

OP Corporate Bank's corporate
loan portfolios and OP's mutual
funds to be carbon neutral
by 2050



Climate change is one of the most significant challenges of our age

Climate change is not only a future threat, but its effects are already felt extensively around the world – also in Finland. Measures to curb climate change must be taken more promptly.

The role of the financial sector in curbing climate change is particularly shown through financing and investment activities. We want together with our customers to enable change towards a more sustainable future. Curbing climate change effectively requires seamless cooperation between all economic actors.

Our commitment

OP Financial Group is committed to the Paris Agreement which is aimed at holding the increase in the global average temperature well below 2°C above the pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. OP Financial Group aims to be carbon neutral in terms of emissions caused by energy and fuels (scope 1 and scope 2) until 2025. Furthermore, OP Financial Group became in 2019 a Founding Signatory of the Principles for Responsible Banking under the United Nations Environment Programme Finance Initiative (UNEP FI).

OP Corporate Bank is committed to achieving carbon neutral corporate loan portfolios by 2050. OP Asset Management and OP Fund Management Company have made the same commitment regarding the funds they manage together. In addition to this long-term target, we are now creating a roadmap for reducing emissions significantly before that year, especially in Finland, our main market in corporate financing. When it comes to investments, we will halve the greenhouse gas emission intensity by 2030.

Our actions

We at OP Financial Group are among the first banks in Europe that has published a sector-specific emission calculation of our portfolio of exposures. We will continue to invest in transparency in our emissions. We will follow emission developments as a significant internal strategic indicator.

We have integrated environmental, social and governance (ESG) themes into our lending and we will assess in all significant loan decisions how our corporate customers have prepared for risks caused by the ESG factors.

Through our measures, we want to ensure that our corporate customers are prepared for the impact of climate change and we will support them on their way towards low-carbon operations by providing them on better terms than of normal loans with green loans for projects that are useful from the perspective of climate and the environment.

We will not provide finance for new coal power plants or coal mines, including companies that plan to build them. Neither will we develop new corporate finance relationships with customers whose financial dependence on coal used for power generation accounts for over 5% of their net sales. This policy can be deviated from if the corporate customer is committed to shifting towards a low-carbon economy and demonstrating a credible plan to withdraw from coal.

Since 2015 in our investment operations, we have followed the carbon intensity scores of our mutual funds, and considering the ESG factors is an integral part of our investment decisions. From our active investments, we will exclude companies with coal mining or coal power generation accounting for more than 25% (20% from 2022). We will stepwise tighten the coal-exclusion policy in such a way that our direct and active investments will not include investments by the end of 2030 with business related to coal mining or coal power generation.

Active ownership has always been an integral part of our measures related to responsible investment. We will in future further develop our methods of corporate engagement and voting at shareholders' meetings in such a way that they will more strongly foster our target for carbon neutrality, and we can act to support the reduction in carbon emissions in our investees.

The objective of our measures is to contribute to the achievement of the targets of the Paris Agreement and reduce emissions.