
PRINCIPLES OF GOOD CORPORATE GOVERNANCE

OP Cooperative's Board of Directors and, with respect to the diversity of governance, the Supervisory Council, have confirmed the Principles of Good Corporate Governance for OP Financial Group. These Principles cover all OP Financial Group entities as applicable. The subsidiaries and the branches abroad of OP Cooperative and OP cooperative banks apply these Principles insofar as possible, taking account of any requirements set by special and/or local legislation.

1 General principles

Reliable organisation of the governance of OP Financial Group and each of its entities forms part of implementing the Group's core values and the Code of Business Ethics. The goal of organising good corporate governance is to ensure the efficient and stable management of the Group entities and thereby promote the interests of the Group's owner-customers.

The Principles of Good Corporate Governance at OP Financial Group form part of OP Financial Group's good governance framework. They specify the organisation of the governance of Group entities, the management of conflicts of interest, the organisation of functions independent of business, the arrangement of corporate security, data protection and data security, outsourcing management, disclosure of information and the general principles governing the channel used in reporting on any violations. OP Cooperative's Board of Directors, the President and Group Chief Executive Officer or an Executive Management Team committee authorised by the President and Group Chief Executive Officer will issue more detailed instructions concerning these subject areas.

Good corporate governance means that OP Financial Group as a whole and its entities have the following regime in place:

- They have documented their organisational structure with well-defined powers, responsibilities and reporting relationships.
- They have diverse management bodies; their members have versatile skills and experience, the management bodies have balanced representation of genders and age groups and have comprehensive representation of various regions.
- The management bodies assess and develop their performance on a regular basis.
- Members of senior and executive management are reliable, fit and proper and professional.
- They identify and manage conflicts of interest.
- They have organised risk management, compliance and internal audit so that these functions are independent of business lines/divisions.
- Their remuneration principles support the achievement of targets and do not encourage risk-taking above the defined risk-taking level or acting contrary to the conflict of interest policy, and do not lead to actions against the customer's best interests.
- They operate transparently and openly and disclose information that is relevant regarding the reliability of operations.
- They ensure that corporate security, data protection and data security are an essential and inseparable part of operations.
- When functions are outsourced, they ensure that risk management and control related to the outsourced operations are organised appropriately.
- Personnel and stakeholders have the opportunity to report any violations they have observed through an independent channel.

2 Organisation of OP Financial Group's governance

2.1 OP Financial Group structure

OP Financial Group consists of its independent OP cooperative banks and OP Cooperative, which they own, including its subsidiaries and closely related companies.

OP Financial Group comprises the following two parts:

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

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. The extent of OP Financial Group differs from that of the amalgamation in that OP Financial Group subsumes entities other than credit and financial institutions or service companies. Of these, insurance companies are the most significant ones.

The central cooperative (OP Cooperative) has good corporate governance that enables effective risk management at OP Financial Group, as well as sufficient internal control and risk management systems in view of the Group's operations.

The central cooperative issues OP cooperative banks belonging to the amalgamation of deposit banks and companies of the central cooperative consolidated with instructions on the qualitative requirements needed to secure their liquidity and capital adequacy, on risk management, good corporate governance and internal control, as well as on compliance with standardised accounting policies in the preparation of the consolidated financial statements of the amalgamation. The central cooperative supervises compliance with instructions issued by it. In relation to its subsidiaries, the central cooperative performs shareholder engagement.

2.2 OP cooperative banks

The governance structure of OP cooperative banks is based on legislation and the rules and the charter they have adopted on the basis of the sample bylaws issued by the central cooperative, which define the responsibilities and duties of the management bodies. Registration of an OP cooperative bank's bylaws requires the approval of the central cooperative.

2.2.1 Cooperative Meeting or Representative Assembly

Members of OP cooperative banks, or owner-customers, use their decision-making powers in the Cooperative Meeting or in a Representative Assembly elected by owner-customers. Representative Assembly and Cooperative Meetings are arranged in such a manner that members of the OP cooperative banks can effectively exercise their rights at the meetings. The meetings are held in a venue and at a time that as many Representative Assembly members/OP cooperative bank owner-customers as possible can attend the meeting.

2.2.2 Supervisory Council

The Representative Assembly or the Cooperative Meeting elects the bank's Supervisory Council tasked with supervising the bank's governance by its Board of Directors and Managing Director.

The OP cooperative bank's Supervisory Council elects the bank's Board of Directors and Managing Director.

2.2.3 Board of Directors

An OP cooperative bank's Board of Directors is tasked with managing the operations of the bank in accordance with legislation, the bylaws and charter of the bank, and instructions adopted by the central cooperative. The Board of Directors is responsible for matters which by law or the bank's charter do not fall within the remit of the Managing Director, Supervisory Council, Representative Assembly or Cooperative Meeting. The Board of Directors has a particular duty to supervise the interests of the bank and to promote its development.

2.2.4 Managing Director

The OP cooperative bank's Supervisory Council appoints the bank's Managing Director.

The OP cooperative bank's Managing Director is in charge of daily management in accordance with legislation, regulations and instructions. The Managing Director is responsible for ensuring that the bank's operations are efficient and profitable, adaptable to changes in the business environment and under control in terms of risks, in accordance with the strategy/annual plan adopted by the Board of Directors, and the Group instructions. The Managing Director reports regularly to the Board of Directors on the bank's operations.

The Managing Director may be assisted by a Management Team appointed by the Board of Directors. The Management Team has neither official status under company law nor official decision-making powers.

2.3 Central cooperative and central cooperative consolidated companies

The highest decision-making body in the central cooperative, OP Cooperative, is the Cooperative Meeting which elects members of the central cooperative's Supervisory Council. Without prejudice to the supervisory obligation of the Board of Directors, the general duties of the Supervisory Council under the Co-operatives Act include supervising the governance of the central cooperative which is managed by and the responsibility of the Board of Directors and the CEO acting as the President and Group Chief Executive Officer. The Supervisory Council appoints the central cooperative's Board members, OP Financial Group's President and Group Chief Executive Officer, who acts as the central cooperative's CEO, and the deputy to the President and Group Chief Executive Officer.

The central cooperative's Board of Directors controls the operations of the central cooperative, the central cooperative consolidated, the amalgamation and the entire OP Financial Group according to the Supervisory Council's guidelines and manages the governance of the central cooperative and organises its operations appropriately in compliance with legislation and the regulations and decisions issued by relevant authorities. The Board of Directors must ensure that supervision of the central cooperative's accounting and financial management is duly organised. The Board of Directors also supervises the central cooperative, its subsidiaries, other entities within the amalgamation and the entire OP Financial Group to ensure that they are managed reliably, efficiently and in compliance with prudent business principles, and that the central cooperative, its subsidiaries and the other entities within the amalgamation act on the laws applied to them, on orders and decisions issued by the relevant authorities, on their bylaws or

articles of association and on the principles and instructions confirmed by the central cooperative's Supervisory Council and the Board of Directors.

The Audit Committee, the Risk Committee and the Nomination and Remuneration Committee assist the Board of Directors in its duties.

The Executive Management Team acts as the central cooperative's Management Team and supports the President and Group Chief Executive Officer in managing the central cooperative and its consolidation group, preparing strategic policies, preparing and implementing any operational issues of great significance or principal in nature and ensuring effective internal control, compliance and independent risk management.

3 Functions independent of business

OP Financial Group entities organise their risk management, compliance and internal audit to be independent of businesses in accordance with the principle of three lines of defence. The first line of defence comprises operational risk management and internal control performed by the business, the second line of defence comprises the independent risk management and compliance functions and the third line of defence comprises the independent Internal Audit.

4 Ensuring fit and proper assessment of administration and management, and governance diversity

OP Financial Group has a long-term approach to planning the composition of management bodies. Effective work in management bodies requires that their members have sufficiently diverse expertise, skills and experience. In addition to the expertise, skills and experience of its individual members, the composition of a management body is examined in terms of the aggregate expertise, skills and experience of its members. The management body must collectively have the expertise, skills and experience required for performing its duties.

All OP Financial Group staff members must demonstrate the required integrity, fitness and expertise so that customers, shareholders, markets and regulators can maintain full confidence in OP Financial Group in all circumstances. With respect to directors and key function holders, it is also the question of good corporate governance, which forms a key requirement for a licensed business.

The aim is that the Supervisory Councils and Boards of Directors of OP cooperative banks and the central cooperative are represented by both genders, at least in proportion of 60/40%. To that end, they seek to ensure on a long-term basis that where any candidates have equal strengths in terms of skills and experience, the person who represents a gender that is in minority on the management body is appointed a member of the management body.

5 Managing conflicts of interest and anti-corruption

Identifying conflicts of interest and avoiding them, good governance, transparency and responsible business form an integral part of good corporate governance. Anti-corruption is part of responsible business operations. Members of management, management bodies and staff within every Group entity must act in the interests and for the benefit of the entity concerned and the Group without undue influence. Every person representing management, management bodies and employees of a Group entity is obliged to ensure the avoidance and appropriate management of conflicts of interest as well as good governance, transparency, responsible business, including anti-corruption.

6 Remuneration

OP Financial Group's confirmed principles governing personnel comprise the remuneration principles and the pay policy. The remuneration principles and the pay policy must contribute to the achievement of operational targets and the corporate culture based on OP Financial Group's core values. In OP Financial Group, remuneration complies with the regulation valid at each given time, takes responsibility and sustainability risks into consideration and does not encourage excessive risk-taking.

Remuneration earned by persons in control functions may not depend on the financial performance of the unit they control.

7 Corporate security, data protection and data security

Security activities are aimed at ensuring a safe and secure physical work environment for our employees and a secure environment for transactions for our customers while protecting OP Financial Group's data, premises, reputation, business processes and services against risks to which they may be exposed. Comprehensive security activities aim to ensure business continuity and foster business objectives and targets.

Data protection and data security are an essential and inseparable part of OP Financial Group's operations and good data processing practices.

Each OP Financial Group employee is responsible for ensuring that they process personal data in compliance with data protection legislation, good data management and processing practice and good banking and insurance practice, while ensuring that privacy protection is not compromised.

8 Outsourcing

The outsourcing of functions is aimed at improving the achievement of OP Financial Group's strategic and operational goals and competitiveness. This can be achieved, for example, through higher operational efficiency, better operational reliability, better customer experience, greater flexibility or expertise of an external service provider. An external service provider must have practices consistent with OP Financial Group's core values and ethical principles. The service provider must agree to comply with OP's Supplier Code of Conduct or verify that its practice is at least at the level of OP Financial Group's minimum requirements.

9 Disclosure of information

In its external communication, OP Financial Group follows the adopted communications and disclosure policy, on the basis of which the Group discloses information on the central cooperative and its Group companies. In accordance with the policy, OP Financial Group annually publishes its Corporate Governance Statement as well as OP Financial Group's Remuneration Statement on its website.

Each OP cooperative bank discloses a Corporate Governance Statement on its website. The Statement includes a description of the organisation and functioning of the bank's governance and a report on compliance with the governance requirements.

10 Reporting violations (whistleblowing)

OP Financial Group maintains a system through which people can report suspected breaches of rules and regulations. The central cooperative's Compliance organisation is responsible for OP

Financial Group's whistleblowing process. Actions that are against OP Financial Group's core values can also be reported.

All reports will be processed without delay. Based on the reports, the required investigations will be carried out and measures taken if needed. The reports will be processed with the strictest confidentiality. OP Financial Group's whistleblowing process enables anonymous reporting unless the reporting party wishes to provide their personal details. Access to information related to the content of the report and the person subject to reporting has been limited to the Group Compliance Officer and persons who must investigate the matter according to the assessment by the Group Compliance Officer.