93%.

At its meetings in 2018, the Executive Board discussed the following issues, among other things:

- New operating model, OP Agile
- Management of strategy implementation
 - monitoring and controlling strategic initiatives
 - development investments
 - maintaining the overall picture, deepening policy lines and preparing Supervisory Board proposals related to strategy specification
- Managing annual plan implementation
- Examining the Group's and the consolidation group's monthly reports
- Ensuring the Group's business and financial targets
- Monitoring and controlling the Group's regulatory projects
 - ensuring sufficient resources by prioritising projects.

At its meetings, the Executive Board also discussed, for instance, the annual plan for 2019, risk management and capital adequacy management principles and risk policies, and regularly analysed the financial performance, capital adequacy and risk exposure of OP Financial Group, the central cooperative consolidated and the business segments. The Executive Board also monitored key measures taken and the achievement of the targets. In addition, it discussed key issues related to markets, the competitive and regulatory environment and evaluated the effect of related changes on OP Financial Group.

As part of its normal activities, the Executive Board also discussed all audit reports prepared in 2018 and other key issues pertaining to internal and external control. In 2018, it analysed regularly major purchases and projects. The Executive Board regularly discussed and reviewed issues related to competence development and remuneration.

Furthermore, the Executive Board had 4 planning days.

5.4 Executive Board committees and councils

According to its charter, the Executive Board may set up committees comprising Executive Board members and councils which may also comprise members other than those of the Executive Board.

As part of the reform of the central cooperative consolidated, the Executive Board disbanded the HR Committee in 2018. Other committees were changed to councils at the beginning of 2019. In addition, the ALM and Risk Management Committee's duties were distributed among the ALM Council and the Risk Management Council.

5.4.1 HR Committee

The HR Committee supported the Executive Board in controlling the HR management of the central cooperative consolidated in accordance with the adopted principles and decisions. The Committee was tasked with assisting the Executive Board in ensuring that HR management supports the achievement of the business targets of the central cooperative consolidated by means of HR management methods, processes and their supporting systems. The Committee was also responsible for supervising the central cooperative consolidated that it complies in its operations with the agreed and decided HR policy guidelines.

5.4.1.1 HR Committee work in 2018

The HR Committee ceased to exist in 2018 and the Committee's duties transferred to HR management team and the Executive Board. The HR Committee met 6 times in 2018.

5.4.2 Development Committee

During 2018, the Executive Board changed the composition of the Development Committee so that the composition is in line with the changed organisational structure. From the beginning of the year until June, the Committee was chaired by the Vice Chair of the Executive Board. Other members comprised Executive Vice President, Banking; Executive Vice President, Wealth Management; Executive Vice President, Non-life Insurance; Executive Vice President, Digital Business and New Businesses; and Executive Vice President, Group Steering. From June 2018, the Committee was chaired by Executive Vice President, Development and Technologies. Other members as Executive Board members included director in charge of Banking Private and SME Customers, of Banking Corporate and Institutional Customers, of Insurance Customers and of Group Services.

The Committee supported the Executive Board in controlling and managing Group-level development. The central cooperative's Executive Board confirmed annual development needs and the main policy lines for allocating OP Financial Group's development investments. On the basis of the policy lines issued by the Executive Board, the Development Committee defined development priorities and allocated development investments to various development plans. The Committee controlled the prioritisation between the development plans and the resulting development portfolios for the purpose of implementing the OP Financial Group strategy and achieving the targets deriving from the strategy.

Along with the adoption of the new operational management model, OP Agile, the Development Committee ceased to exist, and its duties were transferred to the Executive Board, directors of each business segment or support function, tribe leads or teams.

5.4.2.1 Development Committee work in 2018

The Development Committee met 14 times in 2018.

5.4.3 Control and Compliance Council

The Council is chaired by the Vice Chair of the Executive Board and its members comprise the Executive Vice President in charge of Banking for Private and SME customers, of Legal Affairs, and the Chief Compliance Officer and Chief Risk Officer.

The key task of the Council is to support the Executive Board in the central cooperative's implementation of control and supervision of the central cooperative consolidated and cooperative banks based on the principles issued by OP Cooperative's Supervisory Board. The Council makes decisions on matters delegated to it by the Executive Board.

5.4.3.1 Control and Compliance Council work in 2018

The Control and Compliance Council met 11 times in 2018. At its meetings, the Council regularly discussed issues related to the control and supervision of the central cooperative consolidated's companies and OP cooperative banks as well as issues related to OP cooperative banks' risk categorisation, bank-specific control, structural development and problem situations. In addition, the Council discussed regularly the observations of

qualitative risks, internal control and compliance, and the Group-level guidelines and principles delegated by the Executive Board to the Council for decision-making.

5.4.4 ALM and Risk Management Committee

The ALM and Risk Management Committee supported the Executive Board in steering and managing the Group's risk capacity and risk appetite according to confirmed operating principles and decisions. The Committee was also tasked with assisting the Executive Board in ensuring that the central cooperative and its consolidation group have adequate capital adequacy management and risk management systems in place covering all operations. The Committee supervised the central cooperative and its consolidation group and the entire OP Financial Group so that they do not take excessive risks in their operations which would materially jeopardise the capital adequacy, liquidity and profitability of the central cooperative, its consolidation group and the entire Group.

The duties of the Executive Board's ALM and Risk Management Committee were distributed among two separate Executive Board councils at the beginning of 2019. At the same time, the ALM and Risk Management Committee was disbanded.

5.4.4.1 ALM and Risk Management Committee work in 2018

The ALM and Risk Management Committee met 10 times in 2018.

5.5 Management team of the central cooperative consolidated

The central cooperative consolidated has no separate Group management team but the central cooperative's Executive Board attends to its tasks.

Central cooperative's decision-making system



6 MANAGEMENT SYSTEM

6.1 Core values and the role of the Code of Ethics

OP Financial Group has defined core values guiding its operations, which, for their part, also serve as the Group's code of ethics. The Group's core values are as follows: People-first Approach, Responsibility, and Prospering together. In its operations, OP Financial Group also applies its Code of Business Ethics. The Code of Business Ethics provides an ethical framework for the conduct of all employees and members of governing bodies of OP Financial Group. In addition, ethics is guided by the general principles and guidelines governing the management of conflict-of-interest cases updated every year. These principles contain more detailed regulations and guidelines governing, for example, the identification and management of conflict-of-interest situations, compliance with good practice, acceptance of gratuities related to business, commitments and extramural activities

of management and personnel, personal and related-party transactions and decisions, and measures required in a conflict-of-interest situation.

6.2 OP Cooperative's structure and management system

The Supervisory Board confirms the division of responsibilities between the Executive Board's members while the Executive Board confirms the operational organisation of the central cooperative. Operational decision-making combines with legal decision-making through the Executive Board, whose control and supervisory responsibility covers the entire Group.

6.3 Management system of the central cooperative consolidated, and central cooperative subsidiaries

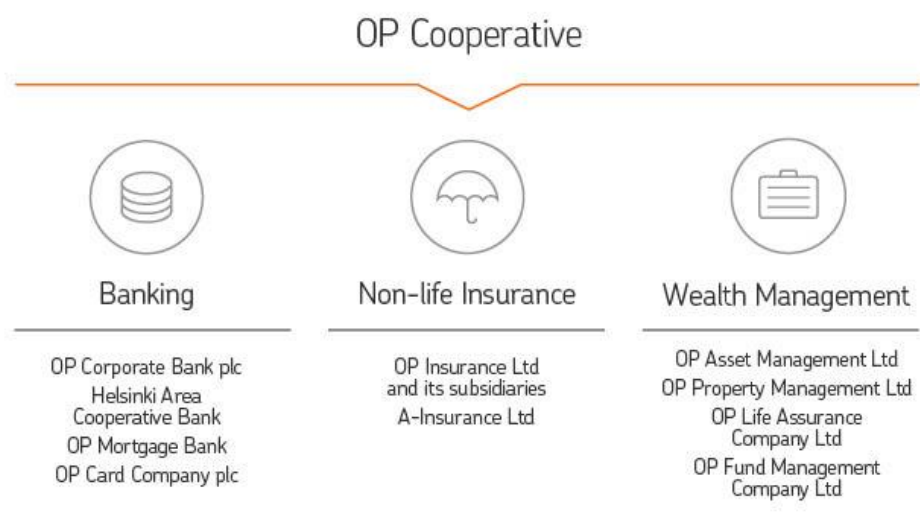
The board of directors of each central cooperative consolidated's subsidiary is responsible for due organisation of the company's administration and operations. When performing its duties, the board of directors must take account of OP Financial Group's strategic statements and other policy lines, confirmed principles and guidelines issued by the Supervisory Board of the central cooperative and the Executive Board concerning matters where the central cooperative is obliged or has the right to issue policy lines and guidelines regarding the entire Group.

The central cooperative's Executive Board makes proposals on candidates for the subsidiaries' boards of directors (excl. Helsinki Area Cooperative Bank), after which the board of directors is elected in a manner specified in the Articles of Association and laws in force. The central cooperative's Executive Board also discusses proposals for the managing directors of subsidiaries before their selection. The Group's guidelines on the management of conflicts of interest are taken into account in the selections.

The charters of the subsidiaries' boards of directors describe the duties of each board of directors. The boards of directors annually draw up an action plan showing a meeting schedule and the most important items on each meeting's agenda. The boards of directors annually assess their performance and working methods on a regular basis.

Central cooperative subsidiaries in 2018

Central cooperative subsidiaries



OP-Services Ltd and OP Customer Services Ltd are in charge of service production and support functions, such as product and service development.

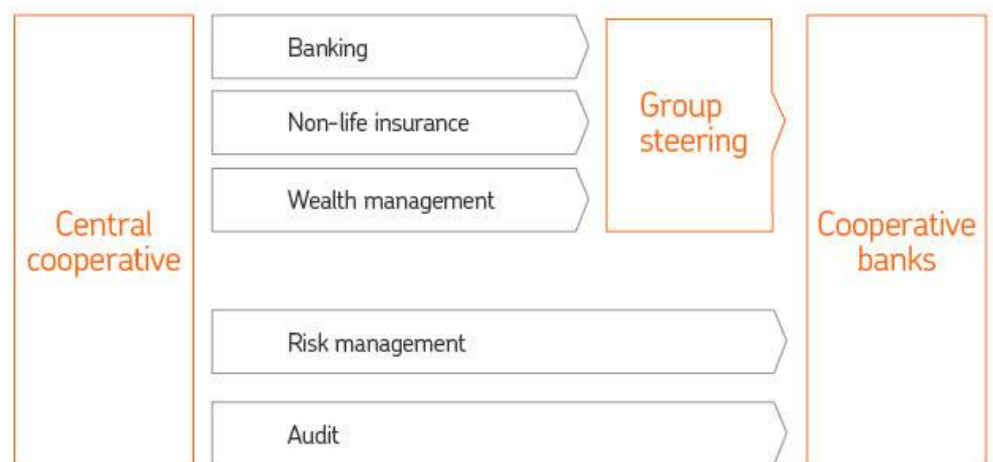
The boards of directors and Managing Director/President of major subsidiaries engaged in business in 2018

Company	Board of Directors	Managing Director/President
OP Corporate Bank plc	Ritakallio Timo, Chair (as of 1 March 2018) Vepsäläinen Tony, Chair (1–28 Feb. 2018), ordinary member until 31 Jan. 2018 and as of 1 March 2018) Tuovinen Tiia (as of 2 Dec. 2018) Aho Vesa (as of 1 Nov. 2018) Viitanen Jarmo (as of 1 Nov. 2018)	Keitaanniemi Katja (as of 6 Aug. 2018) Hannu Jaatinen, acting President and CEO (1 May–5 Aug. 2018)
	Karhinen Reijo, Chair (until 1 Feb. 2018) Himanen Jari (until 6 May 2018) Luhtala Harri (until 31 Oct. 2018)	Pölönen Jouko (until 30 April 2018)
Helsinki Area Cooperative Bank	Ritakallio Timo, Chair (as of 19 March 2018) Nummela Harri, Vice Chair Hulkkonen Jukka (as of 19 March 2018) Leppäluoto Sirpa (as of 19 March 2018) Liukas Linda (as of 19 March 2018)	Viitanen Jarmo (as of 8 Nov. 2018)
	Vepsäläinen Tony, Chair (until 19 March 2018) Luhtala Harri (until 19 March 2018) Geber-Teir Carina (until 19 March 2018) Tuovinen Tiia (until 19 March 2018)	Jääskeläinen Päivi, acting Managing Director (1 May–7 Nov. 2018) Pölönen Jouko (until 30 April 2018)
OP Mortgage Bank	Aho Vesa, Chair (as of 1 Nov. 2018) Luhtala Harri, Chair (until 1 Nov. 2018) Hirvinen Hanno Ronkanen-Minogue Elina	Iloniemi Lauri
OP Card Company Plc	Nummela Harri, Chair, (as of 3 July 2018) Lehtilä Olli, Chair (1 May–3 July 2018) Pölönen Jouko, Chair (until 30 April 2018) Jaatinen Hannu Keitaanniemi Katja (as of 2 Nov. 2018) Hintsanen Suvi (until 2 Nov. 2018)	Huhta Anssi
OP Insurance Ltd	Ritakallio Timo, Chair (as of 1 March 2018) Karhinen Reijo, Chair (until 1 Feb. 2018) Vepsäläinen Tony, Chair (1–28 Feb. 2018), ordinary member until 31 Jan. 2018 and as of 1 March 2018) Aho Vesa (as of 1 Nov. 2018) Keitaanniemi Katja (as of 6 Aug. 2018) Luhtala Harri (until 31 Jan. 2018) Himanen Jari (until 6 May 2018)	Lehtilä Olli
OP Asset Management Ltd	Keitaanniemi Katja, Chair (as of 7 Aug. 2018) Ritakallio Timo, Chair (1 March–6 Aug. 2018) Karhinen Reijo, Chair (until 1 Feb. 2018)	Jormalainen Sami (as of 13 Aug. 2018) Alameri Karri (until 13 Aug. 2018)

	<p>Vepsäläinen Tony, (Chair 1–28 Feb. 2018, ordinary member until 31 Jan. 2018 and 1 March–3 July 2018) Aho Vesa (as of 1 Nov. 2018) Nummela Harri (as of 3 July 2018)</p> <p>Luhtala Harri (until 31 Oct. 2018) Himanen Jari (until 6 May 2018)</p>	
OP Life Assurance Company Ltd	<p>Lehtilä Olli, Chair (as of 3 July 2018) Alameri Karri, Chair (until 3 July 2018) Aho Vesa (as of 1 Nov. 2018) Nummela Harri (6 May–2 Nov. 2018) Vepsäläinen Tony (as of 1 Nov. 2018) Luhtala Harri (until 31 Oct. 2018) Himanen Jari (until 6 May 2018)</p>	Huttunen Jussi
OP Fund Management Company Ltd	<p>Nummela Harri, Chair (as of 4 July 2018) Jormalainen Sami (Chair until 4 July 2018, ordinary member as of 4 July 2018) Vanha-Honko Vesa-Matti Huttunen Jussi (until 4 July 2018)</p>	Saariaho Kalle

OP Financial Group's operational organisation in 2018:

OP Financial Group's operational organisation



7 INTERNAL AND EXTERNAL CONTROL

7.1 Internal control

Effective and reliable internal control forms the basis for compliance with sound and prudent business practices.

Internal control refers to procedures or practices within an organisation to ensure that the organisation achieves the targets set in the strategy, uses resources economically and the information in support of management decisions is reliable. Internal control also ensures that risk management, custody of client assets and protection of property is



adequately arranged. Conformance to regulations and approved ethical principles, too, are ensured through internal control.

The central cooperative's Supervisory Board confirms the Group-level principles of internal control that all OP Financial Group entities follow.

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, where internal control is continuous and forms part of daily activities.

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 (whistleblowing).

7.1.1 Internal control responsibilities and organisation

The board of directors of each OP Financial Group entity is tasked with ensuring that internal control is duly organised, taking account of the Group-level internal control principles and the supplementary central cooperative guidelines. Each entity's managing director and executive management are responsible for ensuring internal control in practice and that duties are duly segregated.

The centralised functions of Compliance organisation, Risk Management and Finance and Treasury assist Group entities in ensuring internal control effectiveness. Internal Audit and external auditors ensure the effectiveness of internal control.

7.1.1.1 Internal control in 2018

Internal guidelines are used to support operational management, and compliance with these guidelines is subject to continuous supervision. In 2018, the Group checked the updatedness of Group-level control guidelines and updated them and further developed the guidelines related to practices and supervision of compliance with the guidelines.

The Supervisory Board's Audit Committee, in particular, has a major role in ensuring that internal control performs effectively and in compliance with regulation. Internal control observations, recommendations given to the business line/division concerned and the progress of the implementation of such recommendations are reported to the Committee on a regular basis.

7.2 Internal audit

Internal Audit is a function independent of business lines that audits the effectiveness and adequacy of OP Financial Group's internal control system, risk management as well as management and governance processes. Internal audit has been organised on a business organisation basis. All Group entities and functions are subject to internal audit.

The Supervisory Board of the central cooperative appoints and dismisses the Chief Audit Executive and decides his/her employment terms and conditions and compensation.

The Supervisory Board's Audit Committee adopts the Internal Audit action plan. Internal Audit reports on its audits to the central cooperative's Executive Board and Audit



Committee as well as to the management teams of functions. Audits for companies are reported to the governing bodies and management of the companies.

In its auditing work, Internal Audit complies not only with the Internal Audit Charter confirmed in June 2018 by the Supervisory Board but also the International Standards for the Professional Practice of Internal Auditing confirmed by the Institute of Internal Auditors (IIA).

Internal audit performance is subject to external quality assessment approximately every five years.

7.2.1 Internal audit in 2018

The Internal Audit action plan for 2018 covered audits performed in both the central cooperative consolidated and OP cooperative banks, with the focus on the assessment of the performance of Group-level processes. Planning the activities is performed on a risk basis. Around a quarter of the audits is required by regulation or the supervisor.

In its reports, Internal Audit issues recommendations for remedying any defects discovered. Internal Audit monitors on a real-time basis the progress of the implementation of the recommendations issued and regularly reports its monitoring observations to the Supervisory Board's Audit Committee and the management of the central cooperative consolidated.

7.3 Compliance

Managing compliance risks forms part of internal control and good corporate governance practices and, as such, an integral part of business management duties and the corporate culture. Responsibility for regulatory compliance and its supervision within OP Financial Group entities rests with the senior and executive management and all supervisors and managers. In addition, everyone employed by OP Financial Group is responsible for his/her own part for regulatory compliance.

Compliance assists senior management and executive management and business lines/divisions in the management of risks associated with regulatory non-compliance, supervises regulatory compliance and, for its part, develops internal control further. Guidelines, advice and support concerning compliance within OP Financial Group are the responsibility of the Compliance organisation that is independent of business. OP cooperative banks have their own designated compliance officers. Control, support and supervision of compliance activities for OP cooperative banks are performed through the network of contact persons formed by the designated compliance officers. As part of the central cooperative's Risk Management, the OP cooperative banks' operational risk management and compliance support has supported the attendance of compliance duties at OP cooperative banks.

Any observations made within compliance are reported regularly to the business line/division concerned, OP Cooperative's Executive Board and the Supervisory Board's Risk Management and Audit Committees.

7.3.1 Compliance in 2018

In 2018, risk-based focus areas in compliance included KYC regulation and ensuring compliance with legislation and official instructions related to the provision of investment services and with related Group-level guidelines and the performance of processes.

In its advisory services and business support, Compliance specifically focused on KYC practices and on ensuring compliance with the requirements under MiFID II regulation, effective since the beginning of the year, related to the provision of investment services. The same risk-based prioritisation was also observed in providing support related to training for business lines/divisions. Training is also aimed at enhancing knowledge of Group- and entity-specific guidelines.

In 2018, in addition to its regular control, advisory and supervisory duties, Compliance updated OP Financial Group's risk assessments for the amalgamation of cooperative banks concerning anti-money laundering and counter-terrorist financing and separately for Group entities not included in the amalgamation. Compliance has also been actively involved in projects aimed at ensuring that the business lines/divisions comply with the requirements of anti-money laundering and counter-terrorist financing legislation, MiFID II legislation governing the provision of investment services and data protection legislation.

Compliance activities and observations were regularly reported to the entities' and Group's senior and executive management in accordance with the Group-level guidelines.

7.4 Risk management and capital adequacy management

OP Financial Group's operations are based on cooperative ideals, a strong capital base and capable risk management. The aim is to ensure risk capacity in all circumstances and to keep risk-taking moderate relative to risk capacity.

Risk and capital adequacy management falls under internal control. Its purpose is to ensure the risk capacity and liquidity of OP Financial Group and its entities and, thereby, ensure business continuity. Risk and capital adequacy management has been integrated as an integral part of the Group's business and management.

Risk capacity is made up of effective risk management that is proportionate to the extent and complexity of operations and of adequate capital resources and liquidity based on profitable business operations.

OP Financial Group's significant risks include credit risks, market risks, liquidity risks, insurance risks, concentration risks, customer behaviour risks, and strategic risks, reputational risk and operational risks, including model risks and compliance risks, associated with all business operations. OP Financial Group adopts a policy of moderate risk-taking.

OP Financial Group's principles governing the Risk-taking System and the Risk Appetite Framework, adopted by the central cooperative's Supervisory Board, define how the Group's risk-taking is controlled, restricted and supervised and how the risk management and internal capital adequacy assessment process is organised.

Risk management and internal capital adequacy assessment process (ICAAP) involves:

- identifying, measuring, assessing and mitigating risks;
- determining reliably and independently how much capital and liquidity is required for various risk types and business operations; and
- allocating capital and liquidity systematically by business segment in line with current and planned risk-taking.

In OP Financial Group's risk policy, the central cooperative's Executive Board confirms annually risk-management principles, actions, objectives, limits and control limits, to be applied by Group entities, that are used to guide business to implement the policies confirmed in the Group's strategy and the principles of the Risk Appetite Framework (RAF).

The risk limit system ensures that OP Financial Group or any of its entities does not take excessive risks to endanger the Group's or the entity's capital adequacy, profitability, funding liquidity and business continuity. Group-level risk tolerances for capital adequacy and significant risks confirmed by the Supervisory Board specify the maximum Group-level risk appetite. In risk policy, target levels and qualitative targets as well as limits and control limits for segments and OP Financial Group entities are derived from these.

Risk and capital adequacy management's three lines of defence

The organisation and responsibilities of OP Financial Group's risk management and capital adequacy management are founded on three lines of defence shown below.

Three defence lines of risk management

<p>I Operational risk management</p> <p>Applies the risk management framework</p> <ul style="list-style-type: none"> • Risk management integrated as part of the operational units • Risk decisions and operational monitoring 	<p>Responsibility for risk exposure and its monitoring</p>
<p>II Independent risk management</p> <p>"Owns" the risk management framework</p> <ul style="list-style-type: none"> • Group's independent risk management function • Steering the risk decision process and managing consolidated risk exposure 	<p>Responsible for conditions for good risk management and control</p>
<p>III Internal Audit</p> <p>Inspects and assesses the risk management framework and its application</p> <ul style="list-style-type: none"> • Internal Audit • Independent audit function 	<p>Responsibility for independent assessment of risk management</p>

The first line consists of risk management applied within business and other operations. It supervises risk decisions and ensures that risk exposure and risk-bearing capacity are under sufficient entity-level control. Risk management is included in business models and processes.

The second line of defence consists of risk management and compliance independent of operational business organisations that is run from the central cooperative. Risk Management owns the Group's risk management framework, supervises the risk-decision process and is responsible for the Group's consolidated risk exposure and risk-capacity monitoring.

The third line of defence is centralised internal audit. It audits and evaluates both the Group's risk management framework and its application in the central cooperative and other Group entities.

7.4.1 Risk management in 2018

In risk management of the central cooperative, 2018 included monitoring external regulatory changes and continuing to prepare for regulatory changes.

Major risk management development projects included, for example, preparing changes in the financing process caused by a new more detailed definition of default, as well as systematising the credit risk control process of OP cooperative banks and increasing its scope. Development work also specifically focused on model risk management and preparation for updating IRB risk models until 2021.

Risk Management continued to further develop its risk management assessment processes and operational processes in order to ensure that controls related to risk management are automated so as to be part of all business and that risks are assessed proactively and sufficiently when developing new business. Risk Management has strengthened the development and validation process and extended the comprehensiveness of independent model validations. Risk Management has further developed the assessment practices of the sufficiency of capital and liquidity and the management methods of interest rate risk associated with the banking book.

In addition, Risk Management updated risk management guidelines, risk reporting and risk limitation. Stress tests have continued to play an increasing role in risk analyses. OP Financial Group participated in the stress test conducted by the European Banking Authority (EBA).

7.5 External control

7.5.1 Audit

OP Cooperative has one auditor, which must be a firm of authorised public accountants certified by the Finland Chamber of Commerce. The auditor shall also audit the consolidated financial statements as referred to in Section 9 of the Act on the Amalgamation of Deposit Banks.

The Cooperative Meeting shall elect the auditor. The term of office of the auditor expires upon the closing of the Annual Cooperative Meeting following its election. The Audit Committee of OP Cooperative's Supervisory Board puts audit services out to tender at some five years' interval (last time in 2018), on the basis of which it proposes eligible auditors to the Annual Cooperative Meeting.

The auditor's remuneration is payable based on the reasonable invoice amount presented.

The auditors are tasked with auditing the accounting, internal control, accounting policies, management accounting judgements, presentation and structure of the financial statements of OP Financial Group, its entities and sub-groups in order to obtain assurance that the financial statements of the Group and its entities have been prepared in compliance with the rules and regulations in force governing the preparation of financial statements and give OP Cooperative's shareholders and other stakeholders a true and fair view of the financial position, financial performance and cash flows of the Group. In addition, the auditors regularly issue other statements on the basis of specific regulation applicable to the sector. The Supervisory Board's Audit Committee annually assesses the quality of the auditor's performance and ancillary services and the independence of auditors and the statement of the ancillary services.

The auditors annually issue the Auditor's Report to the members of OP Cooperative in which they express their opinion on the financial statements and the Report by the Executive Board. Every year, the auditors submit to the Supervisory Board's Audit Committee an additional report, based on the EU Audit Regulation, where they confirm their independence, among other things. Based on their observations, they also draw up audit memoranda delivered to the OP Cooperative's Executive Board, the President and Group Executive Chairman, the Supervisory Board's Audit Committee, the CRO, Internal Audit and the Finnish Financial Supervisory Authority, according to the subject matter concerned. Whenever necessary, auditors also issue oral reports to the aforementioned persons and bodies.

The Supervisory Board's Audit Committee consults the auditor when dealing with the Group's annual accounts and interim accounts, as well as the accounting policies. The auditors have a statutory obligation to notify the Financial Supervisory Authority of any matters or decisions that put operations and the existence of licence requirements at risk, or that result in an opinion in the Auditor's Report other than the unqualified opinion, as referred to in the Auditing Act, or result in an auditors' remark as referred to in Chapter 3, Section 5 and Paragraph 4 of the Auditing Act.

7.5.1.1 Audit in 2018

KPMG Oy Ab, an audit firm, has acted as OP Cooperative's auditor since 2002, with authorised public accountant Raija-Leena Hankonen as the Chief Auditor since 2014. KPMG Oy Ab acts as the auditor of OP Cooperative Consolidated, or the central cooperative consolidated, with auditors appointed by KPMG Oy Ab acting as chief auditors. Auditors acting as OP Financial Group member cooperative banks' auditors also include other firms of authorised public accountants and authorised public accountants, in addition to KPMG Oy Ab.

Audit is based on audit plans. Aspects relevant to statutory audit included receivables from customers, investment assets and derivative contracts, insurance liabilities, the control environment and information systems related to financial reporting, valuation of development expenditure included in intangible assets and the transfer of statutory earnings-related pension insurance to an insurance company. Interim reports and financial statements bulletins are based on unaudited figures.

OP Cooperative Consolidated has used KPMG Oy Ab's advisory services related mainly to the comfort letters of bond programmes, ISAE 3402 verifications from the centralised services, the application of upcoming IFRSs as well as tax services and counselling.

Audit fees for statutory audit are based on an annual plan.

Audit fees paid to auditors totalled EUR 2.0 million (2.1), whereas assignments as referred to in Chapter 1, Section 1(2) of the Auditing Act totalled EUR 0.2 million (0.3), fees for tax counselling EUR 0.1 million (0.1) and fees for other services EUR 0.4 million (0.6). Non-audit services provided by KPMG Oy Ab to OP Financial Group companies totalled EUR 0.3 million and tax counselling EUR 0.1 million.

7.5.2 Control within the amalgamation of OP Financial Group cooperative banks

The amalgamation comprises OP Cooperative as the central cooperative together with its member credit institutions and financial institutions and service companies over which they exercise control. OP Cooperative controls the amalgamation's operations and provides the companies within the amalgamation with guidelines for risk management, good corporate governance and internal control with the aim of safeguarding their liquidity



and capital adequacy. The central cooperative may also confirm general principles to be followed by the member credit institutions in operations relevant to the amalgamation.

In addition, the central cooperative supervises its member credit institutions in the manner as referred to in the Act on the Amalgamation of Deposit Banks.

7.5.3 Regulatory supervision

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

8 FINANCIAL REPORTING PROCESS

The different financial management units subordinate to OP Financial Group's CFO take charge of not only the preparation of interim and annual accounts for OP Financial Group and Group entities, as required by financial accounting, but also of the production of management accounting reports, such as monthly reports on business performance. The Controller function within OP Financial Group also produces earnings forecasts and analyses the actual outcome in comparison with the forecasts and reports on any deviations.

This chapter, Financial reporting process, describes the main features of how OP Financial Group's internal control and risk management work with a view to ensuring that the consolidation group's financial reports give substantially true information on the company's and its consolidation group's financial performance and position. Group-level financial information correctly consolidated using sub-ledger accounting and OP Financial Group companies' information forms the basis of reliable financial reporting.

OP Financial Group uses Group-wide financial reporting and risk reporting to monitor the achievement of its business goals and financial targets, and these reports are regularly reviewed at executive management and OP Cooperative's Executive Board meetings. Financial information in financial reports is compared with related plans and any differences are analysed and the report also describes earnings outlook for the current year and for a longer period of time. 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 the performance and risk exposure and any deviations from targets.

External reporting is based, for example, on the International Financial Reporting Standards, the Finnish Limited Liability Companies Act, the Act on Credit Institutions, the Insurance Companies Act, the Accounting Act, and the standards and regulations issued by the Financial Supervisory Authority. OP Financial Group's shared principles are applied in the accounting, financial statements and consolidated financial statements of OP Financial Group companies. Responsibility for the interpretation of, guidelines on and advice on standards, other laws governing the preparation of financial statements and official accounting requirements as well as the preparation of and compliance with common accounting policies rests with OP Cooperative, OP Financial Group's central cooperative. Whenever necessary, the company turns to auditors who give a statement of the selected principles and interpretations.

8.1 Organisation of financial reporting

OP Cooperative's Executive Board is the highest decision-making body in matters associated with business control. The Executive Board must ensure that supervision of accounting and treasury is duly organised. It decides on reporting, procedures and qualitative and quantitative indicators used to assess operational efficiency and performance, discusses and approves the consolidated financial statements and interim reports.

The Supervisory Board's Audit Committee is tasked with assisting the Supervisory Board 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 the OP Cooperative's accounting and treasury control is organised appropriately. To perform its tasks, the Committee discusses the Group's accounting policies and capital adequacy assessment principles to be submitted to the Supervisory Board for adoption. It also supervises for its part financial reporting by

- assessing the Group's financial statements and interim reports and the financial statements of the central cooperative consolidated;
- assessing the Corporate Governance Statement issued annually;
- assessing major or exceptional transactions and the related management judgement and estimates; and
- monitoring the financial statements process and supervising the financial reporting process as well as assessing the accuracy of financial reporting and its regulatory compliance.

The President and Group Executive Chair must ensure, in accordance with the Co-operatives Act, that the company's accounting is in compliance with applicable laws and treasury has been organised in a reliable manner. The OP Cooperative Finance and Group Treasury function is in charge of OP Financial Group's financial reporting.

The Group has centralised the preparation of financial statements and interim reports independent of business lines/divisions. OP Financial Group's shared systems are primarily used in reporting. Operational duties related to financial and management accounting have also been centralised at central cooperative consolidated level.

8.2 Independent assessment of financial reporting

As provided by law, auditors shall assess the accuracy of financial reporting. The auditors are tasked with auditing the accounting, financial statements and governance of the company and its consolidation group in order to obtain assurance that the financial statements have been prepared in compliance with the rules and regulations in force and give owners and other stakeholders a true and fair view of the financial position of the company and its consolidation group and its financial performance and cash flows.

In its process audits, Internal Audit also assesses, when applicable, the effectiveness and adequacy of financial reporting, and reports these audits to the executive management and the Supervisory Board's Audit Committee.

As part of the independent financial reporting assessment, auditors supplement the actual audit by inspecting the planning and effectiveness of controls within centralised functions according to ISAE 3402. Auditors report separately on this specific audit in accordance with this standard.



8.3 Financial reporting in 2018

OP Financial Group's financial statements were prepared in accordance with IFRS, applying IASs, IFRSs and SIC and IFRIC interpretations effective on 31 December 2018.

In 2018, OP Financial Group adopted the following standards and interpretations:

- IFRS 9 Financial Instruments. Adjustments made to carrying amounts were recognised in equity in the opening balance sheet on the adoption date of 1 January 2018. OP Financial Group has not adjusted comparatives for prior years.
- IFRS 15 Revenue from Contracts with Customers. OP Financial Group adopted IFRS 15 using the full retrospective transition method.
- Annual improvements to IFRS for cycles 2014-2016 (applicable mainly to accounting periods beginning on or after 1 January 2018). Minor amendments are annually made to standards through the Annual Improvements process. The effects of the amendments vary by standard, but they are not significant.
- Amendments to IFRS 2 and IFRIC 22 that took effect on 1 January 2018. The amendments did not have any major effect on OP Financial Group's financial statements.

9 REMUNERATION

9.1 Remuneration within OP Financial Group

Within OP Financial Group, financial remuneration consists of fixed and variable remuneration. Variable remuneration involves both short-term and long-term performance-based bonuses.

A sufficiently large amount of the total remuneration must remain fixed. The proportion of variable remuneration may not exceed 100% of the total amount of each beneficiary's fixed remuneration. OP Cooperative's Supervisory Board defines this appropriate, reasonable balance between the fixed and variable pay.

Variable remuneration comprises a long-term management remuneration scheme common to OP Financial Group member cooperative banks and the central cooperative consolidated and the personnel fund for all personnel as well as short-term schemes for each target group.

In its remuneration, the 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. Remuneration policies governing OP Financial Group's employees and management are based on laws, provisions and recommendations applicable to the financial sector and on the Finnish Corporate Governance Code.

OP Financial Group's remuneration policy is consistent with sound and effective risk management and does not encourage excessive risk-taking. The remuneration schemes are in line with the core values, goals and targets, and the business strategy, and agree with the Group's long-term interests. Remuneration may not lead to a situation that could jeopardise the general reliability of the incentive scheme, an owner-customer's or customer's interests or the reputation of OP Financial Group or a Group company.

9.1.1 Decision-making related to remuneration

OP Cooperative's Supervisory Board and, depending on the matter concerned, OP Financial Group's Remuneration Committee, the central cooperative consolidated Executive

Nomination Committee, and boards of directors which review the application of the schemes and assess their effectiveness, deals with remuneration principles and policy lines within OP Financial Group.

For schemes applying to the entire Group, the decisions are made by the Supervisory Board or OP Financial Group's Remuneration Committee. A Supervisory Board member, who has no employment or executive contract with an OP Financial Group company, may be a Remuneration Committee member. Within the OP cooperative banks, remuneration-related decisions are ultimately made by each bank's board of directors.

The Supervisory Board of OP Cooperative shall approve the Group's remuneration principles, decide on the long-term remuneration scheme, confirm the general terms and conditions of the Group's remuneration schemes and issue OP cooperative banks with binding instructions for short-term remuneration schemes. The Supervisory Board owns the long-term management remuneration scheme and decides on its metrics, target levels and maximum bonuses. Similarly, the Supervisory Board determines the metrics, target levels and maximum bonuses in respect of OP Financial Group's personnel fund as well. The Executive Nomination Committee subordinate to the Supervisory Board decided on issues related to remuneration for OP Cooperative's Executive Board.

By order of the Supervisory Board, OP Financial Group's Remuneration Committee set up by the Supervisory Board shall monitor and supervise the effectiveness and competitiveness of the remuneration schemes and the ability of the remuneration structures to support the Group's long-term goals and targets. The Remuneration Committee shall annually approve and revise the Group's remuneration policies.

The Supervisory Board's Remuneration Committee and the central cooperative consolidated's Executive Nomination Committee act as bodies in charge of preparing remuneration issues. The Remuneration Committee of OP Financial Group acts as a body in charge of preparing remuneration issues for OP cooperative banks' management.

Internal Audit reviews annually compliance with the remuneration and remuneration scheme approved by the Supervisory Board.

Remuneration at OP Financial Group



9.1.2 Remuneration of management and administration

OP Financial Group's Remuneration Committee annually issues a recommendation to member cooperative banks on management remuneration. Such statement involves a



recommendation on monthly emoluments and meeting attendance allowances of chairs and members of OP cooperative banks' supervisory boards and boards of directors.

The Cooperative Meeting decides on emoluments and other benefits payable to the members of OP Cooperative's Supervisory Board.

Monthly emoluments for 2018 confirmed by the Cooperative Meeting and payable to the Supervisory Board Chair, Vice Chairs and members are as follows: Chair 10,000 euros, Vice Chair 4,000 euros and other members 400 euros. Chairs other than those of committees acting under the Supervisory Board Chair receive 2,000 euros in monthly emoluments. In addition, all Supervisory Board members receive a meeting allowance of 600 euros for each meeting. Management and administration emoluments are paid in cash.

The Chair, Vice Chairs and members of the Supervisory Board are covered by voluntary pension insurance, as referred to in the Employees' Pensions Act (395/2006), through OP Bank Group Pension Fund.

Remuneration of OP Cooperative Supervisory Board Chair and members in 2018:

	Supervisory Board Chair	Vice Chair and other Supervisory Board members	Total
Regular monthly emoluments	120,000	276,900	396,900
Meeting allowances	18,600	237,546	256,146

Principles governing the remuneration and other benefits to the President and Group Executive Chair

The central cooperative consolidated Executive Nomination Committee of OP Cooperative's Supervisory Board determines the remuneration and other benefits to OP Financial Group's President and Group Executive Chair, and other Executive Board members and the Chief Audit Executive. A written executive contract, approved by the Supervisory Board, stipulates the terms governing the President and Group Executive Chair's employment.

His remuneration consists of the following three parts: 1) basic pay (salary and fringe benefits, based on the job grade, skills and performance); 2) short-term remuneration based on short-term performance (performance-based bonuses, based on the achievement of targets under the annual plan); and 3) long-term remuneration (OP Financial Group's common management remuneration scheme, based on the achievement of the Group's shared strategic goals and targets). The retirement age of the President and Group Executive Chair Timo Ritakallio is 65 years. Pension benefits are determined in accordance with pension laws and OP Financial Group's own pension plans. The President and Group Executive Chair is covered by OP Bank Group Pension Foundation's supplementary pension scheme. Pension accrued under the supplementary pension scheme may begin to be disbursed as a paid-up pension before the old-age pension if employment with OP Financial Group terminates.

The period of notice applicable under the President and Group Executive Chair's executive contract is six months. Upon termination of employment in cases specifically stipulated in the executive contract, the executive is entitled to a severance pay and a sum equivalent to his 12 months' pay.

9.1.3 Principles governing OP Cooperative's Supervisory Board remuneration

The Executive Nomination Committee of OP Cooperative's Supervisory Board determines the remuneration of and other benefits to OP Cooperative's Executive Board members, others reporting directly to the President and Group Executive Chair, the Chief Audit Executive and Chief Compliance Officer. A written executive contract, approved by the Supervisory Board, stipulates the terms governing each of the above-mentioned persons' employment.

Remuneration payable to the members of OP Cooperative's Executive Board and the Chief Audit Executive consists of the following three parts: 1) basic pay (salary and fringe benefits, based on the job grade, skills and performance); 2) short-term remuneration based on short-term performance (performance-based bonuses, based on the achievement of targets under the annual plan); and 3) long-term remuneration (OP Financial Group's common management remuneration scheme, based on the achievement of the Group's shared strategic goals and targets).

The retirement age of other Executive Board members who became members before 2018 and the Chief Audit Executive is 63 years. The retirement age of Executive Board members who became members in 2018 corresponds to the lowest pensionable age under TyEL. Pension benefits are determined in accordance with pension laws and OP Financial Group's own pension plans.

Executive Board members' supplementary pension cover has been arranged through OP Bank Group Pension Foundation and supplementary pension taken out with OP Life Assurance Company.

The period of notice followed by the employer for Executive Board members and the Chief Audit Executive is 6 months. Upon termination of their employment in cases specifically stipulated in their executive contracts, Executive Board members are entitled to a severance pay and a sum equivalent to a maximum of 6 months' pay.

9.1.4 OP Financial Group's short-term remuneration schemes

Short-term remuneration is aimed at guiding, engaging and encouraging employees to achieve annual goals and targets and perform successfully, ensuring the achievement of the goals and targets deriving from the strategy, and rewarding them for achieving and exceeding challenging targets. Performance periods in short-term remuneration schemes vary between 1 and 12 months.

The short-term remuneration schemes are based on metrics deriving from annual targets. Such metrics may be determined at Group-, company-, department- and employee level. Bonuses based on the short-term scheme come from achieving or exceeding the targets set for the metrics. In addition to personal performance, bonus payout requires the fulfilment of the conditions set for Group- and/or company-level remuneration.

OP Financial Group cooperative banks decide for their part short-term remuneration objectives and metrics on the basis of the guidelines issued by OP Cooperative's Supervisory Board. OP Cooperative's Executive Board determines remuneration for the central cooperative consolidated and the board of directors of each central cooperative consolidated entity confirms the inclusion of the entity in the remuneration scheme of the central cooperative consolidated.

Short-term remuneration in OP cooperative banks is based on shared bank-level targets and personal targets. Customer experience, sales and the strategy-based targets for growth and digitality are highlighted in the metrics.



The Group-level precondition for remuneration is that the Group's CET1 ratio on the payout date is over the CET1 buffer set by the ECB +3% on the payout date. In the central cooperative's remuneration scheme, the final amount of the bonus earned based on the metrics in the balanced scorecard is also determined OP Financial Group's EBT, OP Financial Group's operating expenses and customer experience. No bonus will be paid if the person's employment has terminated before the bonus payout. Bonus payout under the short-term scheme in OP cooperative banks requires that the bank's customer business show profit.

Short-term bonuses are mainly paid in cash. With respect to its identified staff, OP Financial Group complies with the legal requirements for the deferral of bonuses and their payment using an instrument other than cash in case variable remuneration exceeds a defined level.

Within each organisation, the decision-making body in charge of the remuneration scheme may change their terms and conditions of the short-term scheme, cancel it during the year or defer the payment of bonuses if there has been a change in circumstances which would place the company in an unreasonable situation when applying the scheme. An OP cooperative bank or the central cooperative consolidated may withhold payment of bonuses partly or fully citing its financial position.

Bonuses earned based on the balanced scorecard will be reduced before bonus payout if binding internal guidelines within the Group or task or regulatory requirements have been ignored and risk management elements have been materialised. Paid bonuses may also be fully or partly reclaimed if the beneficiary is found guilty of misdemeanours, of intentionally endangering the future of business, or of breaking the law.

9.1.5 OP Financial Group's long-term management remuneration scheme

The long-term management remuneration scheme, in which some 320 persons are included in OP Financial Group, consists of three performance periods.

Performance period 2014–2016

The primary performance metrics for the performance period of 2014–2016 included growth in the number of customers using OP as their main bank and insurer, OP Financial Group's EBT and Common Equity Tier 1 (CET1) ratio. In addition, the scheme takes account of profitability (return on economic capital) and capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates. No bonus will be paid out if capital adequacy under said Act is less than the minimum 130% on the date of payout.

During the performance period of 2014–2016, it was possible to annually earn bonuses equalling a person's regular 2–8-month salary subject to PAYE tax. The bonus will be paid to the beneficiary in cash in three instalments between 2018 and 2020. If the person is a member of identified staff and the total amount of variable remuneration exceeds the regulatory level, the bonus will be paid in four instalments between 2018 and 2021 (in six instalments to Executive Board members and the Chief Audit Executive between 2018 and 2023) partially tied to the value of the debenture loan issued by OP Corporate Bank.

Bonus payout includes conditions relating to the duration of employment or executive contracts and stipulations governing the hedging prohibition and the retention period.

Performance period 2017–2019

The targets for the performance period 2017–2019 are according to the strategy in force and they are based on OP Financial Group's EBT, customer experience and use of digital



services. No bonuses will be paid out if the Group's CET1 ratio is less than the CET1 capital buffer set by the ECB +3%.

During the performance period of 2017–2019, it is possible to annually earn bonuses equalling a person's regular 1–8-month salary subject to PAYE tax. The bonus will be paid to the beneficiary in cash in four instalments between 2020 and 2023. If the person is a member of identified staff and the total amount of variable remuneration exceeds the regulatory level, the bonus will be paid in four instalments between 2020 and 2023 (in six instalments to Executive Board members and the Chief Audit Executive between 2020 and 2025) partially tied to the value of the debenture loan issued by OP Corporate Bank.

Bonus payout includes conditions relating to the duration of employment or executive contracts and stipulations governing the hedging prohibition and the retention period.

9.1.6 OP Financial Group's long-term remuneration scheme for other employees

The long-term remuneration scheme for other employees is based on OP Financial Group Personnel Fund. Membership of the Fund is based on an employment contract. All those who have concluded an employment contract for an indefinite or fixed term with an OP Financial Group company belonging to the Fund are members of the Fund (excl. those included in the long-term management incentive scheme).

This long-term remuneration scheme is grounded on the achievement of OP Financial Group's shared strategic goals and targets. The Group-level targets and performance metrics under the scheme based on the Personnel Fund are congruent with the targets under the long-term management remuneration scheme valid at any given time. The board of directors of the company belonging to OP Financial Group's Personnel Fund shall annually decide on the amount of profit-based bonuses transferred to the Fund.

9.1.7 Remuneration to OP Financial Group's identified staff

Information required by the EU capital requirements regulation and directive concerning the remuneration of OP Financial Group's identified staff are published annually on OP's website.

9.2 Remuneration and fringe benefits paid to the Executive Board in 2018

In 2018, OP Financial Group's President and Group Executive Chair Timo Ritakallio received EUR 613,791 in salary and EUR 21,750 in fringe benefits. In 2018, OP Financial Group's former President and Group Executive Chairman Reijo Karhinen received EUR 203,243 in salary, EUR 1,525 in fringe benefits and EUR 125,050 in bonuses for 2017 based on the short-term scheme, or a total of EUR 329,818. In 2018, the amount of deferred bonuses earned for 2014–2016 under the long-term schemes totalled EUR 180,931.

Other Executive Board members and the Chief Audit Executive received a total of EUR 2,930,411 in salary and EUR 117,735 in fringe benefits. The amount of bonuses earned for 2014–2017 under the short-term and long-term schemes totalled EUR 885,743. Salaries and bonuses paid to other Executive Board members and the Chief Audit Executive totalled EUR 3,933,889.

The salaries and bonuses include the portion of the performance-based bonuses earned in 2017 and paid in 2018 as well as the portion of bonuses, based on the long-term management remuneration scheme, earned between 2014–2016 and paid in 2018. Payment of performance-based bonuses earned by the President and Group Executive Chair and Executive Board members for 2017 under the short-term scheme has not been deferred. The



deferral procedure is based on a procedure prescribed in the Act on Credit Institutions (610/2014), which is described in Note 50 of OP Financial Group's 2018 IFRS Financial Statements on variable remuneration.

The retirement age of the President and Group Executive Chair Timo Ritakallio is 65 years. The retirement age of other Executive Board members who became members before 2018 and the Chief Audit Executive is 63 years and the retirement age of Executive Board members who became members in 2018 corresponds to the lowest pensionable age under TyEL. Pension benefits are determined in accordance with pension laws and OP Financial Group's own pension plans. Executive Board members' and the Chief Audit Executive's supplementary pension cover has been arranged through OP Bank Group Pension Foundation and supplementary pension taken out with OP Life Assurance Company.

Supplementary pension insurance payments for 2018 totalled EUR 1,748,486. Due to changes in the supplementary pension plan for the Executive Board, some costs for 2017 became payable in 2018.

The President and Group Executive Chair is covered by OP Bank Group Pension Foundation's supplementary pension scheme. Pension accrued under the supplementary pension scheme may begin to be disbursed as a paid-up pension before the old-age pension if employment with OP Financial Group terminates. President and Group Executive Chairman Reijo Karhinen retired, based on his executive contract, when he turned 63 in January 2018. OP Bank Group Pension Foundation has charged a one-time payment, totalling EUR 534,539 for 2018, for an increase in the supplementary pension liability of Karhinen.

Supplementary pension costs have been published in the credit institutions' remuneration data collected annually by the European Banking Authority (EBA) in accordance with the capital requirements regulation (EU 575/2013) and directive of the (2013/36/EU, CRD IV) of the European Parliament and of the Council.

The period of notice for the President and Group Executive Chair, other Executive Board members and the Chief Audit Executive is 6 months. Upon termination of employment in cases specifically stipulated in their executive contracts, the President and Group Executive Chair is entitled to a severance pay and a sum equivalent to a maximum of 12 months' pay, while other Executive Board members and the Chief Audit Executive are entitled to a sum equivalent to a maximum of 6 months' pay.



	Regular pay	Fringe benefits	Short-term performance-based bonus earned in 2018 and paid in 2018	Total salaries, bonuses and fringe benefits paid in 2018	Portion of bonus under the long-term remuneration scheme earned between 2014 and 2016 and paid in 2018 (*	Total salaries, bonuses and fringe benefits, and deferred performance-based bonuses paid in 2018 under the long-term scheme
Timo Ritakallio (1 March–31 Dec. 2018)	613,791	21,750	-	635,541	-	635,541
Tony Vepsäläinen	617,988	13,020	91,768	722,776	100,120	822,296
Vesa Aho (1 Nov.–31 Dec. 2018)	55,960	40	-	56,000	-	56,000
Katja Keitaanniemi (6 Aug.–31 Dec. 2018)	160,598	97	-	160,695	-	160,695
Olli Lehtilä	333,571	35,815	37,700	407,086	56,209	463,296
Juho Malmberg (11 June–31 Dec. 2018)	167,530	140	-	167,670	-	167,670
Harri Nummela	373,796	11,400	35,530	420,726	69,110	489,836
Tiia Tuovinen (11 June–31 Dec. 2018)	124,265	6,405	-	130,670	-	130,670
Leena Kallasvuo	190,638	11,340	28,662	230,640	29,827	260,467
Reijo Karhinen (1–31 Jan. 2018)	203,243	1,525	125,050	329,818	180 931	510,749
Jouko Pölönen (1 Jan.–30 April 2018)	185,604	3,920	48,832	238,356	-	238,356
Karri Alameri (1 Jan.–10 June 2018)	127,728	4,572	56,496	188,796	25,409	214,205
Jari Himanen (1 Jan.–6 May 2018)	97,938	7,556	52,440	157,934	33,479	191,413
Harri Luhtala (1 Jan.–31 Oct. 2018)	217,957	10,950	32,493	261,400	45,234	306,634
Erik Palmén (1 Jan.–10 June 2018)	104,018	-	40,916	144,934	32,042	176,976
Carina Geber-Teir (1 Jan.–10 June 2018)	89,085	6,090	38,845	134,020	-	134,020
Outi Taivainen (1 Jan.–10 June 2018)	83,735	6,390	30,631	120,756	-	120,756

*) Includes the amount of performance-based bonuses under the long-term scheme earned between 2014 and 2016 and paid in 2018. Payment of deferred amounts requires a separate decision.

Entities providing OP Financial Group's investment service, such as member credit institutions, have the Guidelines for Insiders and Insider Trading as part of OP Financial Group's Guidelines for Insiders and Insider Trading. The Guidelines contain regulations governing inside information, prohibition against abuse and improper disclosure of inside information, disclosure of insider information, public insider registers, non-public lists of insiders, list of executives as well as reporting and disclosure of transactions, trading restrictions applicable to insiders as well as insider management. The Guidelines also cover restrictions imposed on relevant persons and the organisation of supervision of compliance with the restrictions.



In addition, OP Corporate Bank plc and OP Mortgage Bank as OP Financial Group's issuers of securities have separate guidelines on acting as issuers. These companies have a list of the executive insiders of the issuer. In addition, those who are considered to have ongoing access to all inside information on securities issued by OP Corporate Bank plc are included in the permanent non-public insider list of OP Corporate Bank plc.

The Guidelines for Insiders and Insider Trading are based on laws governing securities markets, such as the Market Abuse Regulation, and regulations issued by the Finnish Financial Supervisory Authority and Guidelines for Insiders of Listed Companies issued by Nasdaq Helsinki.

The Guidelines are aimed at fostering stock market players' trust in OP Financial Group, OP Corporate Bank and OP Mortgage Bank.

OP Legal Services maintains public insider registers of OP Financial Group entities, registers of relevant persons and, in respect of OP Corporate Bank plc and OP Mortgage Bank as issuers of securities, the of company-specific permanent insiders and the lists of executives. Such maintenance is organised through the SIRE system maintained by Euroclear Finland Ltd and through OP Financial Group's SIPI system.

Whenever necessary, OP Financial Group companies keep project-specific insider lists.

As credit institutions, OP Financial Group's member bank operations include participation in securities trades performed by clients or in other transactions related to securities. In connection with financing arrangements or as part of the bank's other ordinary operations, member banks and their executives and salaried employees may also receive inside information on client companies. For the abovementioned reasons, among other things, member banks and their executives and salaried employees are subject to insider regulation as referred to in the applicable law.

Training in insider issues is available on a regular basis. In particular, training takes place as a result of changes in the insider-related guidelines.

10.1 Access to insider registers and lists of insiders and their display for public inspection

Anyone has the right to access the public register of insider holdings and receive extracts and copies of the information in the register against a charge. However, a natural person's personal ID code and address and the name of a natural person other than the insider are not publicly available. Information included in the list of permanent insiders or the list of project-specific insiders is not publicly available, unlike that included in public insider registers such as the register of relevant persons. Extracts from and copies of the public insider register can be ordered from OP Legal Services, Wealth Management Legal Unit for Private and SME Clients. Written requests for such information specifically describing the information should be submitted to:

OP Legal Services
Henkilö- ja pk-yrittäjäasiakkaiden varallisuudenhoidon juridiikka
P.O. Box 1068
00013 OP

11 DISCLOSURE POLICY

OP Cooperative's subsidiaries OP Corporate Bank plc and OP Mortgage Bank are in charge of OP Financial Group's funding from money and capital markets. Securities issued by OP Financial Group entities are traded on Euronext Dublin, London Stock Exchange, SIX Swiss Exchange or other stock exchanges, in addition to or in place of Nasdaq Helsinki. OP

Corporate Bank has also issued unlisted bonds and/or certificates of deposit on the Finnish, UK and Japanese markets.

In their disclosure policy, OP Financial Group, OP Corporate Bank and OP MB comply with legislation, decrees and other binding regulations and the rules of Nasdaq Helsinki and, to the appropriate extent, those of other stock exchanges and the regulations and guidelines issued by the Finnish Financial Supervisory Authority and the European Securities and Markets Authority (ESMA). OP Financial Group's Communications takes into account not only the above but also the Corporate Governance Recommendations and the Code of Business Ethics.

This disclosure policy approved by OP Cooperative's Executive Board on 8 May 2018 and the boards of directors of OP Corporate Bank and OP MB on 1 August 2018 applies to the disclosure principles and practices of bond issuers (OP Corporate Bank plc and OP MB) and OP Financial Group.

It is the duty of OP Cooperative to ensure that OP Corporate Bank and OP MB, too, disclose, distribute and make information available on matters covered by the disclosure obligation as prescribed by law. The subsidiaries report and publish their own interim reports, Financial Statements and Reports by the Board of Directors. OP Cooperative discloses information for and on behalf of its subsidiaries that falls under its disclosure obligation. In practice, the central cooperative issues bulletins and releases in the name of OP Financial Group or the issuer. Communication with regard to securities issued by OP Corporate Bank and OP MB is decided upon on a case-by-case basis with the issuer. Responsibility for the issuer's disclosure obligation rests with each issuer.

The disclosure policy describes the key principles and policies followed by OP Financial Group and issuers in their communication with capital market participants and other stakeholders. In addition, the policy describes the disclosure, dissemination and storage of the information within the scope of the disclosure obligation as prescribed by law. OP Financial Group assesses its disclosure policy's consistency, suitability and sufficiency on a regular basis, at least once a year.

OP Financial Group's Communications are tasked with promoting the Group's business by providing all stakeholders with accurate information on the Group's goals, targets and operations. External and internal communications aim to support the Group's strategic and business goals and enhance and maintain the Group's strong corporate image while fostering cooperation within the Group. Both external and internal communications are based on facts and provide a true picture of the state of affairs.

Disclosure Policy is available at www.op.fi > OP Financial Group > To the media > Communications and disclosure policy. OP Financial Group's web address is www.op.fi.

Corporate responsibility forms an integral part of OP Financial Group's business and part of the Group's strategy. The Executive Board of OP Cooperative decides on the corporate responsibility guidelines and approves the Group's responsibility programme. The person responsible for corporate responsibility within senior management is OP's Executive Vice President, Communications and Public Affairs. In appointing Executive Board members, the Supervisory Board pays attention to the fact that the Executive Board has adequate corporate responsibility expertise. Performance assessment is based on the achievement of the responsibility programme targets reviewed regularly according to the Executive Board's meeting cycle.



Responsibility activities are guided by the responsibility principles adopted by the central cooperative's Executive Board. Responsibility for practical corporate responsibility activities rests with the boards of directors and executive boards of OP Financial Group companies, which implement corporate responsibility in accordance with their own decision-making processes. Communications and Public Affairs supports Group entities and functions in the implementation of the responsibility programme and in the dialogue with stakeholders and, whenever necessary, may communicate their concerns to the Executive Board.

OP Financial Group complies with the Code of Business Ethics approved by the Supervisory Board of OP Cooperative. OP Financial Group respects and conforms to international economic, social and environmental responsibility principles. The Group is committed to promoting the principles of the United Nations Global Compact initiative. OP Wealth Management has signed the UN Principles for Responsible Investment (UNPRI). OP Financial Group reports regularly on its corporate responsibility issues taking account of the Global Reporting Initiative (GRI) guidelines.

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UPDATING CORPORATE GOVERNANCE

OP Financial Group's Corporate Governance section, updated regularly, is available at op.fi: www.op.fi > OP Financial Group > About us > Corporate governance.