

# Biodiversity roadmap

OP Financial Group



# Contents

Introduction.....	2
Biodiversity and the business environment.....	3
Financial system and biodiversity.....	4
Climate change and biodiversity.....	6
Competence development.....	7
Training.....	7
Regulatory knowledge.....	7
Assessment of impacts and dependencies.....	8
Actions.....	11
Sustainable corporate finance.....	11
OP mutual funds.....	12
Insurance companies.....	13
Agriculture and forestry.....	14
OP cooperative banks.....	15
Purchases.....	16
Collaboration with stakeholders.....	17
Reporting.....	17
Appendices.....	18
Key concepts and frameworks.....	20

OP Cooperative’s Board of Directors approved OP Financial Group’s biodiversity roadmap on 26th September 2023.

With the roadmap, we are creating a framework for promoting biodiversity in OP Financial Group (later referred to as ‘OP’ in this document), with the aim of growing its nature positive ecological handprint by 2030. By ‘nature positive’, we mean that OP’s operations will have a net positive impact (NPI) on nature.

# 1. Introduction



This roadmap is part of the implementation of OP Financial Group’s sustainability programme, in which we commit to identifying the negative impacts of our operations on biodiversity and to reducing our contribution to nature loss.

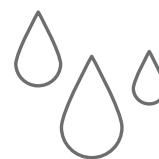
Moreover, our stakeholders and customers expect us to take account of biodiversity. In the “Good deeds across time” survey of 2022, 16% of OP’s owner-customers chose supporting biodiversity as an important local sustainability action, ranking the theme in third place. The roadmap and its actions will therefore help to fulfil owner-customers’ wishes.

OP promotes biodiversity in cooperation with its customers and stakeholders. It aims to be a pioneer, inspiring other actors to take account of biodiversity in their operations. In this, OP highlights e.g. taking account of forest environments, traditional landscapes and farming, wetlands and water bodies, the Baltic Sea, invasive species prevention, and pollinators. It engages in biodiversity analysis from the climate, water sustainability and circular economy perspectives.



## Circular economy

Use of natural resources is a driver of nature loss. The aim of developing a circular economy is to bring production and consumption within the earth’s carrying capacity. Environmentally sustainable management of living natural resources will reduce pressure on nature and lower emissions.



## Water sustainability

Water sustainability means consuming water in a manner that is environmentally sustainable, socially and culturally fair, and economically viable. Identification of water risks and sustainable management of water consumption are important to improving the status of water bodies and easing water scarcity both globally and locally.

## OP FINANCIAL GROUP'S BIODIVERSITY RELATED KEY CONCEPTS



### 1.1. Biodiversity and the business environment

At the UN Biodiversity Conference held in Montreal in December 2022, 196 countries agreed on the Kunming-Montreal Global Biodiversity Framework (GBF), which sets goals for halting global biodiversity loss by 2030 and strengthening biodiversity thereafter. The GBF has four goals to be achieved by 2050, which involve the whole of society (public and private sector actors). One of the goals (Goal D) refers to the financial sector's role in nature conservation and restoration and is consistent with the Paris Agreement goal for the financial sector. Goal D states that all public and private-sector financial flows must be directed towards fulfilment of the GBF goals. For private financial sector organizations like OP, this means reducing financial flows to nature-negative activities, reinforcing financial solutions for halting nature loss and helping to close the biodiversity financing gap in order to accelerate the required nature-positive activities.

The Kunming–Montreal Global Biodiversity Framework targets applicable to the financial sector must be achieved by 2030. They are:

#### TARGET 15

Large and multinational companies and financial institutions must regularly monitor, assess and transparently disclose their risks, dependencies and impacts on biodiversity, in relation to financial institutions' operations, supply and value chains, and portfolios, in order to progressively reduce negative impacts on biodiversity and increase positive impacts.

#### TARGET 19

Financial resources from all sources must be increased, to improve biodiversity. This can be done by leveraging private finance, creating new strategies for raising new and additional resources, and encouraging the private sector to invest in biodiversity, including through impact funds and other instruments.

The European Central Bank expects banks to take account of the physical and transition risks related to biodiversity loss<sup>1</sup>. The ECB has estimated that almost 75 per cent of corporate loans made by banks in the euro area are for companies that are strongly dependent on ecosystem services of some kind<sup>2</sup>. In the case of Finnish banks, the equivalent figure is the third-highest in the euro area. A subordinate regulation under the EU's Corporate Sustainability Reporting Directive (CSRD) will provide guidelines for reporting on transition plans related to biodiversity and ecosystems, and for assessing policies, action plans, goals and possible financial impacts from the perspective of nature. Due to OP's exposure to nature risks, its impact on biodiversity, and the ECB's supervisory expectations, these are key regulations for OP.

## 1.2 Financial system and biodiversity

Diversity is the basis of the natural world's ability to provide various services, that is to say ecosystem services, such as the utilisation of raw materials or recreational use of nature. Ecosystem services form the basis of all economic activities. Over half of the world's GDP is highly or moderately dependent on nature and the services it provides<sup>3</sup>. Understanding the value of ecosystem services is an essential, emerging theme. As previously mentioned, an ECB

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<sup>1</sup> ECB's Guide on climate-related and environmental risks: [Guide on climate-related and environmental risks \(europa.eu\)](https://www.ecb.europa.eu/press/blog/date/2023/html/ecb.blog230608-5cffb7c349.en.html)

<sup>2</sup> <https://www.ecb.europa.eu/press/blog/date/2023/html/ecb.blog230608-5cffb7c349.en.html>

<sup>3</sup> [WEF New Nature Economy Report 2020.pdf \(weforum.org\)](https://www.weforum.org/reports/new-nature-economy-report-2020)

assessment indicates that almost 75 per cent of all euro-area bank loans are made to companies that are highly dependent on at least one ecosystem service.

On this basis, biodiversity is not the responsibility of society only, it is also a key element in banks' business activities. For example, the more dependent corporate borrowers are on ecosystem services, the greater the impact the degradation of nature will have on their businesses and thereby the risk levels of banks' loan portfolios.



Drivers of nature loss include land and sea use and changes in them, direct utilisation of animal and plant resources, climate change, pollution and invasive species<sup>4</sup>. All economic sectors have either negative or positive impacts on nature, but they also have opportunities to prevent nature loss. Due to global supply chains, private-sector activity in Finland is dependent on foreign ecosystems as well as Finnish nature. Finland provides a habitat for 48,000 species, around half of which are forest species. A total of 11.9% of species are threatened, 31% of which primarily live in forests. Some 77% of traditional biotopes and forest biotopes are threatened.<sup>5</sup> Actions taken to protect biodiversity are therefore more cost effective the sooner they are taken. In addition, turning activities nature positive will create new opportunities for businesses in their intensifying competitive environments.

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<sup>4</sup> The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES): [IPBES Home page](#) | [IPBES secretariat](#)

<sup>5</sup> Conservation status of Finnish species. Red List 2019: [The Web Service of the Red List of Finnish Species \(laji.fi\)](#)

## 1.3 Climate change and biodiversity

As far as possible, climate and nature action should be examined together, because climate change is a strong driver of nature loss. Global warming is also changing living conditions in ecosystems. Correspondingly, natural biodiversity can slow climate change, for example by forming carbon sinks and aiding adaptation to changing conditions. OP aims to achieve carbon neutrality in its own operations by 2025, and in its corporate loan portfolios and the funds it manages by 2050.

In addition, it has set new emissions reduction targets for three sectors between now and 2030: energy, agriculture and residential properties.

**50%** In energy production, emissions per production unit will be reduced from 2022 levels by 2030

**30%** In agriculture, absolute emissions will be reduced from 2022 levels by 2030.

**45%** In home loans, emissions per production unit will be reduced from 2022 levels by 2030.



## 2. Competence development

Taking account of biodiversity in business activities requires deep understanding of the subject and extensive development of competencies. Improving the competencies of our employees and customers, understanding regulation, and enhancing our capabilities and systems are essential to the development of OP's nature-positive work.

### 2.1. Training

Training provides an important basis for OP's nature-positive work. By increasing our knowledge of nature, we can ensure that our employees and customers are aware of biodiversity's importance and take it into account in their activities. The key principle is that OP's employees maintain and update their competencies to ensure that OP's actions are sustainable now and in the future. As a financial sector actor, we have an extensive value chain. We therefore view dialogue with customers, and their sustainability work, as important means of impacting positively on nature.

- During 2023, we will devise general biodiversity training aimed at all OP Financial Group employees.
- We will provide employees working with biodiversity with advanced training during 2024.
- We will provide sector-specific biodiversity training for customers by the end of 2024.
- We will enhance our circular economy competencies.

### 2.2. Regulatory knowledge

Our actions are steered by regulation, as well as the goals set in OP Financial Group's sustainability programme and biodiversity roadmap. We anticipate that the nature theme will be highlighted in regulations and sustainability reporting in the near future. Competence in biodiversity regulation is part of OP's strong risk management and compliance culture. Foresight of regulation will enable us to reduce OP Financial Group's and its customers' transition risks and find new business opportunities.

- We acknowledge the forthcoming biodiversity requirements based on the Corporate Sustainability Reporting Directive, and assessed them in our 2023 materiality analysis.
- We will promote use of the criteria set in the EU Taxonomy Regulation – including the “Do no significant harm” criteria – in relation to the circular economy and biodiversity.



### 3. Assessment of impacts and dependencies

Biodiversity-related impacts and dependencies can give rise to physical or transition risks. The flip side of risks is new opportunities, which OP can create for itself and its customers by acting as a pioneer in understanding and harnessing the impacts of biodiversity.

We aim to create metrics for assessing our impacts and dependencies and identify the required data points. Because the area is still developing, and metrics of the kind used in e.g., emissions’ monitoring have not yet been developed for biodiversity, we will initially focus on understanding topical national and international research, publications and methods. On this basis, we will move on to identifying the key nature loss drivers relevant to OP’s business activities. We will take account of all biodiversity development in our annual materiality analysis, risk management, and data collection from 2023 onwards.

The Pre-analysis of OP Financial Group’s impacts on Finland’s biodiversity performed in 2022 (Appendix 1) and the results of OP Financial Group’s materiality analysis of climate and environmental impacts conducted in spring 2023 (Appendix 2) form the basis for upcoming development. The materiality analysis indicates that OP Financial Group’s business activities have strong connections with nature, particularly the direct use of natural resources.

The diagrams below give a breakdown of how the nature impacts and dependencies of OP Financial Group’s balance sheet are divided between nature loss drivers. The analyses are based on the ENCORE tool (Exploring Natural Capital Opportunities, Risks and Exposure), and the mapping of its sectoral values onto the loan portfolio’s sectoral breakdowns. The findings are then allocated between the five nature-loss driver categories presented in the diagram.

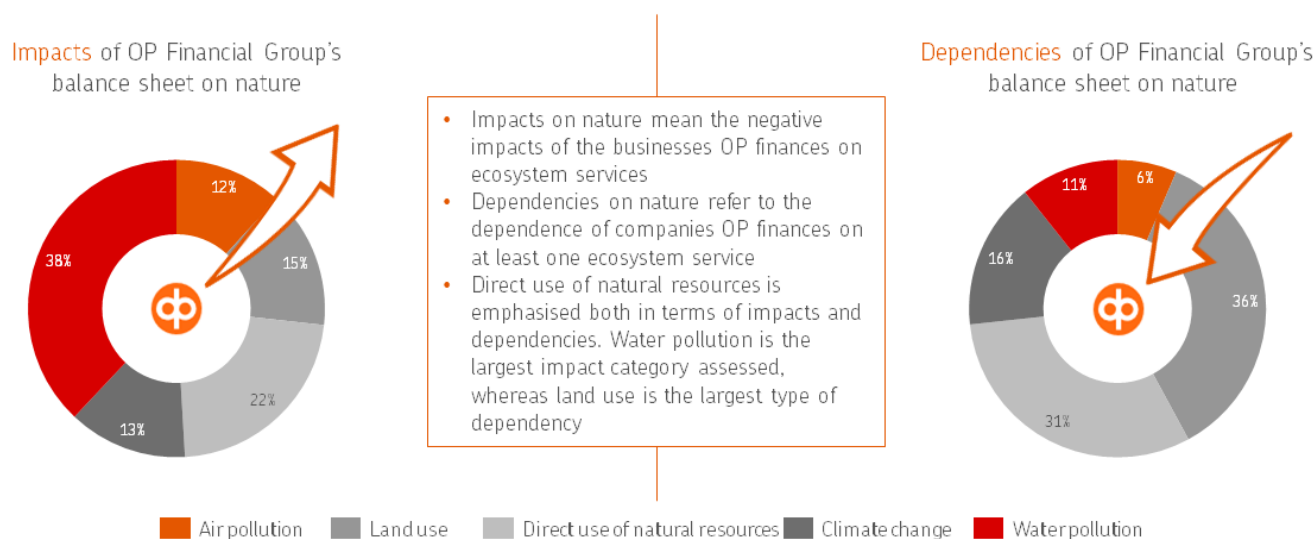


Diagram 1: OP Financial Group's balance sheet's impacts and dependencies on nature

### Annual materiality analysis:

- We are developing metrics to evaluate and compare the nature-positive and nature-negative developments in our business annually. Our goal is to begin monitoring and reporting on the metrics in 2025.
- From 2023, we will make use of global frameworks, such as TNFD, ENCORE and PBAF, for assessing biodiversity impacts and dependencies.
- We will conduct pilot calculations of our nature impacts in key sectors.
- We will consider OP's loan portfolio's land and forest areas, in which the variety of species and biodiversity value can be highly variable.
- As part of our sustainability reporting, the results of our biodiversity metrics will be regularly updated. These results will also be considered in our decision-making.



### Risk management:

- We will identify, analyze, and assess the significance of biodiversity risks to OP, taking account of possible risk concentrations by risk type and at Group level.
- We will take account of identified key risks in our risk policy, monitor risks through regular reporting, and create limits for significant risks where necessary.
- When assessing overall risk exposure, we will use information on biodiversity-related risk factors combined with the related location data.
- We will monitor and draw up biodiversity scenarios as part of our climate and environmental risk scenario work.
- We will supplement our biodiversity risk libraries that are sourced from our materiality analysis and international biodiversity initiatives with risk identification workshops.

## Data management:

- We will identify the data that OP must collect to conduct high-quality biodiversity impact and dependency assessments.
- We will create capabilities for the collection and use of location data on biodiversity.
- We will explore the use of data produced by national actors, such as forest resource data from the Forest Centre and information provided by the Finnish Biodiversity Information Centre, to enhance our own competencies.

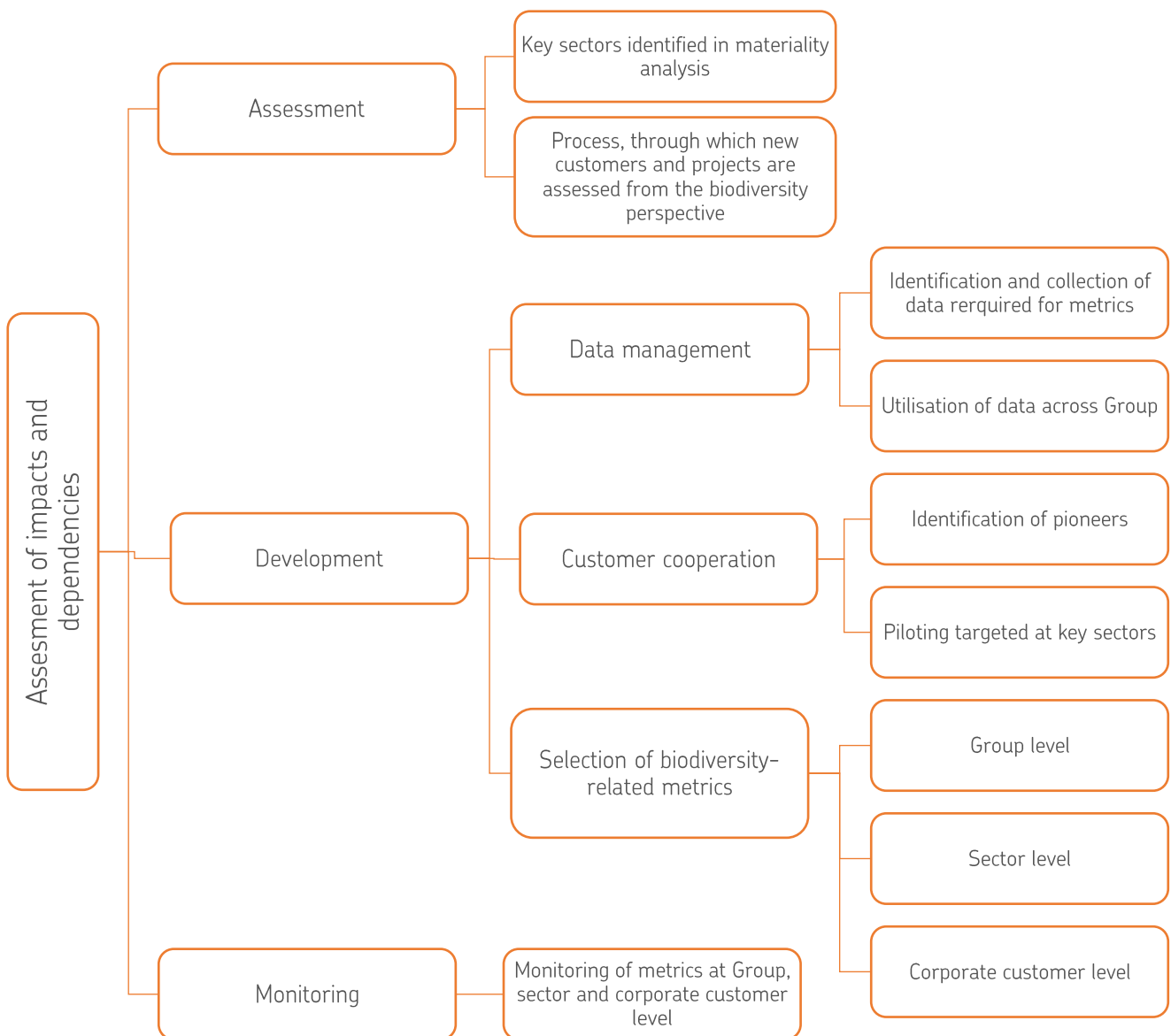


Diagram 1: Phases of biodiversity dependency and impact assessment and target outcomes

## 4. Actions



OP aims to grow its ecological handprint in key portfolios by 2030. As frameworks and methods develop, we will issue more detailed, science-based nature-positive goals when updating the roadmap.

### 4.1 Sustainable corporate finance

The provision of sustainable finance is a key tool in promoting biodiversity. In terms of sustainable corporate finance, OP aims to increase its financing of nature-positive projects and support corporate customers in their efforts to reduce their negative impacts. Through this type of incentivisation, we can turn biodiversity risks into opportunities and, for example, improve the availability of raw materials.

- We will enhance understanding of our customers' key biodiversity impacts and their effects on the overall business. We will help our customers to set targets for promoting biodiversity. We will follow a group of target-setting companies and their performance in key sectors identified in the portfolio. We will discuss biodiversity goals with 200 corporate customers (that are considered most material based on our exposures) on the sectors assessed as most material for our business (agriculture/food industry, forest industry, energy, real estate and construction, and transport).
- We will add biodiversity to our green financing framework, which will enable the financing of projects that enhance biodiversity or reduce environmental harm.
- We will follow the due diligence of large companies subject to the EU's Deforestation Regulation. Seven product groups are covered by the EU's Deforestation Regulation, which has the aim of

reducing deforestation globally: soya, palm oil, coffee, cocoa, cattle, wood and rubber, as well as products containing or made from them.

- We will cooperate with various actors at EU level and participate in a range of financing programmes. This will enable the financing of projects that slow nature loss, or are nature-positive, on the basis of risk sharing guarantees. Such financing will help companies by reducing their need for other collateral and offering a lower interest rate.
- We will provide financing for business activities eligible for financing that promote the circular economy and take account of the circular economy in our green financing framework. We will help our customers to identify circular economy business opportunities and make the transition to new business models.
- We will promote use of the EU taxonomy criteria – including the “Do no significant harm” criteria – in relation to the circular economy and biodiversity.
- We will improve the integration of biodiversity considerations into our ESG analysis.

## 4.2 OP mutual funds

Investors have woken up to the risks associated with nature loss, and biodiversity degradation has become a major theme alongside climate change. Companies attracting investments will begin extensive and systematic reporting on topics related to nature loss from 2024 and 2025, when the IFRS's and EU's sustainability disclosure standards enter into force. Actions that limit nature loss or the use of natural resources could create direct or substantial risks in sectors which (either directly or through their value chains) are highly natural resource dependent. Such risks could impact investment portfolios. In the case of globally distributed investments, investors still have only limited possibilities to assess financial risks related to nature, because location-specific impacts on biodiversity can only be measured indirectly in most cases.

- We will integrate biodiversity considerations as a part of ESG analysis. In cooperation with a range of stakeholders, initiatives and data providers, we are continuously learning more about biodiversity, which is enabling the integration of new metrics into ESG analysis as data becomes available. We aim to report on nature-loss risks and impacts as standards and frameworks develop.
- Global deforestation is a key driver of biodiversity loss and we will continue our support to a collaborative investor dialogue initiative that coordinates policy dialogue on halting deforestation.
- We will report data on biodiversity risks for our mutual funds. In collaboration with our partners, we have conducted a preliminary analysis for two of our funds on the dependencies on natural capital and key ecosystem services. We aim to continue and extend this analysis, identify nature-loss risks in our holdings in sectors where these risks are material, and increase our use of data on such risks. We already report in accordance with the EU's Sustainable Finance Disclosure Regulation (SFDR) on the share of investments whose activities have a negative impact on areas

with sensitive biological diversity and our investments' emissions to water. We will publish the same metrics for all of our funds in the next annual report.

- We will update our exclusion criteria from the environmental perspective. Companies with 5% or more of net sales derived from palm oil production are currently excluded from our index funds. In addition, companies are excluded if they are involved in serious disputes concerning biodiversity, land use or supply chains. We will also assess the possible extension of biodiversity-linked exclusions to other funds.
- Opportunities for investors include nature-positive solutions, which promote sustainable use of natural resources. Examples of this are the OP-Climate and OP-Clean Water mutual funds, which invest in companies that provide solutions for mitigating climate change and securing current and future clean water availability. In our OP-Forest Owner fund, biodiversity-promoting activities are ensured through certification, nature restoration and long-term work. Correspondingly, real-estate investment highlights sustainable urbanisation in the form of infill construction, and investment decisions take account of the real estate's location, accessibility and the area's climate risks and nature's values.

## 4.3 Insurance companies

The insurance sector can influence biodiversity and nature loss mitigation. A concrete way of doing so is to reduce emissions in claims settlements by growing the circular economy's share in such settlements, since climate change is a key driver of nature loss. Nature-related opportunities can also be used in product and service development, for example by insuring new types of business, and taking account of nature-positive impacts in insurance pricing and claims settlement practices.

- During 2023, we will begin analysing the share of forest, insured through Pohjola Insurance, which can be considered valuable to biodiversity. We will also take account of biodiversity in our future development of farm and forest insurance.
- We will adopt new circular economic models in our vehicle and property claims settlement. In cooperation with a leading car dealership with circular economy operations, we will increase the availability of quality spare parts from salvaged vehicles. We will also markedly increase the use of recycled spare parts in vehicle repair over the coming years. We will assess new circular economy operating models through our property claims services in 2024.
- We will enhance our criteria for taking account of biodiversity as part of corporate customers' ESG (Environmental, Social, Governance) assessment model in 2024. We will publish nature risk data on investments managed by OP Asset Management and offered to customers as part of OP Life Assurance Company's insurance savings products. In collaboration with its partners, OP Asset Management has conducted a preliminary analysis of the dependencies on natural capital and key ecosystem services of two funds. The aim is to continue and extend this analysis, identify nature-loss risks related to key sectors in funds, and increase the use of data on such risks.

In accordance with the EU's Sustainable Finance Disclosure Regulation (SFDR), OP Asset Management will report on the share of investments whose activities negatively affect biodiversity-sensitive areas and water emissions associated with investments. OP Life Assurance Company will increase the SFDR-compliance investments offered to customers.

- Biodiversity will be taken into account as part of ESG analysis when OP Financial Group's insurance companies make investments. We will also analyse the updating of the relevant exclusion criteria from the perspective of nature loss. New metrics will be integrated with ESG analysis as biodiversity data becomes available. We can develop our biodiversity goals at the same time.

## 4.4 Agriculture and forestry

Many plant, insect, bird and mammal species are dependent on habitats created by traditional farming. The consequences of changes in farming practices – such as a reduction in pastures, the overgrowth of untended fields, and fewer verges and traditional environments – have reduced biodiversity. Healthy soil is important to harvest productivity and carbon sequestration, as well as to biodiversity.

Forests play a key role in promoting biodiversity in Finland. It is important to establish biodiversity-positive development in forests and halt the loss of forest biotopes and species.



## Agriculture

- We will support regenerative agriculture by developing a loan product that will support and encourage investment by our agricultural customers for example in developing the nutrient cycle in fields and reducing the degradation of water bodies. To enable the identification of regenerative agriculture in financing, we will also promote the creation of national criteria.
- We will promote the local rehabilitation of traditional landscapes and biotopes by increasing knowledge of the subject, in cooperation with various actors.
- We will cooperate with actors in the food supply chain to promote biodiversity, for example in the development of targets and data.

## Forestry

- We will promote biodiversity in cooperation with landowners and the forest industry, through activities such as nature restoration and in catchment planning as part of water conservation.
- We will continue with biodiversity analysis of forest estates currently or soon to be pledged as collateral. We will develop a biodiversity index for the OP Forest and OP Forest Appraisal services, in support of forest owners.
- We will produce data for customers on forests and forest nature. We will supplement our information on promoting biodiversity on the forestry web pages on the op.fi service.

## 4.5 OP cooperative banks

OP Financial Group's mission is to promote the sustainable prosperity, security and wellbeing of its owner-customers and operating region. The promotion of biodiversity and wellbeing are therefore strongly linked to the implementation of our mission. Our over two million owner-customers own the OP cooperative banks and thereby the whole of OP Financial Group. It is therefore important that we listen to our owner-customers and act in their interests. For several years, OP Financial Group has been conducting the nationwide "Good deeds across time" survey among owner-customers, to identify their wishes in regard to our corporate responsibility work. Promotion of local biodiversity has emerged as a key theme in the survey. Through our banks, we impact on the whole of Finland, where there are many opportunities for promoting local wellbeing within different biotopes.

- We will draw up instructions for OP cooperative banks on promoting biodiversity when working with customers and in their own activities.
- We will promote biodiversity on OP Financial Group's and companies' real estate. Practical means of doing so include the creation of wildflower meadows, using parking area verges as habitats for insect-friendly plants, establishing green roofs, and reducing food waste.



## 4.6 Purchases



As a large organisation, OP makes a high number of purchases, which were worth around 2 billion euros in 2022, for example. The Group has almost 20,000 suppliers of products and services. Most suppliers are based in Finland, where they also provide their services, but international companies are highly important to purchases of digital services in particular. In terms of purchase volumes, in 2022 the largest purchase categories were Insurance claims services, ICT and Building management services.

- We will take account of biodiversity-positive purchasing criteria in purchasing plans in key categories. Examples include guidelines on the sustainable construction of business premises and guidelines under preparation on sustainable ICT purchases.
- We will promote the circular economy in selected product groups, by methods such as recycling and favouring the use of recycled materials. Old computers, mobile devices and office furniture will be recycled for further use through a partner.

## 5. Collaboration with stakeholders

Stakeholder collaboration is part of OP Financial Group's corporate responsibility work to promote biodiversity. Most of OP Financial Group's impacts on nature occur indirectly, via customer businesses. It would also be important to find means of enhancing direct positive impacts, and we are doing this together with our stakeholders. Through stakeholder collaboration, we will create added value in the implementation of our roadmap and promote biodiversity in Finland.

A key element in stakeholder collaboration is OP's voluntary work day for staff, Hiiop. On Hiiop Day, OP employees around Finland can do their part to nurture their local natural environment. Themes include the elimination of invasive species, restoration of small water bodies, mowing of shorelines, and the restoration and maintenance of traditional environments.

## 6. Reporting

We are preparing to report on biodiversity-related matters as part of OP Financial Group's sustainability reporting from 2024. For this, we will use the EU's subordinate regulation under the Corporate Sustainability Reporting Directive (CSRD), and the framework provided by the Task Force on Nature-Related Financial Disclosures.

The key elements of reporting are biodiversity-related risks and opportunities, impacts and dependencies, and monitoring of the goals and measures presented in this roadmap.

# Appendices

## Appendix 1

### Pre-analysis of OP Financial Group's impacts on Finland's biodiversity

In 2022, we performed a pre-analysis of OP Financial Group's impacts on Finland's biodiversity. The goal was to chart OP's impacts on Finnish nature, using geographical and location data. We selected loan portfolios likely to be important in terms of biological diversity.

The pre-analysis combined agriculture and forestry-based collateral with data on the biodiversity of forest-based nature. Biodiversity on forest land pledged as collateral was compared with that of all Finnish forests, and key forest habitats and protected areas were identified. The results reveal major regional variation in biodiversity.

In 2023, we performed a similar analysis of holiday residences pledged as collateral, because such residences are often located close to nature. The results of this supplementary analysis indicate that proximity of holiday residences to highly biodiverse nature has an impact on the residences' financial value.

The analytical capabilities developed during this work provide a strong basis for OP's enhancement of its biodiversity work. From 2023, we will add other portfolios, data sources and metrics to our biodiversity analyses.

## Appendix 2

### Materiality analysis of OP Financial Group's impacts and dependencies on nature

Table 1 below shows the results of an ENCORE<sup>6</sup> analysis performed as part of the materiality analysis. The analysis maps the ENCORE tool's estimates – of sectoral impacts and dependencies on various ecosystem services – onto OP Financial Group's loan portfolio. This analysis helped identify the sectors with strong links to ecosystem services and which could cause the profoundest changes for our business activities. Even if a sector has a major impact or dependency on ecosystem services, this cannot be considered material to OP Financial Group if the Group has no substantial exposures in the sector.

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<sup>6</sup> ENCORE – *Exploring Natural Capital Opportunities, Risks and Exposures*, Natural Capital Finance Alliance.  
<https://encore.naturalcapital.finance/en>

Impacts on nature (ENCORE)	Dependencies on nature (ENCORE)	Impact and dependency on nature (ENCORE)	Results of quantitative analysis
Real Estate Operating Companies	Real Estate Operating Companies	Real Estate Operating Companies	Agriculture
Construction & Engineering	Agricultural Products	Agricultural Products	Energy Production
Diversified Support Services	Machine Workshops	Machine Workshops	Road Traffic
Agricultural Products	Packaged Foods & Meats	Construction & Engineering	Real Estate
Buying and Selling of Own Real Estate	Hydropower	Diversified Support Services	Machine Workshops
Machine Workshops	Buying and Selling of Own Real Estate	Buying and Selling of Own Real Estate	Construction
Independent Power Producers and Energy Traders; Nuclear and Thermal Power Stations	Road Traffic	Road Traffic	Oil & Gas
Real Estate Development	Independent Power Producers and Energy Traders; Nuclear and Thermal Power Stations	Independent Power Producers and Energy Traders; Nuclear and Thermal Power Stations	Marine Transportation
Road Traffic	Real Estate Development	Real Estate Development	Commodity Chemicals
Research & Consulting Services	Paper Products	Packaged Foods & Meats	Forest Products

Table 1: Key sectors for OP Financial Group, which have the greatest impacts, dependencies or both on nature and the ecosystem services that nature provides. The 10 most significant sectors are recorded (in order of priority) in each column, on the basis of each column's assessment criteria. The rightmost column lists the sectors categorised as most significant for OP Financial Group on the basis of a more extensive quantitative analysis that included e.g. other international initiatives in addition to the ENCORE analysis

## Appendix 3

### Key concepts and frameworks

<b>Biodiversity – the variety of species in nature</b>	Biodiversity refers to the range of species and biota, and genetic variability within species. Useful synonyms include species diversity, natural diversity, and natural resilience.
<b>Ecosystem services</b>	<p>Nature's tangible and intangible benefits for people. Ecosystem services are divided into four categories: provisioning, supporting, regulating and cultural services.</p> <ul style="list-style-type: none"><li>• Provisioning services: food and water, medicinal resources, construction materials</li><li>• Supporting services: photosynthesis, nutrient cycling, soil formation</li><li>• Regulating services: climate regulation, purification of water and air</li><li>• Cultural services: aesthetic benefits, recreation</li></ul>
<b>Natural capital</b>	Renewable and non-renewable resources (for example, plants, animals, air, water, soils, and minerals), which combine to yield a flow of benefits to people. Capital has traditionally been thought of only as money, but the term actually describes any resource or asset that stores or provides value for people. (Capitals Coalition)
<b>Nature restoration</b>	Restoration of an environment, previously changed by human activity, to its natural condition or something closely resembling its natural condition.
<b>Ecological compensation</b>	Harm caused to biodiversity by human activity is compensated for by increasing biodiversity elsewhere. The causer of adverse effects can take action to compensate for damage done to biotopes or habitats by creating biodiversity value or engaging in conservation.
<b>Habitat hectares</b>	This measures an area's value compared to the equivalent surface area of the same biotopes in their natural state. Values are between 0–1, giving one hectare of biotopes in their natural state a score of 1 and a completely destroyed hectare a score of 0. If an area's ecological condition is equivalent to around 30 % of the natural state, the area's habitat hectares score is 0.3

Mean Species Abundance, MSA	An indicator of local biological diversity. The MSA varies between 0 and 1, where 1 indicates an undisturbed ecosystem, and 0 means a completely destroyed ecosystem with no original species remaining.
Potentially disappeared fraction of species, PDF	A metric describing the fraction of species in danger of extinction around the world.
Nature positiveness	Activities that have a positive effect on the ecosystem are greater than adverse effects. The condition of the ecosystem improves, and no nature loss occurs.
PBAF	An initiative similar to the PCAF, whose purpose is to develop a standard that enables financial institutions to achieve consistency when assessing biodiversity data, impacts and dependencies.
TNFD	An initiative similar to the TCFD, with the purpose of developing a biodiversity reporting framework.
The Investor Policy Dialogue on Deforestation Initiative (IPDD)	An investor-led initiative to halt deforestation