



Sustainability Report 2021

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Review by the CEO

Effectively sustainable across Finland

The year gone by was a productive one for LocalTapiola commercially and in terms of consolidating our strategic direction. Last spring, we updated the Group-level goals in our **lifelong security strategy for 2022–2026**. We are currently in a strong financial position, and performance by our insurance and investment businesses developed favourably. What's more, we were able to strengthen our solvency. In our core business and sustainability efforts, the capability to respond to a host of rapid global changes taking place in our operating environment will assume greater emphasis in the 2020s. In a world of evolving risks, we must be prepared not only for changes that we can anticipate but also for surprising challenges.

We have witnessed a rapid increase in customer and stakeholder expectations to sustainability. The current debate on responsibility and sustainability is dominated by a requirement to verify the impacts of actions while calling for information to be transparent. Moreover, tightening regulation makes it necessary for enterprises in the financial sector to be aware of the sustainability factors connected to their business. In the sustainability efforts that we implement, LocalTapiola wants to go beyond the minimum level set by regula-

tion, seeking to become a **pioneer in impactful sustainability in our sector**.

The EU regulation of sustainable finance aims to steer assets to sustainable economic activity, to control financing risks and to facilitate the comparison of sustainability data. A number of regulatory projects impose detailed requirements on those operating in the financial sector for specifying and reporting on sustainability factors. The tight schedule within which the package of regulatory measures is intended for implementation, together with the related legal ambiguities, will challenge the achievement of the original goals as progress is made with the entry into force of these regulatory projects in the next few years.

In 2021, we took bold steps to streamline the direction of LocalTapiola's sustainability efforts. Sustainability which is grounded in customer ownership and in our role in Finnish society is one of the goals laid down in our lifelong security strategy. We have elevated impact and effectiveness to be at the core of that goal: **we want to be effectively sustainable – across Finland**.

Last autumn, we developed our sustainability intent and goals for the 2022–2026 strategy period. The impact element of our

sustainability efforts is strongly linked to the business we do: insurance and investment. We also want to be the most impactful partner in risk prevention in a world of evolving risks. We craft new responsible insurance products and services and cement our position in leading the way in responsible investment. Apart from the goals rooted in our core business, we seek Finnish solutions for mitigating and adapting to climate change while consolidating the foundations of our sustainability efforts.

Our recently published **sustainability goals are a strong manifestation of our will**. For LocalTapiola, sustainability is a necessary condition for profitable and long-term business operations. We want to be our owner-customers' best partner in lifelong security – and that is why we also promise to be the best partner and to serve as the best example in tackling security, well-being and climate change-related challenges.

Juha Koponen
CEO, Chair of the
Boards of Directors



Key figures for 2021

1.6 MM



owner-customers

EUR 2.6 MM

in donations to the promotion of security and well-being

3 659



lifelong security specialists working at LocalTapiola

77,2/100

score in the ROIHU employee survey*

Non-life insurance



premiums written

EUR **1 293,9** MM

claims incurred EUR **899,6** MM

Life insurance

premiums written

EUR **480,4** MM

claims incurred EUR **363,3** MM

Assets under management**

EUR **21,2** billion

Real estate assets under

management EUR **2,6** billion

* The ROIHU survey measures employee experience, or how highly LocalTapiola Group is rated as an employer. The 2021 score clearly exceeds the normative benchmark for Finnish white-collar employees (2021: 68.7).

** The assets under management by LocalTapiola Asset Management, LocalTapiola Alternative Investment Funds, and Seligson & Co fund management company.

2021 highlights

Recognition for sustainability efforts



Operating under the auspices of the Finnish Transport and Communications Agency Traficom, the National Cyber Security Centre awarded LocalTapiola the **Information Security Trailblazer** recognition for laudable societal involvement.

Scandinavian Financial Research rated LocalTapiola Asset Management the **best Finnish asset management** in responsible investment in the Challenger category.

As a result of our great performance in the ROIHU employee survey, LocalTapiola Group now ranks among the **most inspiring Finnish employers** in the Large Organisations category.

LocalTapiola Real Estate Asset Management **improved its performance in the Global Real Estate Sustainability Benchmark (GRESB) review** (a score of 81 out of one hundred and 4/5 stars) and took home position 11/113 in the baseline group. The company's score (81) was clearly above the baseline group average (69).

Policies and commitments

LocalTapiola published a **Partner Code of Conduct**, which steers our partnerships and procurement.

A **new online course** on our Code of Conduct became mandatory for all employees.

LocalTapiola Asset Management joined the international **Net Zero Asset Managers** initiative supporting net zero emissions from investment assets under management by 2050 or sooner.

LocalTapiola Real Estate Asset Management committed to the **Net Zero Carbon Buildings** initiative and, consequently, to zero emissions from the energy consumption of the real estate it manages and from construction by 2030 or sooner.



Impactful donations



LocalTapiola adopted the **matching funds model** and laid down **common themes** for the donations made to causes of public interest from the contingency reserves of our Boards of Directors. The following themes were selected for 2021: promotion of mental health, volunteer fire service unit and rescue activities, and nature and the immediate environment.

Together with S Group, LocalTapiola Group companies enabled the 'Pidä huolta' challenge by Toivon Kärki ry and MIELI ry, which supports the mental health of young people. The donations made by LocalTapiola companies to this challenge came to €450,000. In the course of the year, our companies provided donations totalling **€850,000 to mental health work.**

LocalTapiola Life's **€300,000 donation to the Yrittäjät academy coordinated by Suomen Yrittäjät** allows for the provision of cost-free training events to 5,000 small and medium entrepreneurs in 2022.

Overall, the Group companies donated **€2.6 million to causes of public interest.**

LocalTapiola Group in brief

LocalTapiola is a mutual group of companies owned by **1.6 million owner-customers**. Our main mission is to help our owner-customers protect their lives and business.

We serve private, farm, entrepreneur, corporate and institutional customers. We want to be our **customers' best partner in lifelong security**. Adapting to each customer's unique situation, our proactive products and services provide protection for health, finances and property. In non-life insurance, we are the market leader in Finland in motor liability insurance and farm insurance. We are also Finland's largest term life insurer. As for workers' compensation insurance, we maintain a significant market share.

The non-life insurance products we offer protect our customers' property and business against risks. LocalTapiola's non-life insurance business comprises all types of voluntary and statutory non-life insurance. Our personal insurance and health insurance products and services support health and well-being. Additionally, we help our customers prepare financially and increase their wealth, offering solutions for asset management, saving, financing and life assurance. And not just that: we also produce

real estate investment and management services.

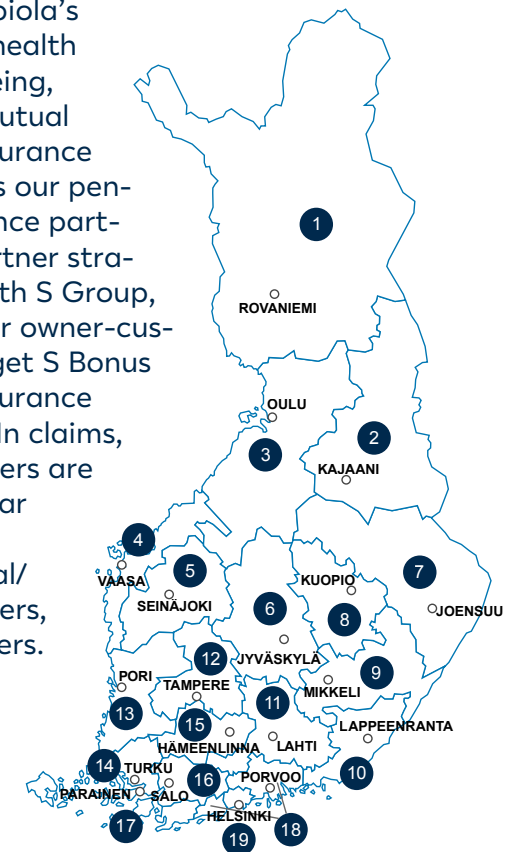
LocalTapiola General Mutual Insurance Company (LocalTapiola General) serves as LocalTapiola Group's leading parent company within the meaning of the Finnish Insurance Companies Act. In addition, the Group includes 19 regional mutual non-life insurance companies, LocalTapiola Mutual Life Insurance Company (LocalTapiola Life), LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management and its subsidiary LocalTapiola Alternative Investment Funds, fund management company Seligson & Co, LocalTapiola Finance, and LocalTapiola Services.

In 2021, LocalTapiola Group's asset management and finance companies made preparations for the formation of a **new Asset Management Group starting 1 January 2022**. LocalTapiola Asset Management serves as the parent company of that Group, which also includes LocalTapiola Real Estate Asset Management, its subsidiary LocalTapiola Alternative Investment Funds, and Seligson & Co fund management company.

We have strong local presence across Finland. LocalTapiola employs **over 3,600**

lifelong security specialists, some 50 per cent of them at the regional companies. We are open at more than 200 locations across the country. Occupying a prominent position in local communities, the Group's regional companies are major employers, taxpayers and generators of prosperity.

Mehiläinen serves as LocalTapiola's partner in health and well-being, while Elo Mutual Pension Insurance Company is our pension insurance partner. We partner strategically with S Group, allowing our owner-customers to get S Bonus on their insurance premiums. In claims, our customers are served by car dealerships and hospital/clinic partners, among others.



Operating environment, and strategy

We assess and anticipate changes in our operating environment as part of our strategy work. We identify the impacts of global trends on our operations and on our owner-customers' life and business.

Still continuing in 2021, the COVID-19 pandemic has had a significant impact on our owner-customers. As well as affecting mobility, the pandemic has transformed customer behaviour, the ways of working and housing solutions. The pace of these changes underscores the importance of long-term strategic foresight in our operational planning.

Ease and the digital component

Customers expect our services to be quick and easy to use, and personal. With fewer physical visits to offices, the use of online services is set to grow. Further steps must be taken to develop customer experience and the usability of digital services.

Ageing population

In Finland, our population is ageing and the number of working-age people is on the decline. Population is concentrated in growth centres, despite increasing multi-locality. The development of wealth threatens to become polarised. Major structural changes, including social security and pension system reforms, affect the provision of personal insurance.

International operating environment

Our operating environment and owner-customers continue to become increasingly internationalised. Requirements for multilingual services are also increasing in Finland. Tightening regulation, in particular at the EU level, calls for operational changes at enterprises operating in the financial sector.

Sustainability and responsibility

Demands for sustainability and responsibility are growing. Customers and other stakeholders expect more effective measures to be taken. Increasingly, people think that businesses should contribute to solving social challenges. The mitigation of and adaptation to climate change exert an increasing impact on our operating environment.

Lifelong security strategy goals

As a customer-owned lifelong security company, we are here for our customers. We produce our services with as high quality as possible while being mindful of costs. We use financial profit for the purposes of owner-customer benefits and service development as well as to boost solvency and support communities nationwide and locally.

For us, lifelong security means insurance cover for health, finances and property on a scale which is fitting and sufficient in light of each customer's unique situation. We help our customers prepare for the future and increase their wealth. We prevent

loss and damage and are there to assist if something goes wrong. We want to stand out with **genuinely caring service** – personal, local and digital. We lay emphasis on the ease of transacting, customer benefits and proactive services.

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For us, lifelong security means insurance cover for health, finances and property on a scale which is fitting and sufficient in light of each customer's unique situation.

The goals laid down in LocalTapiola Group's strategy are based on an evolving operating environment and on ensuring our competitive edge in the future. LocalTapiola reviews the strategy on an annual basis. The Group's new strategy was adopted in summer 2021.

Strategy goals 2022–2026

1. The best service in the sector personally, locally and by digital means
2. Strong culture of lifelong security expertise and cooperation
3. Growth of customer benefit and business
4. Efficient procedures
5. Effectively sustainable across Finland



Values and operating principles

LocalTapiola Group embraces the common values of **benevolence, courage and passion**. We want the best for our colleagues, customers and the communities surrounding us. Big-hearted with our work, we are ambitious when it comes to solutions that benefit customers and further our own development. We are bold to provide and try out new ideas.

We act in accordance with our values in every encounter. We adhere to good corporate governance, which is based on legislation applicable to the insurance and finance sector, the regulations and guidelines issued by the Financial Supervisory Authority and, where applicable to mutual insurance companies, the Finnish Corporate Governance Code for listed companies. Our operations are also guided by the policies of Finance Finland, applied across the insurance business.

Our Code of Conduct sets out the practices to which we as a Group are committed. It is for everyone working at LocalTapiola and every member of management to ensure compliance with the Code of Conduct. In 2021, we **released the new Partner Code of Conduct**, with which we require our partners to comply and which we as a partner also follow.

In the course of the 2021 strategy process, we defined the new LocalTapiola management principles. The purpose of these principles is to build a harmonious and inspiring leadership culture across the entire Group while supporting the achievement of the goals laid out in our lifelong security strategy.



Sustainability at LocalTapiola

Insurance companies are an integral part of our trust-based Finnish society and social infrastructure. Most importantly, our mission is to provide **adequate and reasonably priced insurance cover – also in a world of evolving risks**. We want to be the best partner and set the best example for our customers in tackling safety, well-being and climate change related challenges. Our efforts to anticipate evolving risks and prevent losses underscore our local expertise.

Customer ownership and our active role in Finnish society are the pillars on which our sustainability efforts rest. Sustainability is one of the goals of our ongoing strategy period, with impact and effectiveness at its core. We want to be effectively sustainable – across Finland. We support the enhancement of regional vitality and security through our impactful and effective actions. An expert on evolving risks, we prevent losses before they occur. We are committed to integrating sustainability into all aspects of our business and fostering sustainability in every work duty.

LocalTapiola Group's common sustainability themes and goals were laid down for the first time in a sustainability roadmap in 2019. The roadmap sets out the following



Sustainability is one of the goals of our ongoing strategy period, with impact and effectiveness at its core.

sustainability themes: proactive lifelong security, employees and the work community, data and data security, the impacts of climate change, and responsible operating methods.

In autumn 2021, **we developed new Group sustainability goals for the 2022–2026 strategy period**. In the near future, these business-oriented goals will steer the development of sustainability efforts at Group companies. LocalTapiola General's Board of Directors adopted the goals in February 2022.

Twice a year, LocalTapiola General's Board of Directors monitors the development made with the Group's sustainability efforts. The Board of Directors exercises authority over the strategic policy guidelines in respect of sustainability. It is for the Group's Management Group to decide on all other major Group-level matters. The internal sustainability network brings together on a regular basis those responsible for sustainability issues at the various

companies. Sustainability at the Group and related development is steered by the Sustainability & Public Affairs unit operating under Group Services. In spring 2021, **Eeva Salmenpohja** took charge of the unit.

We will be taking steps to develop sustainability management over the course of 2022. Sustainability management will be integrated as an enhanced part of the Group's management system. For the Group and our companies, we will be specifying roles and responsibilities with regard to the implementation of the new sustainability goals.

Sustainability goals 2022–2026

In spring 2021, we elevated the **crystallisation of the Group's strategic sustainability intent** into an essential measure in LocalTapiola's updated lifelong security strategy. The purpose was to discover the sustainability differentiating factors which bring added value to LocalTapiola's owner-customers and business. During this process, we also identified in our sustainability work a number of key areas for development, including

sustainability management, sustainability competences and the development of sustainable partnerships and procurement.

Representatives from all Group companies and businesses contributed to the setting of LocalTapiola's new sustainability goals. Appointed from amongst its members by the Presidium of the Group companies, the Sustainability Working Group infused into this work opinions from the management of our companies and from owner-customers.

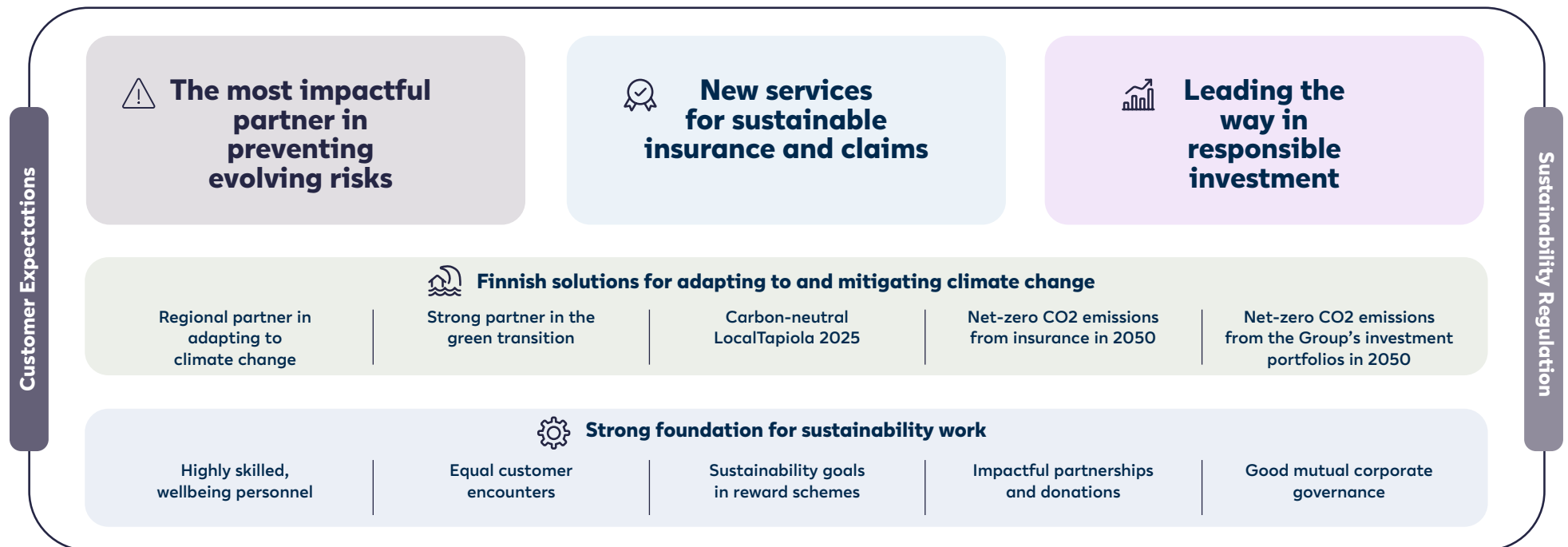
Additionally, these efforts were supported by the internal sustainability network. The Group's Sustainability & Public Affairs unit was in charge of this process.

Sustainability is the pillar on which LocalTapiola's business rests. In our role as an insurer and a risk management expert, we contribute to social stability and security. Through our investment business, LocalTapiola plays a key role as a driver of a sustainable future. Our new sustainability

goals are strongly linked to our business, to insurance and to investment.

We also want to be the most impactful partner in risk prevention in a world of evolving risks. We craft new responsible services for insurance and claims and want to lead the way in responsible investment. We seek Finnish solutions for mitigating and adapting to climate change. What's more, we consolidate the foundations of our sustainability efforts in order to ensure effective management and the achievement of other goals.

The Best Partner in Lifelong Security LocalTapiola's sustainability 2022–2026



Material sustainability themes

The content of the 2021 sustainability report is based on the sustainability themes set out in LocalTapiola Group's sustainability roadmap adopted in 2019. The new sustainability goals, adopted at the start of 2022, steer our reporting starting in 2022. The material themes and priorities described in the sustainability roadmap are also included in the set of our new sustainability goals.



Proactive lifelong security

Proactive lifelong security is at the core of our business. We safeguard our owner-customers' lives and activity with effective products and services. We prevent loss and damage and promote well-being and financial preparation. We can wield a wide influence in proactive lifelong security issues at the level of the individual, businesses, communities and our society.



Employee experience and work community

Our highly skilled, thriving personnel guarantee high customer experience. With a proactive approach, we invest in personnel well-being and working capacity. We offer all lifelong security specialists equal opportunities to enhance their learning and develop professionally. We want to step up diversity among our work communities.



Data and data security

As a holder and user of confidential data, we ensure data security, the protection of privacy and the appropriate use of data. We take great care that data are used in the interest of our customers and personnel in a transparent fashion in all situations.



Impacts of climate change

We can witness the impacts of climate change as transformations in our operating environment, in the development of our own operations and in our customers' business. Consideration of the risks and opportunities brought about by climate change is a key element in efforts such as the evaluation of investment options, development of insurance products, and the Group's own risk management.



Responsible operating methods

We integrate the responsibility and sustainable development perspectives better into our decision-making and business renewal. We develop the leadership of partnerships and increase the transparency of our operations and sustainability efforts.

Stakeholder interaction

LocalTapiola Group's most vital stakeholder group are our owner-customers. Owners provide the basis and the purpose for why we are here. Our other stakeholders identified as essential include:

- management;
- personnel;
- strategic and other partners;
- public authorities and political decision-makers;
- cross-industry organisations and special interest groups;
- research institutes and educational institutions;
- non-governmental organisations;
- local communities; and
- media.

Customers enjoy broad and diverse representation **in our governance and in operational development**. In order to be able to identify and know the multitude of expectations they have for LocalTapiola, we need regular dialogue with our stakeholders. We invite regular feedback from our customers on issues including customer service and our lifelong security solutions. We measure customer experience using the Net Promoter Score.

The launch of the sustainability strategy work last autumn deferred the development of LocalTapiola's sustainability stakeholder interaction. Our aim is to devise new approaches to and practices for stakeholder interaction in alignment with the new sustainability goals during 2022.

In 2021, mental health and the repercussions of COVID-19 for well-being featured in debate within our society more prominently than before. At LocalTapiola, throughout the year this theme was examined from the perspective of both employees and customers. In work capacity management, we have identified addressing mental health issues as a key goal.

Organised by various mental health organisations, the **Vailla vakuutusta campaign** called on insurance companies to be more transparent when communicating on how mental conditions affect insurance as well as that insurance applications be examined on an individual basis. During the run of the campaign, LocalTapiola engaged in active dialogue with these organisations. For a more in-depth discussion of this topic, see the section 'Tackling mental health issues together' on page 21.

The year 2021 saw LocalTapiola launch co-operation with the Mieli ry association and the Suomen Yrittäjät organisation. Together with S Group, LocalTapiola enabled the

Pidä huolta nuoresta mielestä challenge organised by Mieli ry and Toivon Kärki ry, collecting over one million euros for mental health work among young people. LocalTapiola Life's €300,000 donation to the Yrittäjät academy coordinated by Suomen Yrittäjät allows for the provision of cost-free training events to entrepreneurs, the people they employ and those planning to start a business in 2022. The main themes selected for these events are sustainability and the digital element. The objective is to seek participation of 5,000 entrepreneurs in the course of the year.

Our regional companies are active in providing their owner-customers and governance members with opportunities for participation. For example, owners have helped select recipients of assistance aimed at improving local security and well-being. Regional companies also work in cooperation with representatives of local educational institutions, the associative sector and the media.

Through impactful and effective communication, LocalTapiola highlights various aspects of loss prevention, of the promotion of security and well-being, and of financial preparation. Our central communication partners include the relevant rescue authorities, the Police, the Finnish Road Safety Council, and the Finnish Swimming Teaching and Lifesaving Federation.

Protection of interests

LocalTapiola Group's interests are being protected in Finnish and international special sectoral interest groups. We participate in the activities of cross-industry organisations and maintain communication with official bodies, labour market organisations and other organisations.

We engage in active dialogue with official bodies on the development of the financial sector. On a regular basis, we meet with the Financial Supervisory Authority (FIN-FSA) and discuss regulatory and supervisory issues and other themes topical in the sector. LocalTapiola finds it important that the legislative process that affects the insurance and financial sector consider the characteristics of the various legal forms of businesses and that it guarantee companies equal opportunities for operational development.

LocalTapiola is engaged in the activities of Finance Finland (FFI) and of international special interest groups promoting the interests of mutual companies. International presence strengthens our expertise and increases our opportunities to influence in the face of proliferating regulation and ever-fiercer competition.

At the end of 2021, Group CEO **Juha Koponen** was elected Chair of the FFI's Board

of Directors for 2022–2023. Additionally, people working at LocalTapiola have broad representation on the various FFI boards and working groups. Group Director **Jari Eklund** is a member of the Board of Directors of the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), and our experts sit on a number of the working groups operating under the auspices of that association.

Director **Lauri Saraste** is a member of the insurance and reinsurance stakeholder group of the European Insurance and Occupational Pensions Authority (EIOPA), and Director **Petri Pitkänen** serves as Chair of the Board of Directors of Pellervo Coop Center. Furthermore, LocalTapiola management is also represented in the organs of other sectoral key organisations, such as those of the Finnish Motor Insurers' Centre and the Finnish Workers' Compensation Center.

We are an active partner in Eurapco, an alliance of eight European mutual insurance companies. Additionally, LocalTapiola is a member of the International Cooperative and Mutual Insurance Federation (ICMIF) as well as of the Geneva Association, a leading international insurance-sector think tank.

LocalTapiola takes part in the activities of the responsibility network of co-operative undertakings coordinated by Pellervo Coop

Center. We are also a member of the FIBS corporate responsibility network. LocalTapiola Asset Management is a founding member of FINSIF, Finland's Sustainable Investment Forum.

Corporate responsibility commitments

We are committed to the FFI's Responsible Financial Sector principles. We act in compliance with the non-binding good insurance practice guidelines applied in our sector to the insurance and claims business.

We as a Group are committed to the UN's [Principles for Sustainable Insurance](#). Supporting the UN's Sustainable Development Goals and the goals of the Paris Agreement, these Principles lay down the responsible approaches to be followed in the insurance sector. To read more about compliance with the Principles, see the section 'Principles for Sustainable Insurance' on page 60.

LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management and Seligson & Co are also committed to the UN-supported [Principles for Responsible](#)

Investment. These Principles set out how investment decisions should address environmental, social and governance aspects.

In 2021, LocalTapiola Asset Management joined the international **Net Zero Asset Managers** initiative supporting net zero emissions from investment assets under management by 2050 or sooner. Additionally, Asset Management is involved in the **Climate Action 100+** initiative and the **Carbon Disclosure Project's** (CDP) campaigns, which encourage businesses towards climate reporting and to set climate goals. LocalTapiola Asset Management is also a member of the **International Corporate Governance Network** (ICGN).

In December 2021, LocalTapiola Real Estate Asset Management signed the international **Net Zero Carbon Buildings** commitment for carbon-neutral energy consumption at buildings and for carbon-neutral emissions from construction. Every year, Real Estate Asset Management takes part in the [Global Real Estate Sustainability Benchmark](#) (GRESB). What's more, Real Estate Asset Management Group is committed to the national energy efficiency agreements concluded in the real estate sector, striving to steer companies and communities towards more efficient use of energy and to cut CO2 emissions.

A provider of vehicle ownership financing, LocalTapiola Finance is bound by the Green

Deal climate deal by the State of Finland and the automotive industry, aiming to cut CO2 emissions from traffic, to improve the energy-efficiency of vehicles, and to increase the use of alternative types of propulsion.



Sustainable finance regulation

The European Commission published its first action plan on sustainable finance in 2018. The purpose of this extensive package of measures is to implement the goals laid down in the European Green Deal – in particular, the **transition towards a climate-neutral Europe**.

The EU's regulatory sustainable finance projects aim to steer capital flows to sustainable economic activity and investment, to control financing risks arising from environmental and social challenges and to facilitate the transparency and comparison of sustainability data. Tightening regulation has a significant impact on how enterprises operating in the financial sector specify their sustainability impacts as well as on how these impacts are reported. The regulatory package and the entry into force of the obligations has not been entirely confirmed yet.

The regulatory projects with the greatest impact on LocalTapiola Group and the Group companies include the Commission's **proposal for a Corporate Sustainability Reporting Directive (CSRD)**, the **Taxonomy Regulation**, the **Regulation on sustainability-related disclosures in the financial services sector** and the amendments concerning the sustainability factors set out in

the **Solvency II** Directive, which guides the prudential regulation and supervision of life and non-life insurance undertakings.

We launched the preparation of a Group-level sustainable finance regulation project in 2021. This project aims to implement regulatory impact assessment and to ensure compliance with the requirements across all Group companies. The LocalTapiola asset management companies are also running a dedicated project to ensure compliance with the new requirements at the companies that are engaged in investment activity.

The next few years will witness a considerable increase in the requirements to integrate sustainability aspects into business operations as well as in the quantity and quality specifications applicable to sustainability data. Compliance with the regulatory regime and the streamlining of our profile as a sustainable finance operator call for the Group to establish the relevant sustainability goals and indicators and to develop reporting processes and contents.

Sustainability data reporting

LocalTapiola Group reported sustainability data for the first time in the 2021 report of LocalTapiola General's Board of Directors as per the requirements laid down in the Taxonomy Regulation. The report provides information on the Taxonomy eligibility of

LocalTapiola Group's insurance and investment business. We will be developing and extending the scope of reporting as the entry into force of the sustainable finance regulation obligations progresses.

Read more in the [report of LocalTapiola General's Board of Directors, p. 17.](#)



Proactive lifelong security

For LocalTapiola, proactive lifelong security is a key sustainability theme from the perspectives of business, owner-customers and other stakeholders. Impactful product and service solutions lie at the core of proactive lifelong security. Our mission is to proactively **safeguard the lives and business of our 1.6 million owner-customers**. To achieve this, investment is needed in loss prevention, in increasing health and well-being and in supporting financial preparation.

Products and services

At LocalTapiola, product and service development is guided by the product oversight and governance policy. The development guidance function is tasked with ensuring that product development and service launch comply with the product oversight and governance principles. Over the 2022–2026 strategy period, our aim is to create **new services for responsible insurance and claims**. We will be addressing sustainability and responsibility aspects in our product and service development more comprehensively than thus far.

In 2021, we stepped up the accessibility of products and services in several areas. We amended the accessibility of statutory insurance services, voluntary insurance and corporate services as well as the services provided to life insurance, fund and asset management customers. We have increased our own accessibility know-how, and we also consult external experts more than before in order to ensure the accessibility of all digital services under development.

2022 will see us publish new, accessible versions of our mobile applications while developing the accessibility of documents currently in use. Over the past couple of years, we have been updating the accessibility of materials in the context of producing new content for them. During 2022, our aim is to update the remaining materials to be accessible.

Our lifelong security application, a mobile app for private customers, was phased out in 2021. Instead of a specific application, we focus on improving the electronic services available at our website and on streamlining the digital customer transaction processes.

“Over the 2022–2026 strategy period, our aim is to create new services for responsible insurance and claims.”

In 2021, we launched a renewal of our saving and investment services. We want to craft new customer solutions for financial preparation and to safeguard daily life. Among other initiatives, we are currently developing our co-investment model, which enables greater diversification for our investor customers than before.

LocalTapiola was the first player in the financial sector to launch a Community Forest service in 2021, providing participating members a no-fuss solution for forest ownership and for safeguarding the sustainable and profitable use of their forest assets. Read more about the Community Forest service in the section ‘Community Forest membership – a no-fuss solution for forest ownership’ on p. 19.

We encourage our customers to take good care of their health by offering a range of well-being services linked to their policies. In 2021, we expanded the content of

our smart term life insurance product with a new online physical exercise service. In our business insurance solution, we added a feature for employers to insure electric bicycles or bikes leased under a service bike scheme made available to employees.

As well as preventing losses, our Leak Guard service also reduces the severity of water leaks which occur. This device, which detects leaks, prevents water leak damage by shutting off the supply of water in your apartment, signalling an alarm. In 2022, we will be developing and expanding this service intended for people living in small residential buildings.

Our claims handling division intensified co-operation with partners. Good cooperation facilitates a smooth customer claims handling process. Among other projects, we are in the process of developing our workers' compensation services together with our health sector partners in order to be able to expedite the time it takes for people to recover after an accident.

In the course of the year, we continued to invest in the quality of remote transacting, which has experienced growth thanks to the COVID-19 pandemic. We improved the opportunities for transacting online and continued to provide further training to our personnel in order to ensure the quality of professional customer encounters also in the online environment.



Community Forest membership – a no-fuss solution for forest ownership

LocalTapiola Group's Community Forest is a straightforward service for forest owners to take good care of their forest assets. Community Forest is intended for all forest owners. The service is suited for anyone with forest obtained as a gift or inheritance but with no time or skills to maintain it.

LocalTapiola was the first player in the financial sector to launch a Community Forest service in 2021. We are Finland's largest forest insurer, which is why we want to provide customers with a no-fuss service that ensures that their forests are maintained professionally and produce financial returns. LocalTapiola has a high level of competence in forest damage prevention. We also want to be a notable forest asset management expert in Finland.

Community Forest works on a cooperative basis, and Community Forest members accrue returns in proportion to their holding. Members appoint an administrative board to take care of their Community Forest business in the interests of the members. According to law, community or jointly owned forests should be used primarily for practising sustainable forestry. Forest is under the management of professionals, and the relevant goals – such as returns, amenity value as well as ecological and climate aspects – are considered in the manner desired by the members.

Community Forest reduces the fragmentation of forests. A study by Natural Resources Institute Finland (Luke) shows that privately-owned Finnish forest, in particular, are affected by a huge management deficit, and responsible Community Forest management can help turn this corner. Community Forest management is guided

by the objective of producing high-quality timber over the long term. Forest management ensures compliance with the good forestry management recommendations published by Tapio Oy, a company specialising in forest research and sustainable forest use, as well as the requirements laid down in the PEFC and FSC certificates. Harvesting is kept at a sustainable level.

Marika Makkonen

Senior Adviser, forestry business



Owner-customers and the right to impact

A key principle for LocalTapiola is our **owner-customer's right to contribute to decision-making, enjoy benefits and impact on how we do business**. Our customers take part in decision-making and the Group's strategy process in the governance of Group companies. Owner-customers also have the opportunity to impact on product and service development.

In many ways, owner-customers help us develop our products, services and customer communication. Customers participate in co-designing and innovating our development projects through interviews and workshops. They assist us with testing new services and communication concepts across the design cycle. Additionally, we work in close cooperation with our partners and a wealth of experts representing our stakeholders.

At the centre of our lifelong security strategy is customer experience, defined by our approach how we encounter and treat our customers and each other. We want to stand out with customer experience that is genuinely caring, brought about by the sector's best combination of personal, local and digital service. We regularly monitor and measure how our customer experience

develops. We measure customer satisfaction and develop our services on the basis of customer expectations and the feedback we receive.

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We want to stand out with customer experience that is genuinely caring, brought about by the sector's best combination of personal, local and digital service.



Tackling mental health challenges together

Mental health is the subject of increasing debate in Finnish society, and COVID-19 has raised the profile of preventing and treating mental health disorders.

We examined mental health issues from the perspective of customers and personnel in 2021. This is a subject that prompts from our customers questions touching on a variety of topics, such as the criteria under which policies are granted. As for our personnel, we identified addressing mental health concerns as the most urgent priority in work capacity management.

Organised by various mental health organisations, the Vailla vakuustusta campaign called for greater transparency when communicating to customers how mental conditions affect insurance as well as that insurance applications need to be examined on an individual basis. In a number of respects, the proposals by these organisations are already reality at LocalTapiola, but when it comes to clear customer communication, we need to perform better.

For us, the starting point is that we grant insurance whenever possible. We always examine a person's health in comprehensive terms. Most mental conditions do not prevent anyone from being granted insurance – instead insurance can often be granted subject to certain exclusions rather than leaving an applicant entirely without any insurance cover.

At LocalTapiola, employee absences which are due to mental health issues have been on the increase for the past three years now. Many of us working at LocalTapiola are comfortable teleworking but with COVID-19 extending, people are feeling more burdened than before. Social interaction and being genuinely present have been missing from our daily lives. In particular, we express concern about young employees whose employment started during the COVID-19 pandemic.

In 2021, together with the occupational health care team, we kickstarted the LähiSparri brief therapy try-out, whereby staff may seek therapy without a referral. The popularity and results of this service exceed all expectations. Participants were satisfied with therapists and the smooth service provided. The results indicate that participants' well-being and the sense of being in control of their lives witnessed a clear improvement.

14 Group companies will continue to run LähiSparri in 2022. This service is one important tool, but it is not enough alone. We want to develop a culture where challenges to mental well-being can be openly debated. Additionally, our Pidä huolta early-support approach guides towards timely intervention.

We have established a working group to assess the impacts of increased mental health issues on insurance. Today, more and more information on mental health is available, which also makes the further development of insurance services possible. Prevention and early treatment of illnesses benefit individuals, insurers and employers alike. A provider of lifelong security services, LocalTapiola wants to encourage customers and staff to seek help when faced with a difficult situation in their life.

Veera Lammi
Director, LocalTapiola Life

Kirsi Leskelä-Kelkka
Service Director, Head of Business HR & Talent Acquisition



Loss prevention

LocalTapiola Group's basic social function is to **prevent losses, enhance security and manage risks**. We know what risks are typical and what the best solutions to reduce losses are. We analyse and develop our in-house loss data so as to better understand the causes leading to losses, thereby proactively preventing larger risks. Through active communication, we warn people about new safety hazards affecting everyday life and assist them with the safe use of rechargeable devices.

We work in cooperation with a number of operators that promote safety, such as businesses, public authorities and the third sector. The Finnish National Rescue Association and the Finnish Swimming Teaching and Lifesaving Federation are our long-standing nationwide partners.



We know what risks are typical and what the best solutions to reduce losses are.

In 2021, jointly with the Finnish Real Estate Federation, the Finnish Real Estate Management Federation and the Finnish National Rescue Association, LocalTapiola implemented a project that has as its objective controlling the functioning of fire detectors at residential buildings. This project devised tools for housing companies to take over the maintenance of fire detectors. In 2022, we will be seeking new ways to prevent fire losses in residential houses.

During the year, LocalTapiola companies donated **€200,000 to voluntary rescue operators**. An effective and thriving voluntary third-sector rescue activity is a key component of civil protection in Finland. Operators in this field include voluntary fire bri-

gades, maritime and inland water rescuers and voluntary civil protection teams. Rescue activity was one of the Group's themes decided to guide the donations made from our contingency reserves in 2021.

The promotion of safety skills is a key component of proactive lifelong security. We provide our customers first-aid training, first-aid extinguishing training, hot work courses and occupational safety related training. In annual fire extinguisher inspections, we had thousands of our customers' portable fire extinguishers inspected.

We have trained over **100,000 first-aid heroes** across Finland in co-operation with Red Cross First Aid since 2017. In particular, fifth-graders are at a favourable age to absorb first-aid skills and to also teach them to their family members. The resuscitation training aimed at fifth-graders was developed into a set of interactive remote training events in 2020. Welcomed warmly by teachers and pupils alike, LocalTapiola developed this new training concept together with Red Cross First Aid, test classes and their teachers. In 2021 over 8,000 fifth-graders learned resuscitation skills at the Hero Training events for schoolchildren, organised for the fifth year now. In 2022 we will be training nearly 10,000 more school-going children.



Nationwide and regional impact

One of the goals laid down in LocalTapiola Group's lifelong security strategy is to be effectively sustainable across Finland. We stand out from other businesses through local presence and service. We take active part in society and local communities. We want to be our owner-customers' and stakeholders' best partner in security and well-being.

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In 2021 LocalTapiola companies donated a total of €2.6 million to charitable bodies. A sum of €850,000 was directed to regional and nationwide mental health operators.

It is **our local customers who own all LocalTapiola regional companies**. Maintaining regional vitality, the regional companies know local conditions and actors. Our companies are important employers, taxpayers and supporters of local organisations. Local presence is apparent, for example, in customer communication and benefits, partnership co-operation and the measures that aim to prevent losses. The companies co-operate with co-operatives, trade associations, security operators, educational institutions, sports clubs, NGOs and other parties.

LocalTapiola Group in 2021 introduced a set of **common themes guiding all donations made from the contingency reserves of our Boards of Directors**. The following themes were selected: promotion of mental health, volunteer fire service unit activities and rescue activities as well as nature and the immediate environment. As well as being used for gratuitous charity, funds from the contingency reserves are donated to promote causes of public interest. When a regional company makes a donation under one of the set themes, LocalTapiola General doubles that sum up to €20,000. The common donation themes and the matching funds model both strive to increase the impact exerted.

In 2021 LocalTapiola companies donated a total of **€2.6 million** to charitable bodies. A sum of €850,000 was directed to regional and nationwide mental health operators. The largest investment in the promotion of mental health was the 'Pidä huolta nuores-ta mielestä' challenge by Toivon Kärki ry and MIELI ry, enabled jointly by LocalTapiola and S Group. As part of this challenge, more than 70 Finnish artists contributed to a new version of the song Pidä huolta by artist **Pave Maijanen**. The challenge collected over one million euros for mental health work among young people. LocalTapiola Group companies donated EUR 450,000 to the challenge.

In the spring of 2021, LocalTapiola Group, Metsänomistajat (forest owners' special interest group) and the MTK-säätiö foundation donated 7,600 books on climate change to Finnish upper secondary schools. This book donation was in order to provide an additional incentive for young people to learn about climate change and related risks and solutions. The donation is part of the Year of Research-Based Knowledge. LocalTapiola's management put forward the idea for this book donation. Ilmastomuutos ilmastotieteilijän silmin (Tammi) by **Petteri Taalas** was donated to Finnish-speaking schools and the Swedish translation of **Bill Gates's** book, Så undviker vi klimatkatastrofen – lösningarna vi har och genombröten vi behöver (Albert Bonnier Förlaget), to Swedish-speaking ones.

We also enforce the impact of our sustainability efforts through partnerships. As a long-standing main friendship activity partner of the Finnish Red Cross, we are involved in alleviating the harmful effects of loneliness. LocalTapiola annually supports the training of approximately 1,000 new volunteers to engage in friendship activity, as well as developing initiatives such as online friend activity for which demand has increased further during the protracted COVID-19 situation. All in all, 25,000 persons in need of a friend receive support through this activity each year.

As the main partner of the Football Association of Finland (FAF), we promote the sporting activities of children and young people. Developed in co-operation with LocalTapiola and FAF, the Futisstartti training concept supports children and young people in forging a healthy relationship with physical exercise. The piloting of these training events launched in 2020. In the course of 2021, football clubs organised

more than 100 Futisstartti events for some 1,600 parents across Finland by virtual means or in live meetings. LocalTapiola regional companies support the sporting activities of children and young people locally in various sports.

The income our operations generate is divided between customers, personnel, sup-

pliers and society. Income is used to reduce the level of premiums which our owner-customers pay, as well as for customer bonuses and service development. We use some of our profit for operational development and to boost the solvency of the companies part of the Group.

Creation and distribution of direct economic added value, 2021

	MEUR
Income to LocalTapiola, total	2,105.6
Distribution of economic added value	
Claims paid to customers	1,168.6
Personnel costs	282.8
Purchases	219.1
Income taxes	82.7
Donations	2.6
Financial expenses	5.6
Operational and solvency development	344.3



Group tax footprint

LocalTapiola Group's tax footprint is composed of direct and indirect taxes and payments to be remitted. Direct taxes and tax-like payments cover incomes taxes, statutory social security and pension contributions, real estate tax, and transfer tax. Insurance premium tax is the single most essential indirect tax. In addition, the fire prevention charge, the road safety charge and the labour protection fee are deducted as tax-like payments from premiums written. The withholding tax on wages to be remitted and the withholding tax on claims paid include taxes collected and to be remitted to the State by LocalTapiola as the payer.

LocalTapiola Group's taxes and tax-like items, 2020–2021

	MEUR	
	2020	2021
Direct taxes and tax-like payments		
Income taxes	35.4	82.7
Social security and pension contributions	44.9	54.6
Transfer tax	1.3	1.2
Fastigh Real estate tax etsskatter	4.2	4.4
Indirect taxes and items deducted from premiums written*		
Insurance premium tax	218.1	228.0
Fire prevention charge	3.4	3.5
Road safety charge	2.0	2.1
Labour protection fee	2.7	2.6
Payments to be remitted		
Withholding tax	119.3	121.4
Tyel contributions, unemployment insurance contributions (employee's share)	17.5	18.1
Total	448.8	518.7

* The tax footprint does not include any value-added tax (VAT), since the VAT recognised as expense cannot currently be reported at a sufficient level. Sales and intermediation of insurance services are classified as VAT exempt insurance service, which does not create an obligation to pay any VAT or entitle to deduct for tax purposes any VAT on purchases. LocalTapiola Group has a significant volume of procurement in respect of which VAT cannot be deducted for tax purposes. Undeducted VAT increases the level of costs. Group companies also carry out activities that are subject to VAT, and the indirect tax generated in these activities accrues to the State. The finance business and the real estate business are the biggest business areas of activities subject to VAT.

Highly skilled, thriving personnel

High employee experience is essential in view of achieving high customer experience and the goals set out in LocalTapiola's lifelong security strategy. Highly skilled, thriving personnel make it possible for us to succeed in our business. As well as providing active support to develop competences, we invest in the occupational well-being and maintaining the work capacity of our personnel. We are committed to fostering diversity among our work communities.

In 2021, LocalTapiola employed a total of **3,659 lifelong security specialists**. Some 50% of staff work at regional companies around Finland. In addition to employees, 392 insurance intermediaries and franchisors sold LocalTapiola insurances as agents in 2021 (figures as at 31 December 2021). In this sustainability report, employees/personnel/staff all refer to persons who work under the terms of an employment contract, unless otherwise indicated.

From the perspective of employees, 2021 was an unusual year with the COVID-19 pandemic still ongoing. **Teleworking, and multilocational work becoming more routine**, both call for the promotion of new ways of working. We weathered well the

challenges of the second year dominated by COVID-19, which is also reflected in our employee experience remaining high. We will continue to develop e-leadership and self-management methods in 2022.

The year 2021 saw us publish LocalTapiola Group's internal management principles. The purpose of these principles is to work towards creating a uniform and inspiring management culture and to support the achievement of the Group's strategic goals. At LocalTapiola, a coaching approach to management that creates a framework for people to succeed and develop lies at the core of all management. Coaching management is based on building, maintaining and deepening trust and psychological safety.

Co-operation

The purpose of co-operation is to promote continuous dialogue between employer and employees. At LocalTapiola, co-operation enables regular dialogue for the purpose of developing the company's operations and the work community regarding issues that are a matter for the relevant

legislation. Topics which this continuous dialogue concerns include work, work conditions, organisational changes, occupational health and safety, well-being at work, results of and development areas for the employee survey, personnel and training plans, equality and non-discrimination.

Apart from employer/employee negotiations, we ensure regular dialogue with personnel representatives in various working groups and employee panels. Personnel representatives sit on our occupational health and safety committees.



Striving for high employee experience

Strong **lifelong security expertise** and a **culture of cooperation** are elements in LocalTapiola's lifelong security strategy. Our human resources strategy places particular focus on processes which steer agile, autonomous learning and smooth human resource management as well as on modern tools and knowledge-based decision-making. The Group's common values – benevolence, courage, passion – guide everything we do.

High employee experience makes possible a high level of customer experience, as well as great results at work and committing the best experts to LocalTapiola. In 2021, we specified the elements which make for good employee experience, together with a number of related concrete measures. We believe that good employee experience is made up of the following six elements:

- meaningful work;
- good management and leadership;
- culture and co-operation;
- thriving personnel;
- strong lifelong security expertise; and
- a solid foundation (including effective approaches and tools).

We will continue developing the elements of good employee experience together with

our personnel in 2022, along with specifying the service model for internal HR services. These efforts strive to achieve an improved level of employee experience, high customer experience, and impactful HR services for the purposes of supporting personnel well-being and realising the Group's operational goals. Over the 2022–2026 strategy period, we will be implementing several development projects linking to the elements that define personnel experience. We will be monitoring the impact of our development efforts using indicators which measure personnel satisfaction and customer satisfaction.

High employee experience makes possible a high level of customer experience, as well as great results at work and committing the best experts to LocalTapiola.

We gauge employee experience by means of the ROIHU employee survey. The survey, carried out every year, has been tailored for LocalTapiola based on Eezy Spirit's People Power concept. ROIHU measures how highly LocalTapiola is rated as a workplace. In addition to salaried staff, the survey covers intermediaries.

In 2021, **we attained a ROIHU score of 77.2 out of one hundred**, improving slightly over the previous year despite the challenges introduced by a second year dominated by

COVID-19. The score, which clearly exceeds the normative benchmark for Finnish white-collar employees (68.7), entitles to a ranking in the list of Finland's most inspiring workplaces. The results of the personnel survey improved favourably, in areas such as supervisory work and internal career transition. However, commitment to own work and to LocalTapiola deteriorated, yet the Group's personnel nevertheless remain extremely committed as compared to the normative benchmark for Finnish white-collar employees.

ROIHU personnel survey score 2019–2021

	2019	2020	2021
People Power index, ROIHU	77.0	77.1	77.2
Normative benchmark for Finnish white-collar employees	67.9	68.2	68.7

Recruitment at LocalTapiola

LocalTapiola Group employs a common recruitment process, with the Group's HR steering function responsible for related development. We provide our companies with an internal recruitment service. We continuously measure our performance with

recruitment by collecting feedback from job applicants, among other means.

Our recruitment activity is based on the **appreciative treatment of every applicant and on a careful selection process**. We ensure equal treatment and the selection of the best candidates for job openings by making use of occupational personality assessments and other tests that support the selection process. We communicate with applicants during the application process and after it without undue delay. Support from a recruitment specialist or the Head of Personnel ensures that every recruitment takes place in compliance with responsible criteria.

At LocalTapiola, newly recruited employees and those switching to a new position within the Group receive comprehensive induction. We measure our induction performance in a survey, and on the basis of results our employees are extremely satisfied with their induction. As specified in our induction model, we draw up an induction plan for every new hire. For the purposes of induction, we appoint a sponsor, a colleague who helps a new employee commit to the work community during the first few months.

We strive to recruit the right people who are a great fit for LocalTapiola. Successful commitment to the Group is illustrated by the average duration of employment,

which in 2021 for existing personnel was 11.3 years. Exit surveys are conducted for all outgoing personnel, and we monitor the results of these surveys on a quarterly basis. In 2021, the voluntary exit rate was 5.9 per cent.

Nationally, LocalTapiola employs a significant number of young people. More than 700 under-30-year-olds work at the Group, and we provide many students with an opportunity for flexible working arrangements alongside studies. In 2021, the Group employed a total of 133 summer workers.

We have joined the **Responsible Summer Job campaign**, which aims to offer young people successful summer job experiences. In 2021, the Summer Job campaign study ranked LocalTapiola in seventh place (2020: second) in the +1,000-employee organisation category. All participating employers commit to six principles, including induction, fairness, equality and a decent wage.

Competence and renewal

We encourage personnel towards continuous learning and self-development. We provide multi-faceted opportunities for competence development, such as online training events, coaching programmes

and online courses, to all personnel groups including insurance intermediaries. Competence development helps us guarantee that employee competences satisfy the requirements laid down in insurance legislation, and it ensures renewal in accordance with the evolving requirements of working life and the LocalTapiola lifelong security strategy.

In the 2022–2026 strategy period, our competence development **priorities are digital competences, data competences, and cooperation and network competences**. Exploitation of new technologies in multichannel customer work and in new developments calls for our entire personnel to master digital skills. Processing and exploiting data properly at work, meanwhile, is one of the key enablers of the digital element. Our work is strongly networked, placing a high emphasis on cooperation skills. We also invest in developing management by reinforcing a coaching approach to management, as set out in our strategic goals.

By means such as competence tests, we verify that all personnel groups satisfy the relevant legal competence level. In 2021, those working in sales completed competence tests in term life insurance, investment and saving. Additionally, those covered by the Insurance Distribution Directive (IDD) took the relevant non-life insurance competence tests.

We compile personnel and training plans for each company on an annual basis. These plans aim to maintain and boost the professional competences of our personnel. The training plans address the competence development needs of our various personnel groups and anticipate the evolution of competences, as well as defining the necessary measures. During 2021, LocalTapiola personnel spent an average of 29 hours on training.

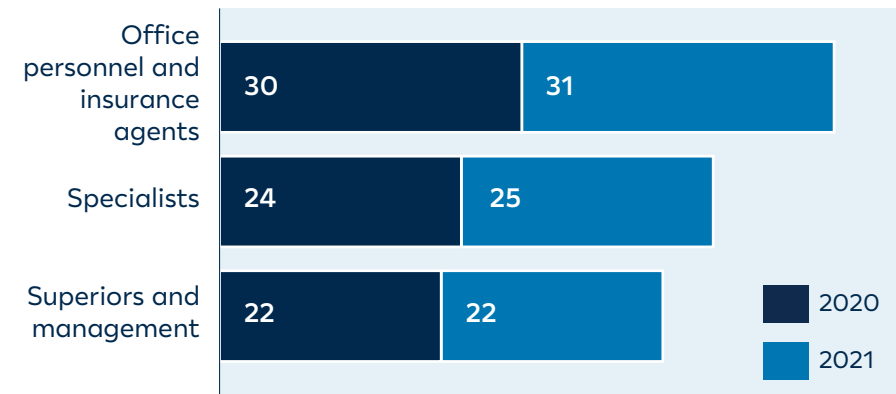
In transitions, we support our personnel through coaching. In the event of organisational transitions, our HR experts, partners and occupational health care specialists organise coaching events for the personnel concerned. When we are forced to reduce the number of personnel, we also offer those affected a redeployment service. The service we offer is more extensive than our statutory transition-security obligations. Job coach services are also available.

Employee success reviews

Our employee review model is composed of three components: success reviews, performance reviews, and coaching sessions. Held annually, success reviews cover the entire personnel. At these success reviews, everyone drafts a personal success plan, which is discussed during the year at coaching sessions with the relevant superior, and all success reviews stress the development of competences and the setting of clear performance and development targets.

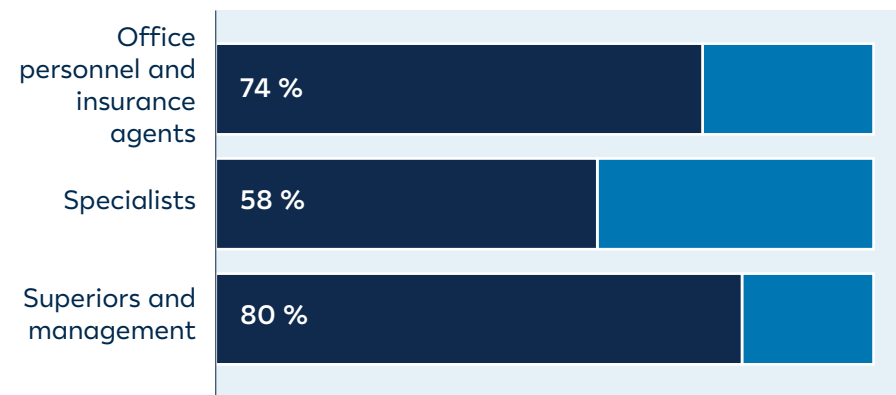
The common success review process covers some 90 per cent of all employees working at the Group. Of them, in 2021 68 per cent handed in their success plan to the HR unit after their review was held, as instructed.

Training hours by employee category 2020–2021



We have amended the calculation method for training hours. Insurance intermediaries are no longer included in calculation. The figures cover salaried staff only. This makes the figures better aligned with the other personnel key figures.

Percentage of employees completing success reviews in 2021



We have amended the method for calculating the success review percentage. Insurance intermediaries are no longer included in calculation. The figures cover salaried staff only. This makes the figures better aligned with the other personnel key figures.

”Multilocal work model supporting flexible working

The COVID-19 pandemic expedited the digital and telework leap amongst LocalTapiola employees in 2021. We are in the process of moving to a reality where multilocal work is becoming more common. Although COVID-19 has decelerated the pace of introducing the multilocal work model, in future people will be working not only at the workplace but also increasingly at home or, for example, at a holiday home – with due consideration of cyber security. There has been a shift away from mutually exclusive thinking to embrace both alternatives, which at its best makes it possible for employees to plan and organise their time use more sensibly than before.

Multilocal work is about a broad-based evolution of business culture, developing both the virtual and the physical work environment toward supporting employees' needs to succeed in their work. It also represents a paradigm change: instead of managing how people use their time, we move to manage results.

In this new situation, it is for superiors to adopt a coaching attitude to management in order to enable people to succeed. A coaching leader trusts people's competences, motivation and desire to do their job well. With some roles, this change may be greater than in others or the change may take a longer time to happen. It is key to discuss openly and together the various alternatives available to organise work.

In 2021, in a dedicated project, we worked on the guidelines which steer multilocal work at LocalTapiola. As the final output of these efforts, last autumn we published a Handbook for Multilocal Work, containing information ranging from a general description of the topic all the way to management and teamwork in

a multilocal work environment. The purpose of this Handbook is to offer a comprehensive set of answers to questions that superiors and employees may have. Moreover, based on the Handbook, LocalTapiola companies have put in place their own methods for organising multilocal work.

Complementing the Handbook, we have adopted Group-level principles for multilocal work, with a view to creating a common direction for activity and highlighting the type of change we are seeking the multilocal work model to achieve at our Group.

Henna Peltola
HRD Manager



Supporting occupational well-being and work capacity

In order to support the occupational well-being and work capacity of our employees, we strive to prevent workload induced detriment, absences due to sickness and accidents, and premature retirement. Our goal is to enhance the ways in which work capacity risks are anticipated and to reduce these risks. We support superiors in their day-to-day work and set particular focus on reacting on a low threshold basis when work capacity is at risk.

The greatest challenges for work capacity management in the next few years will be **work capacity problems and absences caused by mental disorders**. Multilocal work, self-management, management of your own career pattern, and a constant need for renewal burden personnel and superiors alike. The Work Capacity Management Strategic Steering Group is tasked with constantly devising new ideas to ensure that LocalTapiola will remain a great workplace in the future.

Occupational health and safety

At LocalTapiola, occupational health and safety management is founded on the employer's statutory obligations to provide

occupational health care and to **identify and prevent occupational health and safety risks**. Our comprehensive package of occupational health care services covers all salaried staff, and on occupational health care most companies partner with Mehiläinen. In 2020–2022, the objectives of occupational health care co-operation are work capacity risk management, reinforcing co-operation between superiors and HR management, timely health care, and high customer satisfaction. We monitor the quality and effectiveness of occupational health care activity in the strategic steering group established jointly with LocalTapiola and Mehiläinen and in company-specific steering groups. These groups convene 1–2 times a year.

The majority of our staff may avail of Mehiläinen's Digital Clinic, which has experienced a steadily increasing number of users over the past few years. In the 'Concern about my own mental health' chat, people can discuss with a mood coach round the clock. A wide range of different digital coaching sessions is available to personnel for lifestyle change or for the promotion of mental well-being. Comprehensive insurance cover, expanded to protect leisure time, also guarantees quick access to treatment after accidents.

Occupational health care co-operation and occupational health and safety activities are closely interrelated. Company-specific

occupational health and safety action plans are discussed in the occupational health and safety committees on an annual basis. The 2021 objective for occupational health and safety activities was to develop occupational safety expertise and occupational well-being competences in multilocal work. We will continue working on this theme in 2022. In particular, we will focus on sharing best practices and enabling recovery during the workday, as well as on the ergonomics of teleworking.

” *There was an upward trend with absences due to mental health issues, yet this growth moderated in the last quarter of the year. 2021 witnessed a reduction in musculoskeletal absences.*

Additionally to our personnel survey, we measure our success in occupational health and safety work by the evolution of the number of occupational accidents. According to the 2021 employee survey, 82 per cent (2020: 81) of staff were satisfied or very satisfied with the employer's occupational well-being related efforts.

Total sick leaves experienced a slight increase in 2021. The absence due to illness percentage stood at 3.4 (3.2). There was an upward trend with absences due to mental health issues, yet this growth moderated in the last quarter of the year. 2021 witnessed a reduction in musculoskeletal absences.

During the year, 36 occupational accidents were recorded, of which 23 occurred on the way to or from work. Telework and reduced work-related travel in the midst of the COVID-19 pandemic contributed to the decline in the number of occupational

accidents. Zero serious occupational accidents were recorded in 2021. The Lost-Time Injury Frequency Rate, or the number of occupational accidents as compared to the number of work hours completed, was 0.16.

At LocalTapiola, **induction is the pillar on which safe and healthy work rests**. Everyone working at LocalTapiola undergoes induction to review the occupational health and safety principles and procedures. In addition, we provide regular guidance on issues such as ergonomics and an opportunity to avail of the services of an occupational physiotherapist, also when teleworking.

We are a participating member of the Finnish Institute of Occupational Health's Vision Zero forum. We take a zero-tolerance approach to bullying and harassment and have put in place common procedures against threatening customer service situations. Additionally, employees have access to the Ilona whistleblowing channel for anonymous reporting of abuses.

We have made all occupational health and safety instructions available to personnel on our internal website. We communicate on topical issues in the intranet and through superiors. We regularly report on our Pidä Huolta (Take Care) policy and mental well-being issues. The year 2021 saw us publish a Handbook for Multilocal Work aimed at our personnel.

Work capacity management

A key tool in our work capacity management, the **Pidä huolta (Take care) policy** helps prevent factors that have an adverse effect on work capacity, as well as limiting

Absences due to illness and occupational accidents 2019–2021

	2019	2020	2021
Absences due to illness	3.3	3.2	3.4
Number of occupational accidents			
Accidents at work, 0–3 days of absence	30	17	12
Accidents at work, 4 days of absence or more	5	1	1
Accidents on the way to and from work	46	29	23
Work-related serious accidents	2	0	0
Occupational accidents leading to death	0	0	0
Occupational accidents, total	81	47	36
Lost-Time Injury Frequency Rate*			
Lost-Time Injury Frequency Rate, LTI 4**	0.84	0.16	0.16
Serious accident frequency rate	0	0	0

Absences due to illness and occupational accidents are reported for salaried staff. The figures do not include intermediaries. We amended the calculation method for the Lost-Time Injury Frequency Rate in 2021. Accidents occurring on the way to or from work are no longer included in the calculation of the Lost-Time Injury Frequency Rate. This calculation only includes occupational accidents that lead to no fewer than four days of absence or more (LTI 4). Accidents at work and accidents on the way to and from work are included in total occupational accidents.

* Lost-Time Injury Frequency Rate: Number of accidents at work / work-related serious accidents per one million hours worked (accidents at work x 1,000,000 hours / hours worked).

** LTI 4: Occupational accidents leading to no fewer than four days of absence.

sick leaves and the prolongation of sick leaves. This policy ensures compliance with the common work capacity management policies across the Group.

Our superiors have in their use an electronic tool which provides support for individual cases where work capacity is at risk. A total of 1,425 (2020: 1,427) tasks were completed in EsimiesKompassi in 2021 to support work capacity. Help with work-related issues is also available for superiors in a chat service.

We have identified responding to mental health problems as the most pressing area to be developed under work capacity management. In 2022, we will be focusing on **increased cognitive workload**, identified as a key mental health challenge.

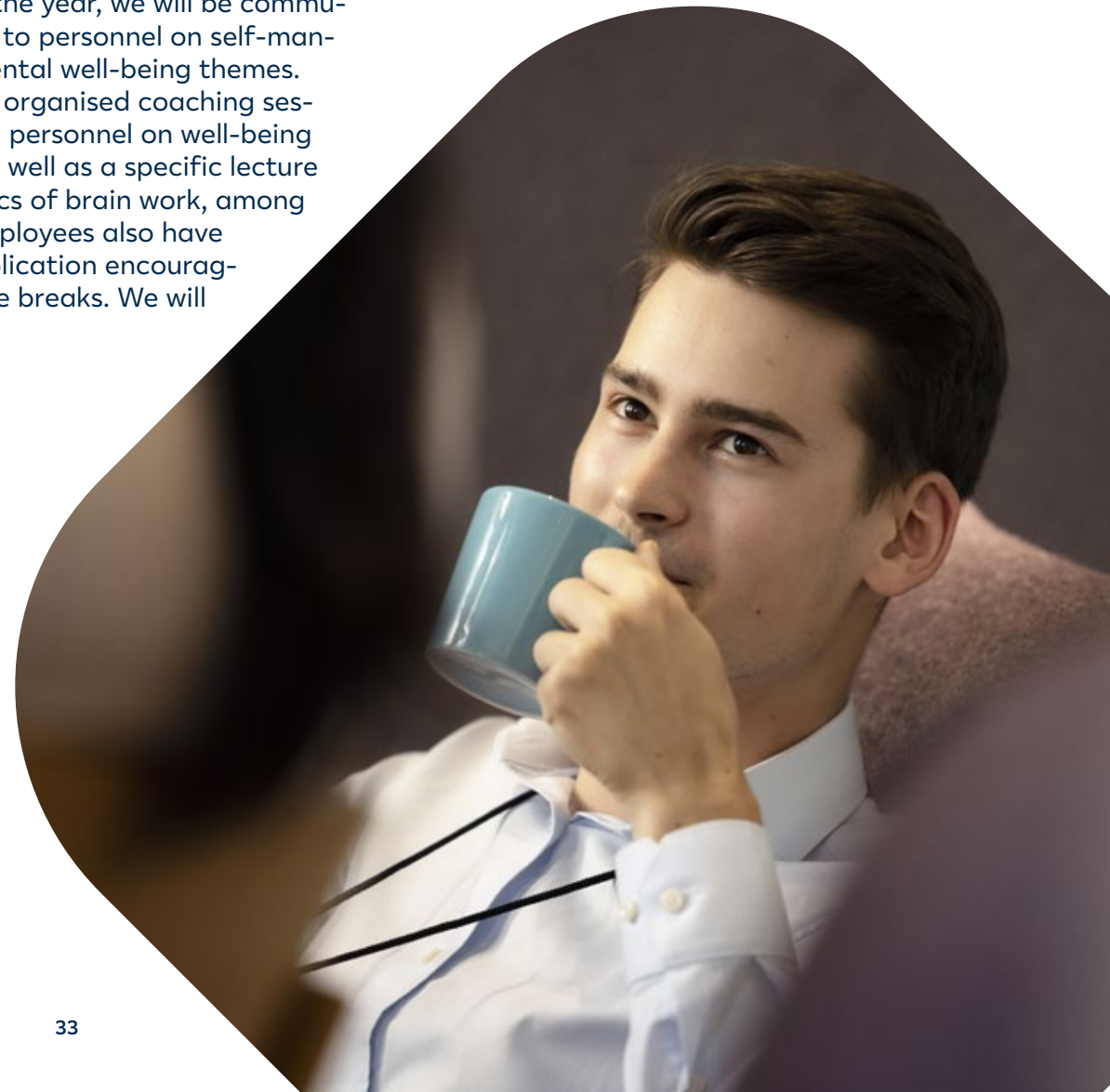
In 2021, together with occupational health care, we kick-started an early support model try-out whereby staff can seek brief therapy without a referral. The popularity and results of the **LähiSparri pilot** exceeded expectations. Most Group companies introduced a model aligned with the pilot for continuous application as of November 2021. For a more in-depth discussion of the mental health topic, see the section 'Tackling mental health issues together' on page 21.

In 2021, in collaboration with our strategic partner Elo Mutual Pension Insurance Com-

pany, we implemented an extensive work capacity management training programme for all superiors working in Group HR management. In 2022, the coaching themes decided for superiors are proactive care and raising issues for discussion.

In the course of the year, we will be communicating actively to personnel on self-management and mental well-being themes. Last autumn, we organised coaching sessions covering all personnel on well-being in hybrid work as well as a specific lecture on the ergonomics of brain work, among other events. Employees also have access to an application encouraging to take active breaks. We will

continue working on this theme in 2022 by employing the now well established 'Mental well-being autumn' concept, continuously offering personnel tools for recovery, to cope at work and to manage their own work.



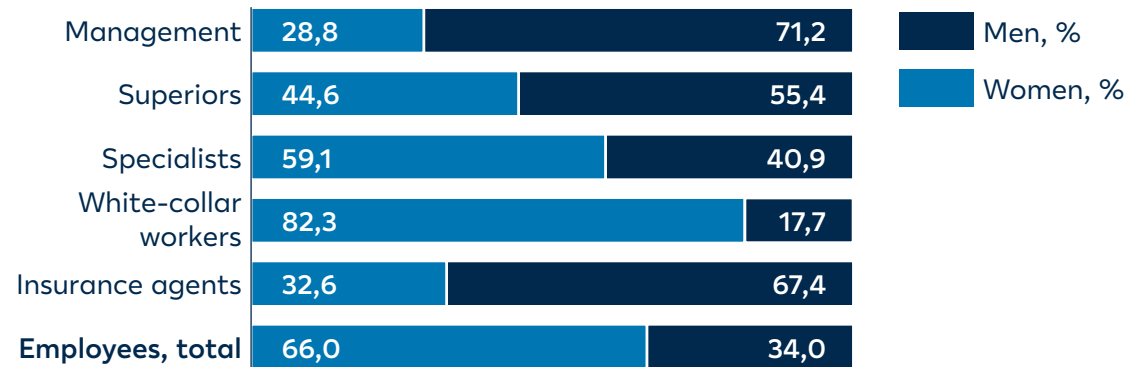
Promoting diversity

Promoting diversity among work communities is one of LocalTapiola's **fundamental sustainability development areas in the 2022–2026 strategy period**.

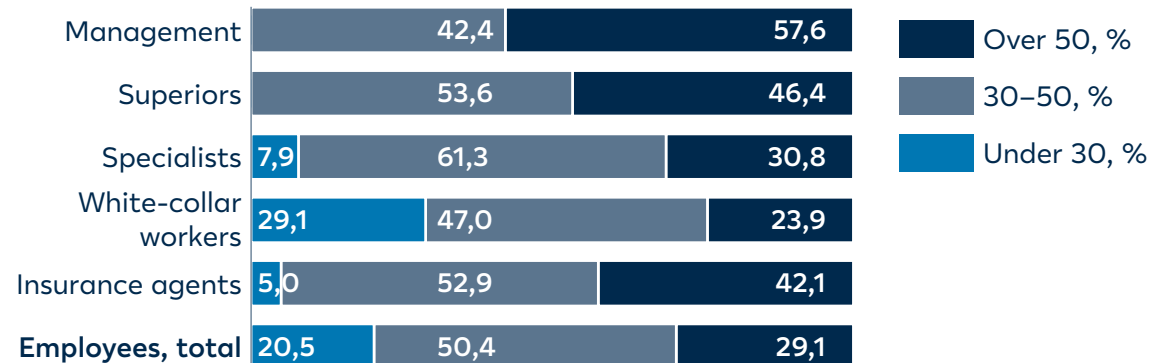
In 2021, in the context of defining the sustainability goals of the Group's new strategy period, we identified a set of diversity promotion priorities that LocalTapiola considers important. These include the achievement of gender balance in strongly segregated work duties and the promotion of a work culture that is adapted to diversity. During 2022, we will be renewing job titles, the classification of jobs, and more.

We monitor the achievement of gender equality with a regular report on the gender distribution among staff occupying various positions. In 2021, women accounted for 66.0 per cent (2020: 66.3) of the LocalTapiola Group personnel and men accounted for 34.0 per cent (2020: 33.7). In management, women accounted for 28.8 per cent (2020: 24.7) of positions and men accounted for 71.2 per cent (2020: 75.3).

Employee gender distribution 2021



Employee age distribution 2021



Data and data security

Protection of privacy, data security and the responsible use of data all play a crucial role in LocalTapiola's business. We hold confidential data on our owner-customers, partners, employees and others. We utilise data in all material insurance business processes, including pricing, marketing, customer selection and claims payment.

With a view to responsible processing of data, it is essential that all Group companies and employees adhere to common policies. We invest in **leadership, training and communication** on a continuous basis. We aim to utilise the data we hold efficiently in the development of new products and services, with due consideration of data security and data protection.

Data protection

Careful, safe and appropriate processing of personal data is an essential element of what we do every day. For us, protecting the data on our customers and staff is not only a statutory obligation – it is also a key enabler of mutual trust.

In the processing of personal data we adhere to the applicable legislation governing

data protection and regulating insurance and investment operations. Our employees are bound by a legal requirement of confidentiality. We process data subjects' personal data only to the extent necessary.

We train our personnel on a regular basis. The induction programme for new hires features online courses on data protection and data security, and all staff take refresher courses at regular intervals. Additionally, we organise online training and communicate to employees in the intranet. In 2021, we carried out a skills mapping on the Group's insurance companies, on the basis of which we specified how training should be focused. We aim to make sure that everyone working at LocalTapiola knows the regulatory obligations and can implement them in their own work.

LocalTapiola Group's **data protection policy is a statement approved by senior management** setting out the general principles and approaches based on which data protection is enforced at LocalTapiola. The Group's data protection policy is approved in the Boards of Directors of all companies, and it applies to all staff and partners who process any personal data held by LocalTapiola.

We assess data protection risks as part of the Group's risk management process. With regard to products and services, LocalTapiola has in place a threat assessment model to investigate whether processing of personal data exposes data subjects to any data protection or data security risks.

LocalTapiola's **Data Protection Officer monitors compliance with data protection regulation across the entire Group**. The Data Protection Officer takes active steps to highlight any non-compliance issues, assisting personnel in complying with their obligations pursuant to the relevant data protection provisions.





We train our personnel on a regular basis. The induction programme for new hires features online courses on data protection and data security, and all staff take refresher courses at regular intervals.

In 2021, we detected a total of 852 incidents classified as personal data breaches under the European Union's General Data Protection Regulation. Most of these cases were due to individual human errors, with no risk assessed to have been caused to any data subjects. In 150 cases we submitted a report to the Data Protection Ombudsman.

International data transfer

EU regulation on data protection has increased year by year. Following the Schrems II ruling (C-311/18) by the Court of Justice of the European Union, several organisations, LocalTapiola included, were led to reconsider, in particular, their approach to using cloud services whenever transferring personal data to any third countries or to international organisations. Controllers must ensure individually that the level of protection of personal data satisfies EU requirements whenever transferring data outside the EEA or to international organisations.

Some of LocalTapiola Group's external service providers or other recipients of

personal data may be located, or they may process personal data, outside the EU or the EEA. We employ the necessary transfer mechanisms available in legislation in order to ensure that the level of protection of personal data is not compromised in cases where they are transferred outside the EU or the EEA. Such transfer mechanisms include the European Commission's equivalence decisions and the conclusion of standard clauses with any recipient of data located outside the EU or the EEA.

We transfer personal data outside the EU or EEA countries only to partners whose viability we have verified. Typically, data may be transferred when our partners develop or fix our systems.

To read more about data protection and the processing of personal data, please visit the [LocalTapiola website](#).

Data security

Data security plays a vital role in the practical implementation of data protection. It is becoming a notable competitive advantage for companies. At LocalTapiola, data security is an element in our **management, risk management, responsibility, and corporate security**. Our data protection policy and the data security principles supplementing it lay down the data security objectives and responsibilities as well as the methods to implement data security. In

addition to our own staff, the data security policy also concerns our partners.

Mini training series elevating data security training to new level

Our approach to data security invests, in particular, in the training of employees. In 2021, we reengineered our data security training course: instead of a long, one-off online course we implemented compulsory training by means of a year-long series of mini training courses. Sent directly to your email, these short mini training courses help keep the message of data security fresh in the minds of employees throughout the year while boosting know-how. This new approach was welcomed very positively by our personnel.

- During 2021, **93 per cent** (some 3,500 people) of those taking the course completed at least 80 per cent (13/16) of these data security lessons.
- Up to **96 percent** of those who left feedback (3,070 persons) consider the level and content of the courses appropriate and would like the mini courses to continue.
- We will continue implementing this practice in 2022.

The purpose of data security is to protect data as well as the systems and services we use to produce insurance services for our customers. In service development, we comply with the principles of data protection by design and by default, and in protecting data we use measures aligned with best practices. All our partners tasked with processing any personal data and the systems they use have been audited or otherwise verified. We make sure that access to and disclosure, erasure or other processing of personal data all take place in an appropriate manner.

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LocalTapiola's Bug Bounty program, Hack Day events and cooperation with ethical hackers will all continue to occupy a significant role in how we develop our data security.

Operating under the auspices of the Finnish Transport and Communications Agency Traficom, the National Cyber Security Centre in 2021 awarded LocalTapiola the **Information Security Trailblazer** recognition for laudable societal involvement in the field of data security. Data security plays a key role in LocalTapiola's advocacy and responsibility efforts. Constantly developing the policies we employ, we seek new practices in order for us to be able to maintain our owner-customers' and stakeholders' trust in the future.

We want to highlight data security with a positive touch. LocalTapiola's Bug Bounty program, Hack Day events and cooperation with ethical hackers will all continue to occupy a significant role in how we develop our data security. Thanks to the Bug Bounty program and Hack Day events, we have identified and fixed several vulnerabilities in our digital services.

Responsible use of data

We ensure the **responsible and transparent** use of the data we hold. One of the purposes of knowledge management and analytics is to use data in such a way as to also benefit our customers. For example, claims data can be used for the purpose of preventing losses and increasing safety awareness. In 2021, we developed our policies for knowledge management and analytics. We expanded data use to cover areas such as the identification of fraud and abuses and in order to facilitate related processing.

We are constantly developing the quality of data and the data exploitation principles and approaches. One of the purposes of this development is to automate routine knowledge management and analytics tasks so that we can improve customer service, create more opportunities to use data in a manner benefiting customers, and

streamline our own activity. Our other areas for development include claims handling data, loss reporting, and communication that supports loss prevention. In data related issues, we engage in active cooperation with our claims partners and other parties.

As well as machine learning, we exploit a range of artificial intelligence (AI) solutions developed internally and together with partners. We address ethical considerations in building AI-enabled models and in selecting partners. Besides ensuring the security of customer data and the equal treatment of every customer, we make sure that our decision-making and all related processes are transparent.

In 2021, we **analysed our claims data extensively** and sought to identify phenomena and new risks that affect losses. In particular, we pinpointed areas for development relating to fire safety. We exploited the analysis results in a cooperation project implemented together with the Finnish National Rescue Association, the Finnish Real Estate Federation and the Finnish Real Estate Management Federation, all of which are our long-standing partners. This cooperation has aimed at enhancing safety at residential buildings by transferring the responsibility for installing fire detectors from residents to the housing company. We will continue to develop the exploitation of claims data in partnership with the Finnish National Rescue Association in 2022.

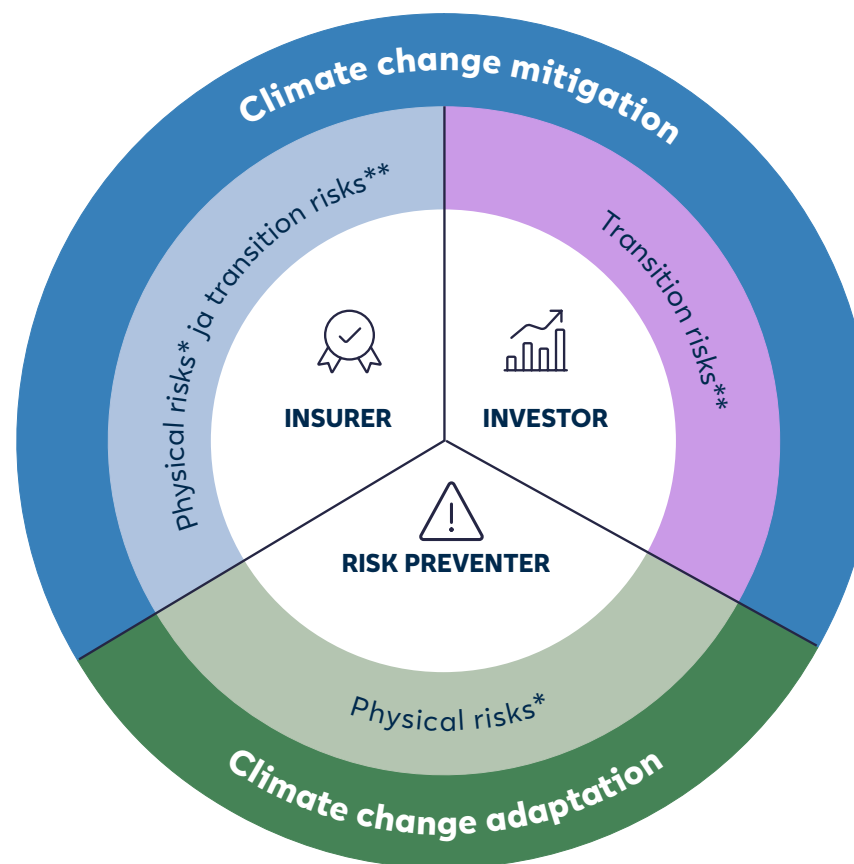
Impacts of climate change

An insurer, investor and risk prevention expert, LocalTapiola can provide solutions to mitigating and adapting to climate change. In insurance, we are taking steps to prepare for the risks brought about, while also covering losses caused, by climate change. We can curb climate change by focusing investments and funding on alternatives that reduce emissions.

Continued climate change increases the probability of weather extremes and causes new risks which we as an insurer must be prepared to tackle. Our insurance products help combat the climate risks to which our owner-customers are exposed. To successfully curb climate change will reduce losses in the long run. In view of LocalTapiola's business, it is absolutely necessary to also adapt to the risks of a changing climate.

Of the LocalTapiola Group companies, LocalTapiola Asset Management and Real Estate Asset Management have made long-term efforts to mitigate climate change. In 2021, we set our focus on determining the climate impacts of the entire Group and on establishing common Group-level climate goals.

LocalTapiola's roles in climate change mitigation and adaptation



* Physical climate change risks include weather extremes and the direct impacts of climate change.

** Climate change transition risks are caused by the transition to a low-carbon society.

Climate change mitigation and fostering adaptation to climate change are **our key sustainability goals**, which were approved in February 2022. Additionally, we are committed to mitigating and adapting to climate change in our lifelong security strategy and Code of Conduct and as a signatory to the UN's Principles for Sustainable Insurance. In future, we will be periodically evaluating the progress made with these goals.

Climate change risks are an element in our comprehensive risk assessment. In 2021, we launched efforts to assess sustainability risks, aiming to identify climate risks more widely and strengthen them, along with other sustainability risks, in the Group's risk assessment process. Read more about the Group's risk management in the section 'Solvency, and risk management' on page 56.

LocalTapiola's climate goals

Climate change occupies a central role in the sustainability goals set out for LocalTapiola Group's 2022–2026 strategy period. We want to be a leader in the management of evolving risks. We seek Finnish solutions for mitigating and adapting to climate change.

In order for us to be able to reduce detriment and losses from climate change, we want to be a regional partner for climate change adaptation in Finland. We link climate change mitigation more strongly to our core businesses: insurance and investment. We have strengthened the carbon neutrality target for our own activity, bringing it forward from 2030 to 2025.

Our five climate goals

1. **Regional partner** in adapting to climate change
2. Strong partner in the **green transition**
3. Carbon-neutral LocalTapiola in **2025** (Scope 1 and 2)
4. Net zero CO₂ emissions from LocalTapiola Group's insurance by **2050**
5. Net zero CO₂ emissions from LocalTapiola Group's investment portfolios by **2050**



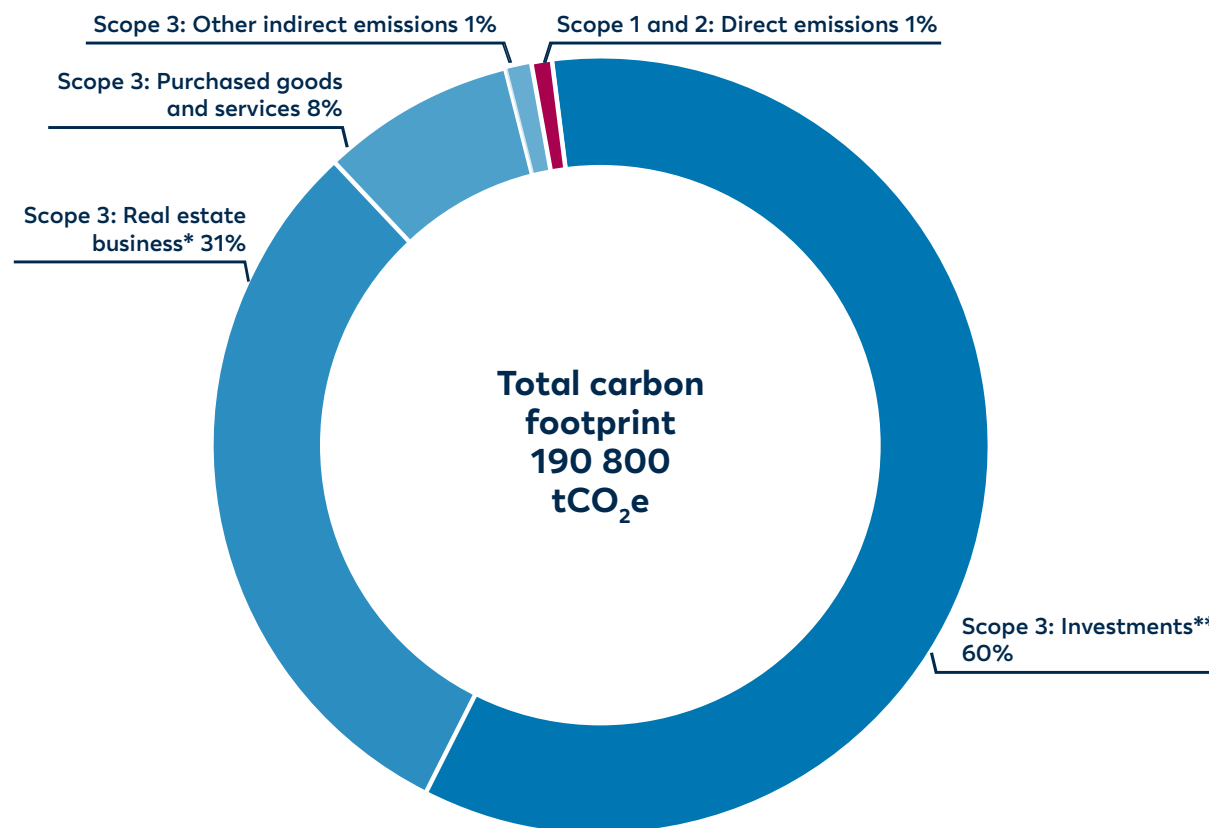
Group's carbon footprint

In the course of 2021, we calculated LocalTapiola Group's carbon footprint for 2019 and 2020. The carbon footprint calculation for 2021 was completed in February 2022. Carbon footprint is calculated in accordance with the international Greenhouse Gas Protocol (GHG), and in future it will be monitored on an annual basis.

In terms of the carbon footprint, we address all direct (Scope 1) and indirect (Scope 2) emissions from our own operations as well as other indirect emissions (Scope 3). Indirect emissions cover, for example, the products and services purchased, capital goods (such as investments in new construction and repair construction projects), travel, in-service emissions from the real estate we rent out, and LocalTapiola's own investments.

LocalTapiola Group's 2021 emissions came to 190,800 tonnes of carbon dioxide equivalent (tCO₂e). Direct emissions (Scope 1) totalled 200tCO₂e, market-based energy indirect (Scope 2) emissions 1,000tCO₂e and other indirect emissions (Scope 3) 189,600tCO₂e. Typical for businesses in the financial sector, **our direct emissions therefore remain very low as compared to our indirect emissions**, the most significant part of which is from our climate impacts.

LocalTapiola Group's carbon footprint 2021



* Includes investments in buildings, which account for 80% of the emissions from the real estate business, and in-service emissions of the real estate rented out, which account for 15% of the emissions from the real estate business.

** Includes indirect emissions from LocalTapiola's own equity investments and corporate bond investments.

LocalTapiola's most significant climate effects are generated by LocalTapiola's own investments (equity investments and corporate bond investments), contributions to new construction and repair construction projects as well as the products and services purchased.

Emissions from our energy consumption in 2021 increased 20 per cent over 2020 due to increased energy consumption at our offices and the specifications made to how emissions from heat production are calculated. Approximately 80 per cent of our offices consumed renewable electricity in 2021. The COVID-19 pandemic contributed to a sharp drop in travel and emissions from travel in 2020 and 2021. Following the increase in telework related to COVID-19, as of 2020 we have included in our carbon footprint all emissions from electricity consumption at teleworkstations and the impact of telework on the emissions from travel to and from work.

We will be comparing the emissions trend with the 2019–2021 average emissions. The average emissions for the baseline years, 2019–2021, for total emissions are 240,200tCO₂e; for Scope 1, 200CO₂e; for Scope 2, 1,100tCO₂e; and for Scope 3, 239,000tCO₂e. Calculation was developed for 2020 and 2021, and the key specifications and changes are described above and in the section 'GRI indicators' on page 69. The most notable uncertainties with respect to this calculation are associated

with the calculation on the basis of EUR amounts for new construction and repair construction projects (Scope 3, Category 2) and with total emissions from investments (Scope 3, Category 15), which currently do not cover all LocalTapiola Group's own investments.

In 2021, we launched an analysis of the CO₂ emissions originating from the use of the insurance policies we sell (=the claims business) and from the cars financed by LocalTapiola Finance. For the time being, this calculation is surrounded by a high degree of uncertainty, which is why the calculation is separate from the actual carbon footprint. Since emissions from the claims business appear to be significant in relation to LocalTapiola Group's carbon footprint, it is our aim to keep monitoring the emissions from the claims business in future and to specify the related calculation.

CO₂ emissions and their development is discussed in more detail in the section 'GRI indicators' on page 69.

Emission reduction

LocalTapiola Group seeks to achieve **carbon neutrality in terms of direct emissions by 2025 or sooner** (Scope 1 and 2). During 2022, we will be laying down the more precise Group-level emission reduction targets while defining the necessary measures and the monitoring methods for the purpose of achieving these targets. In terms of

reducing our direct emissions, the following were identified as the key measures: reduced energy consumption; in respect of electricity consumption, transition towards renewables at all our offices; and reduced emissions from heating. In autumn 2021, we transitioned to multilocal work and brought down the emission threshold for the company cars we acquire, which from the start of 2022 is 80gCO₂/km.

Reduction of other indirect emissions (Scope 3) is supported by LocalTapiola Asset Management's and Real Estate Asset Management's commitment to reduce emissions from assets under management as well as LocalTapiola Group's commitment to achieve net zero emissions from insurance and investments by 2050 or sooner.

LocalTapiola Finance, which provides vehicle ownership financing, offsets the emissions from its private customers' cars that it finances and that are insured by LocalTapiola policies without any additional fees charged from the customer. The emission reductions achieved in 2021 amounted to 78,700tCO₂e. Through the carbon offsetting programme, emission reductions equivalent to a total of 130,000tCO₂e have been realised since 2019. This offsetting applies to cars with emissions of under 200gCO₂/km. Emissions are offset via the Clean Development Mechanism project under the UN's climate deal.

Insurance sector facilitating adaptation to changing climate

The insurance sector plays a key role in preparing for and adapting to the impacts of climate change. An expert in risk management and loss prevention, we contribute to combating losses from climate change and to managing the economic impacts of these losses. LocalTapiola wants to be our customers' best partner in lifelong security, providing insurance cover for their health, finances and property on a scale which is fitting and sufficient in light of each customer's situation. Product and service development conducted together with our owner-customers plays an essential role in fulfilling the vision of lifelong security, also in a world of evolving risk.

The climate issues topical in the insurance sector concern, for example, natural phenomena. From the perspective of the non-life insurance business, a scenario where the financial risk of insuring natural phenomena becomes too great is problematic. At worst, this trend might lead to reasonably priced insurance cover not being available in all parts of the world.

On a global scale, the impacts of climate change can already be witnessed in the fundamental principles of insurance. For example, meteorological phenomena are impacting on reinsurance, in particular. Although as yet there are no major changes

in the risk assessments of these phenomena in Finland, higher reinsurance costs and increasing difficulties in securing reinsurance cover may also exercise pressure on domestic insurers.

LocalTapiola's non-life insurance products pay reimbursement for natural phenomena related losses, such as those from storm, wildfire and flooding. In Finland, the impacts of climate change induced weather extremes on the number and nature of losses cannot be verified on the basis of claims data yet. Changing weather regimes have resulted in developments such as pest losses in forests, also at our Nordic latitudes, but based on data we cannot verify any long-term change at this point. Although Finland has thus far been spared the changes extending into our claims statistics, this will change with increasing global mean temperature. Forecasts anticipate that higher rainfall, more frequent storms and longer spells of hot weather will all be a reality.

Insurance is one means by which to prepare for the risks of a warming planet, yet it is through broad-based cooperation with businesses and various social actors that we can achieve the best solutions. Innovations and new technology play a decisive role in investments that strive to cut CO₂

emissions. By pursuing its sustainability goals, LocalTapiola Group has strong commitment to combat climate change. We seek Finnish solutions for mitigating climate change while serving as a strong regional partner in climate change adaptation.

Read more about our climate goals on page 39.

Juho Kettunen

Director, LocalTapiola General

The number of claims paid out for incidents identified as natural phenomena is subject to a high degree of annual variation. Reimbursements payable for major claims may be allocated across several years.

Claims paid, EUR million

Cause of loss	2021	10-year average
Storm	16.5	13.3
Flooding and exceptional downpour	0.33	0.4
Snow	0	1.5



Energy consumption of buildings

LocalTapiola Group's investment real estate assets are under the administration of LocalTapiola Real Estate Asset Management. **Reducing energy consumption** throughout the entire life cycle of buildings has been the company's key goal for more than two decades now. Real Estate Asset Management strives to improve the energy efficiency of buildings in a systematic manner. The company is committed to the energy efficiency agreements concluded in the real estate sector for 2017–2025. These agreements aim to reduce energy consumption by 7.5 per cent by 2025 from the 2015 baseline level.

In 2021, Real Estate Asset Management introduced the EnerKey energy monitoring system. It facilitates monitoring the energy consumption at buildings up to hourly data. EnerKey's Ines service employs artificial intelligence to analyse the consumption data of sites. The increased precision of monitoring and analytics helps detect any abnormal consumption patterns and equipment failures more quickly, thereby saving energy.

Investment real estate

In terms of the energy consumed across the investment real estate administered

by LocalTapiola Real Estate Asset Management, we monitor the consumption of heat, electricity, district cooling, and water. For electricity, at the majority of sites we monitor the real estate electricity consumed. Depending on the type of electricity access, EnerKey consumption monitoring can also focus on total electricity consumption, in which case the electricity consumed by tenants is also included in the electricity reading. This presents certain challenges in terms of calculating specific electricity consumption.

Monitoring the energy consumed at investment real estate is an element in real estate maintenance management. Energy consumption is monitored for district heat, electricity and district cooling by means of hourly consumption monitoring data. The consumption of water is monitored, at a minimum, at a monthly level across the entire investment real estate portfolio. At the start of 2022, more than 50 per cent of the investment real estate introduced minute-level monitoring for water consumption. Consumption levels and any abnormal consumption are reported on a monthly basis.

Every quarter, as part of energy reporting, we monitor the implementation of the energy efficiency measures laid down in the energy efficiency agreements concluded in the real estate sector. The combined sav-

ings effect achieved by the energy efficiency measures taken at commercial real estate in 2021 was some 389MWh, and at residential buildings this stood at approximately 496MWh. Additionally, in residential buildings, water-saving measures totalling approximately 5,806 cubic metres were implemented.

At investment real estate, we are also monitoring the volume and recycling rate of waste, with the aim of increasing the waste recycling and resource recovery rate. We collect these waste data from the waste management companies maintaining the buildings. While investing in informing our tenants and residents, we also pay attention to the signage in waste facilities. We seek to provide as comprehensive waste sorting opportunities as possible at our investment real estate. The data on waste volumes are presented in the section 'GRI indicators' on page 72.

Our own offices

Most of LocalTapiola's own offices are not based in independent buildings but in large commercial ones. Data on the energy consumed at our offices are collected each year in the context of CO₂ emission calculation. In 2021, this energy consumption came to 6,100MWh of heat and 6,000MWh of electricity.

Energy consumption of investment real estate and LocalTapiola's own offices 2020–2021

Investment real estate administered by LocalTapiola Real Estate Asset Management (109 sites)	2020	2021
Heat, MWh	59,000	76,000
Electricity, MWh	33 000	36 000
District cooling, MWh	6,600	7,800
Water, m ³	431,000	442,000
Carbon dioxide, CO ₂ e, t**	9,700	12,300
LocalTapiola Group's own offices	2020	2021
Fuel consumption (nonrenewables), MWh*	35	35
Fuel consumption (renewables), MWh*	0	0
Heat, MWh	5,000	6,100
Electricity, MWh	6,000	6,000
District cooling, MWh	100	100
Energy consumption, total, MWh	11,135	12,235
Carbon dioxide, CO ₂ e, t**	900	1,100

* Consumption covers fuel used at LocalTapiola Group's own offices. No data are available on the fuel consumption of company cars. The energy content of light fuel oil totals 11.8/kWh/kg.

** The section 'GRI indicators' on page xx describes the Group's CO₂ emissions and their development in more detail.

Waste utilisation rate at investment real estate,* %

	2020	2021
Resource recovery rate	95.5	98
Recovery as energy	51.5	57
Recycling as material	48	41
Other processing	0,6	2

* For 2021, a total of 98 investment real estate sites are reported, accounting for some 80 per cent of all sites. For 2020, 88 sites were reported, with the data coverage at some 60 per cent. Paper collection data are incomplete, particularly for residential buildings. As for hazardous waste, no resource recovery rate is available.



Sustainability in investment activities

Investment is a key component of LocalTapiola's business. Our sustained investment and financial activities aim to help customers increase their wealth and finance their life and business while safeguarding our insurance companies' ability to pay claims to owner-customers.

One of the key sustainability goals set out for LocalTapiola Group's 2022–2026 strategy period is to **lead the way in responsible investment**. Responsible investment approaches have long been guiding operational development at LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management. At Group level, our aim is to integrate responsibility and sustainability into all asset classes, including those directly administered by our insurance companies.

In this strategy period, we will also be **investing in enhancing regional vitality** through investment and financial activity. We foster regional vitality by means such as providing corporate financing comprehensively across Finland, investing in unlisted Finnish companies and in forest, and developing real estate sites as well as constructing new ones also outside the Helsinki Metropolitan Area.

LocalTapiola companies invest in various asset classes, namely quoted equities and fixed income, real estate, private equity and debt, and corporate lending. At the end of 2021, the investment assets of the Group's insurance companies stood at some EUR 10.5 billion. The assets under management by LocalTapiola Asset Management, LocalTapiola Alternative Investment Funds and Seligson & Co fund management company totalled EUR 21.2 billion and the real estate assets under management by LocalTapiola Real Estate Asset Management were EUR 2.6 billion.

In 2021, the **Group updated the structure of its saving and investment services**. Last autumn, the administration of LocalTapiola funds was transferred to Seligson & Co fund management company, a Group-owned enterprise. LocalTapiola Group's asset management and finance companies formed a new LocalTapiola Asset Management Group as of 1 January 2022. LocalTapiola Asset Management serves as the parent company of this Group, which also includes fund management company Seligson & Co as well as LocalTapiola Real Estate Asset Management and its subsidiary LocalTapiola Alternative Investment Funds. The investment service sales organisation is

centralised in the new asset management group.

“One of the key sustainability goals set out for LocalTapiola Group's 2022–2026 strategy period is to lead the way in responsible investment.”

LocalTapiola Asset Management offers customers investment products and services. Additionally, the company administers the listed-market equity and fixed income investments of LocalTapiola General, LocalTapiola Life and the regional companies, as well as taking care of portfolio management in respect of the unit-linked insurance products provided to customers by LocalTapiola Life.

The real estate investments of Group companies are under the administration of LocalTapiola Real Estate Asset Management, while its subsidiary LocalTapiola Alternative Investment Funds takes care of the real estate, private equity, private debt, equity and interest funds which it manages. Besides its own funds, fund management company Seligson & Co administers the LocalTapiola funds. Finally, LocalTapiola General provides corporate and real estate

financing, and LocalTapiola Finance engages in vehicle and machinery financing.

Principles guiding our investment business

LocalTapiola's Investment Management Group is in charge of the operational organisation of the Group's investment business and oversees related implementation. The Management Group also takes individual investment decisions. Additionally, the asset management group's ESG steering group operates under the auspices of LocalTapiola Asset Management, making policy on the sustainable investment priorities and providing leadership.

LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management consider the relevant **sustainability factors in investment analysis and decisions and in the corporate governance policy**. The Group's insurance companies invest all assets responsibly with a long-term focus. The common investment plan drawn up by the insurance companies lays down the organisation of activities as well as objectives, principles and risks at a general level. Responsibility and sustainability aspects are integrated into all investment decisions.

LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management and Seligson & Co are signatories to the UN-supported Principles for Responsible Investment. LocalTapiola Alternative Invest-

ment Funds contributes to the promotion of these Principles as part of Real Estate Asset Management Group. 2021 was the first year when Alternative Investment Funds reported on compliance with the Principles.

At LocalTapiola Asset Management, the Principles for Responsible Investment apply to all asset classes. Asset Management exploits the relevant environmental, social and governance factors ahead of selecting investments and fund partners. The company's **portfolio managers have been carrying out in-house sustainability analysis and classification of investment options for over a decade now**. The principles that govern investment also feature a number of exclusion criteria. For instance, in equity and corporate bond selection and in market funds, Asset Management avoids investing in any companies that have broken international norms or that manufacture controversial weapons or components needed for such weapons.

In 2021, Scandinavian Financial Research once again rated Asset Management the **best Finnish asset manager in responsible investment in the Challenger category**. Previously, LocalTapiola Asset Management has taken this prize in 2020, 2019, 2018, 2015, 2014 and 2013.

LocalTapiola Real Estate Asset Management is **leading the way in responsible real estate investment in Finland**. The compa-

ny's principles for responsible investment consider environmental, social and governance sustainability factors in such a way as to improve the investment return and risk profile. On an annual basis, Real Estate Asset Management takes part in the Global Real Estate Sustainability Benchmark (GRESB) review, in 2021 scoring 81 points out of one hundred and 4/5 stars (baseline ranking 11/113). Real Estate Asset Management's score (81) was clearly above the baseline group average (69).

LocalTapiola Alternative Investment Funds invests the assets of the private equity and private debt funds which it manages in funds provided by Finnish and international management companies. When selecting funds, the company performs a Due Diligence check by means of fund documentation, meetings and advisors. Sustainability factors are discussed at meetings with management company representatives, and every management company is rated for sustainability.

Sustainable finance regulation from an investment perspective

The regulatory initiatives implemented under the European Union framework of sustainable finance exert a broad influence on enterprises operating in the financial sector and on their operational reporting. From an investment perspective, the most central legislative initiatives dealing with sustainable finance regulation are the Sustainable

Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation.

All LocalTapiola companies engaged in investment have been taking steps to prepare for this regulation since 2020. The first phase of the SFDR came into effect in March 2021. The Group's asset management companies in 2021 initiated a specific project to assess the impacts of sustainable finance.

The SFDR aims at **facilitating the comparison of the sustainability aspects of investment products** and combating 'green-washing'. The Regulation obliges companies participating in financial markets to disclose how sustainability risks and factors as well as principal adverse impacts are considered in investment products. With regard to the LocalTapiola companies, the SFDR

applies to LocalTapiola Asset Management, LocalTapiola Alternative Investment Funds, Seligson & Co, LocalTapiola Life, and the regional companies in the role of Life's agent.

The Taxonomy Regulation establishes a classification system (taxonomy) for sustainable economic activities. The taxonomy aims to facilitate sustainable investment and the assessment of sustainability risks. The Taxonomy Regulation requires that businesses offering investment products disclose the taxonomy compliance of investments for certain investment products.

LocalTapiola Asset Management has two SFDR Article 9 'dark-green' funds that aim to make sustainable investments meeting the criteria laid down in the SFDR: **LocalTapiola Sustainable Environment** and **LocalTapiola Sustainable Positive Impact Bond**.

Active ownership

LocalTapiola General, LocalTapiola Life and LocalTapiola Asset Management each have in place their dedicated corporate governance principles that govern their activities. Active corporate governance plays a key and visible role in Asset Management's operations, in particular. The most important policies steering corporate governance at Asset Management include meetings with the management of companies, attending General Meetings, and influencing businesses together with other investors.

In 2021, LocalTapiola Asset Management **portfolio managers held 803 meetings with the management of various companies**, mainly by virtual means. Of these meetings, 397 were with companies in which we have invested Asset Management customers' funds. Some 65 per cent of the meetings discussed the company-specific sustainability aspects which emerged in our sustainability analysis, covering topics such as environmental impacts, the circular economy and COVID-19 pandemic related social aspects. Renewable energy production projects and investments in green products, in particular, serve as positive examples of how environmental impacts are taken into account.

During the year, Asset Management represented its customers (including LocalTapiola funds) at a total of 45 virtual Finnish General Meetings and 1,037 foreign ones.

LocalTapiola Asset Management participates in a number of collective investor positive impact projects, many of which focus on climate change mitigation. The Carbon Disclosure Project (CDP), the Climate Action 100+ initiative and the Global Investor Statement to Governments on Climate Change all encourage to raise the bar for corporate climate action and to improve reporting. As a member of the International Corporate Governance Network (ICGN), Asset Management promotes businesses to adopt the best practices of corporate governance.



Integration of climate change

The LocalTapiola companies where integration of the climate change perspective into their business is particularly strong include LocalTapiola Asset Management and Real Estate Asset Management.

In summer 2021, LocalTapiola Asset Management was the first Finnish operator to commit to the international Net Zero Asset Managers initiative aiming to achieve **net zero emissions from assets under management by 2050 or sooner**. This commitment requires that a decarbonisation interim target be set for 2030 or earlier. LocalTapiola Real Estate Asset Management, meanwhile, in December 2021 signed the international Net Zero Carbon Buildings initiative for **carbon-neutral energy consumption at buildings and for carbon-neutral emissions from construction**.

Asset Management contributing to climate change mitigation through investment choices

LocalTapiola Asset Management is developing its investment activities and collaborates with customers to achieve climate goals. The company's objective is to create long-term value for its customers. The

target of net-zero carbon emissions from investments supports this objective.

Impacting on climate change mitigation through investment activity calls for a comprehensive understanding of the environmental risks to which investments are exposed. LocalTapiola Asset Management's portfolio managers analyse the measures taken by companies aiming to mitigate and adapt to climate change, and they strive to find the best possible solutions in terms of investment. Asset Management encourages businesses to report on climate risks in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework and to take proactive account of the impacts of sustainable finance regulation on their activities.

In 2021, Asset Management made all climate change mitigation related avoidance criteria binding on portfolio management. In February 2022, these criteria were strengthened further. In its equity and corporate bond selection, the company does not invest in any businesses of whose turnover over 20 per cent comes from coal, lignite or peat used in energy production or of whose energy production more than 20 per cent is based on coal, lignite or peat. Furthermore, Asset Management does not invest in any companies that contribute to coal, lignite or peat projects. In carbon intensive sectors, investments are made

only in companies with the best carbon footprint.

In 2021, Asset Management portfolio managers submitted an annual carbon footprint survey to 67 companies. This survey encourages companies to report on the climate risks of their activity in alignment with the TCFD. Additionally, portfolio managers invited a total of 57 companies to respond to a Science-Based Targets campaign survey launched by the Carbon Disclosure Project (CDP). The aim of the CDP survey is to engage companies to set science-based targets to cut CO2 emissions.

On a semi-annual basis LocalTapiola Asset Management calculates the carbon footprints of LocalTapiola General's and LocalTapiola Life's direct investments and those of the LocalTapiola funds which are based on direct equity and corporate bond investments. This calculation is founded on recommendations by the TCFD. The carbon footprints of the LocalTapiola direct equity and corporate bond funds are published on LocalTapiola Asset Management's sustainable investment website for the funds of whose underlying investments (companies) over 50 per cent report their emission figures.

Carbon intensity of LocalTapiola General's and LocalTapiola Life's direct investments 2019–2021

The annual changes in these figures are affected by switches in a portfolio from one underlying investment to another, weighting updates, switches to a new sector of activity, and differences in the carbon intensity and data coverage between individual underlying investments. The combined effects from several factors lead to fluctuations in portfolio-level calculations.

Listed equity investments	LocalTapiola General				LocalTapiola Life			
	2019	2020	2021	Change 2020–2021	2019	2020	2021	Change 2020–2021
Data coverage, %	94	95	91	-4	94	96	92	-4
Carbon intensity, tCO ₂ e*/MEUR	69	87	103	+16	68	79	106	+27
Listed corporate bond investments	2019	2020	2021	Change 2020–2021	2019	2020	2021	Change 2020–2021
	2019	2020	2021	Change 2020–2021	2019	2020	2021	Change 2020–2021
Data coverage, %	55	64	72	+8	53	69	75	+6
Carbon intensity, tCO ₂ e/MEUR	236	149	199	+50	246	141	184	+43

* CO₂e = carbon dioxide equivalent

Figures as at 31 December 2019, 31 December 2020 and 31 December 2021.

Data coverage describes the share of emission-reporting companies of the portfolio's underlying companies with consideration to portfolio weighting. Carbon intensity describes the carbon risk of the portfolio in relation to turnover. This calculation divides the company's emissions (tCO₂e) by the company's turnover (MEUR). The portfolio's carbon intensity figure is derived by weighting company-specific carbon intensity with the company's share in the portfolio and by summing the weighted figures of the portfolio's investments.

A portfolio-specific carbon intensity figure is reported only if data coverage exceeds 50 per cent and it addresses the greenhouse gas emissions (tCO₂e) from the assets owned or controlled by the portfolio's underlying companies and from the production of the electricity which the companies purchase. The calculation uses the latest figures available as reported by the companies concerned.

Investments can support the green transition

In the course of 2021, LocalTapiola General and LocalTapiola Life made significant **investments in energy-saving technology and in Finnish wind power**. The purpose of these investments is to achieve excellent performance while supporting the transition to a low-carbon society.

LocalTapiola General and Life invested in Altum Technologies, a company supplying industry with software-controlled ultrasound technology. The solution by Altum reduces the build-up of fouling and other scale formation in industrial processes, enabling enhanced energy-efficiency particularly in the energy, petrochemical, chemical pulp and paper industries while cutting CO2 emissions. The funding provided by LocalTapiola supports Altum to achieve international growth.

Furthermore, LocalTapiola General and Life acquired a minority shareholding in Pohjan Voima, an energy company constructing wind power in rural areas, bringing LocalTapiola's ownership to approximately ten per cent. With heat production and industry bringing down their CO2 emissions, demand for electricity will experience strong growth. Investing in cost-effective, self-sufficient and low-emission electricity production benefits the whole of Finnish society.

Pohjan Voima is planning the construction of wind farms at Alajärvi, Honkajoki, Kajaani, Vaala, Perho and other localities. Additionally, the company is also currently preparing a feasibility study on several other solar and wind power projects.

Read more about our investments in [Altum](#) (in Finnish) and [Pohjan Voima](#) (in Finnish).



Real Estate Asset Management mapping sustainability risks of buildings

LocalTapiola Real Estate Asset Management manages a **real estate portfolio of some one million square metres**. The company has long committed to systematically stepping up the energy efficiency of its investment real estate. Starting from 2020, the electricity consumed at all investment real estate administered by Real Estate Asset Management is origin-guaranteed wind power in order to cut CO2 emissions.



Together with renewable energy, increased energy efficiency reduces the transition risks to which the real estate portfolio is exposed as a result of transitioning to a carbon-neutral society.

Ahead of investment decisions, Real Estate Asset Management addresses the sustainability risks associated with buildings. Together with renewable energy, increased energy efficiency reduces the transition risks to which the real estate portfolio is exposed as a result of transitioning to a carbon-neutral society. Driving winds, temperature variation and flooding have been identified as the most significant risks to the real estate portfolio.

In 2021, the company used the TCFD framework to map the **climate risks and**

opportunities of its activities as well as economic impacts. This mapping was carried out under two different climate scenarios. In the first scenario, greenhouse gas emissions continue to grow at a rapid pace and the climate becomes much hotter. Under the second scenario, the energy sector achieves carbon neutrality by 2060 and temperature does not rise more than 1.75 degrees by 2100.

The mapping identifies flooding, storms and heavy rain as acute financial risks to the real estate portfolio, while changing precipitation patterns and rising sea levels are the most notable chronic risks. Rising costs of low-carbon business and of emission trading, as well as increases in the price of construction materials, were identified as transition risks. Finally, changes in consumer behaviour and growing expectations by stakeholders concerning sustainable business were identified as risks.

Green loans funding transition to more sustainable society

LocalTapiola contributed to funding a **green real estate sector loan** in 2021. The loan was granted to Special Investment Fund eQ Commercial Property Fund, which invests in commercial and office buildings in Finland.

Green loans are loans or investments that foster transitioning to a low-carbon, more climate friendly and environmentally sustainable society. For example, these loans can promote environmentally friendly construction of new buildings or renovation projects. Many banks employ specific criteria for the granting of green loans. Attainment of the sustainability goals of green financing contracts is monitored on a regular basis, and the progress made with these goals may affect factors such as the loan margin.

LocalTapiola encourages companies to redesign their business towards sustainability. The Group's corporate lending takes account of sustainable development goals in the sustainability reviews performed on customer companies. LocalTapiola will also be taking part in new green financing contracts in 2022.

Read more about the [eQ Commercial Property loan](#) (in Finnish).

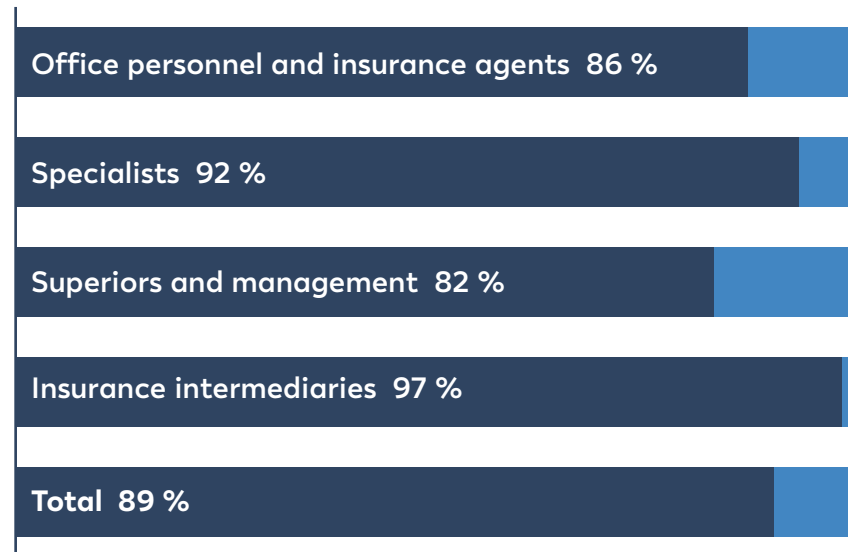
Responsible operating methods

LocalTapiola's responsible policies are guided by our **internal Code of Conduct** and the **new Partner Code of Conduct** published in 2021. It is for everyone working at LocalTapiola and every member of the management to ensure compliance with the Code of Conduct.

In 2021, we identified the key development areas with regard to LocalTapiola's sustainability pillars, our policies. In the 2022–2026 strategy period, we will be investing in areas such as responsibility and sustainability management, sustainability competences and the development of sustainable procurement.

The year 2021 saw us publish an online course on our Code of Conduct, which it was mandatory for all employees to complete. A total of 3,568 people completed this course, representing 89 per cent of our entire personnel. This figure includes salaried staff and intermediaries.

Completion figures for Code of Conduct online course 2021



Procurement and the delivery chain

LocalTapiola's procurement and delivery chain management is guided by the Group's Code of Conduct, the Code of Conduct for partners and procurement, and the procurement strategy. All Group

companies are committed to the Code of Conduct, Partner Code of Conduct and procurement guidelines.

Our delivery chain features large national operators and businesses that operate on a regional and local basis. Our strength in delivery chain management lies in **local presence**. We know the many operators providing services to our owner-customers.

Procurement

Our most important procurements concern indirect operating expense procurement, meaning the goods and services we procure for our own use, and ICT procurement. The annual volume of indirect procurement stands at some EUR 100 million and ICT procurement at EUR 120 million.

In our supply chain, a significant proportion of expenditure consists of the **claims**

paid to providers of claims related services. A total of slightly under EUR 657 million was paid in non-life insurance claims during the year. A substantial amount of this sum was paid, either directly or indirectly, to service providers in the supply chain. Major healthcare operators, general repair shop chains, car dealerships, hospital districts, large damage renovation firms and big towing businesses are among our largest service providers. Of all service providers, purchases from the 20 biggest

operators in 2021 stood at some EUR 150 million.

We carry out indirect operating expense procurement not only under centrally managed nationwide contracts but also locally at regional companies. When it comes to procurement, we favour local businesses whenever this is sensible in terms of customer experience. An estimated **90 per cent of our supply chain operates on a local basis.** Of indirect operating expense procurement, the majority is from Finnish suppliers, and local-level turnover makes up more than one half of all claims incurred. In 2022, we will be introducing a new contract life cycle management system, which facilitates the management and control of the Group's procurement contracts.

LocalTapiola Services leads our ICT procurement activities, which are guided by the ICT procurement strategy and policy and the common Group guidelines. Maintenance and development services produced outside Finland account for some 10–20 per cent of our total ICT procurement expenditure.

In ICT procurement, we operate with reliable suppliers, and in respect of large procurement contracts we have made use of suppliers' partner selection sustainability criteria. LocalTapiola Group's own Partner Code of Conduct will also be extended to apply to the selection of ICT partners dur-



ing 2022. We audit our ICT suppliers on a regular basis for areas such as cyber security and privacy protection. No abuses were brought to our attention in 2021.

Responsible supply chains

Supply chain management plays a crucial role in LocalTapiola's sustainability and responsibility efforts. The management of claims involves thousands of service providers, to which the majority of the claims service costs is paid. Much of our claims service supply chain relies on local partnerships. We strive to find the best partners for all types of claims. How they carry out their business has a direct impact on how customers experience our services.



Much of our claims service supply chain relies on local partnerships.

We seek **long-standing partnerships** that best help us ensure to do business in conformity with the requirements we have laid down. We develop monitoring and audit practices for the purposes of partnerships and supply chains. Constantly monitoring the functioning of supply chains and customers' experience of services, we implement changes as appropriate.

In 2021, we switched to a new provider of motorist travel emergency service. This change was underpinned by an objective of

better leadership and optimisation of local presence. In order to develop our mobility emergency service, we established a new channel of cooperation, with the purpose of collecting from partners feedback on new service providers, stepping up transparency and providing a channel for debate on operational development.

During the year, we invested in supply chain and partnership management. Our internal partnership management network brings together the persons responsible for partnerships across the LocalTapiola Group companies. One of the priority areas for this network was to strengthen responsibility and sustainability throughout all delivery chains.

In 2021, we published the Group-level Partner Code of Conduct that guides our partners and our own activities with regard to partnerships. The Partner Code of Conduct will be incorporated into every phase of the life cycle of partnerships.

The five Partner Code of Conduct principles

LocalTapiola Group's Partner Code of Conduct brings together the policies and principles that we expect all our partners and stakeholders to follow. Furthermore, it is for everyone working at LocalTapiola to ensure compliance with these principles.

1. We comply with all **legislative provisions** and regulatory requirements.
2. We respect the **protection of privacy** and ensure data security.
3. We conduct our business **transparently**, fairly and with due regard to professionalism.
4. We ensure **appropriate working conditions** and the **non-discriminatory treatment** of personnel and customers.
5. We shoulder responsibility for the impacts which our business has on the **environment** and **our society**.

Read more about our Partner Code of Conduct on the LocalTapiola website.

Anti-corruption and anti-bribery efforts

We strive to prevent corruption and bribery in everything we do. Our decision-making is based on **objectivity and independence**. Our anti-corruption and anti-bribery policy is described in the Group's Code of Conduct.

Our common policies for identifying and preventing conflicts of interest cover guidelines on recusal, insider affairs, competing activities, management remuneration, gifts, hospitality and related party transactions. The strategic section in the Group's investment plan provides instructions on the management of conflicts of interest in the investment business.

With a prudent decision-making process, defined responsibilities and guidelines on recusal and related party transactions, we ensure appropriate and independent decision-making. Monitoring compliance with policies and guidelines is part of the work carried out by internal control. Superiors and the compliance function monitor compliance with the relevant principles and related guidelines and report on any irregularities.

The Group has in use a **technical tool to report internal abuses and other defi-**

ciencies as well as related suspicions. A whistleblowing channel makes anonymous reporting possible. Suspicions of abuse surface in connection with the work carried out by superiors or regular monitoring, such as that conducted by internal audit. Internal audit processes all suspicions of abuse on a confidential basis and monitors the implementation of corrective measures or consequences. The number and contextual allocation of suspicions of abuse are regularly reported to the management.

Preventing money laundering and countering terrorist financing

Our activities combat the grey economy and close down the space in which organised crime operates. We are committed to preventing money laundering and countering terrorist financing, and we comply with the regulation governing this subject. We know our customers as required by regulation and follow the set customer selection criteria in risk management. We monitor and comply with the relevant international financial sanctions as well as national decisions to freeze funds.

By organising training events, we make sure that everyone working at LocalTapiola knows the applicable legal obligations and internal guidelines. All our personnel complete **online courses on the preven-**

tion of money laundering and countering of terrorist financing at least once. Those employees whose duties require them to be familiar with the provisions governing the prevention of money laundering and countering of terrorist financing complete the courses each year. Superiors monitor that these courses are completed as required, and the Group's compliance function also oversees this on an annual basis.

Combating insurance crime

LocalTapiola Group employs common operating procedures to detect suspicious transactions. We report all suspicions to the Financial Intelligence Unit and also investigate them internally. We work in close cooperation with public authorities and intra-Group parties. We develop ways for more effective monitoring of sanctions and for enhancing the effectiveness and automation of the control of fraud and financial flows.

The Group's Investigation Services unit investigates, combats and prevents insurance and financial crime targeting the Group. The unit reports to the management at regular intervals and also participates in the investigation of internal abuses. We train people working at LocalTapiola to combat fraud and other abuse, to detect suspicious transactions and money laundering, to identify customers and to ascertain their authorisation.

Solvency, and risk management

The basic position in solvency management is our commitment to owner-customers and other stakeholders. Solvency capital must cover the expected and unexpected losses which are in the insured parties' interests. As a mutual group of companies, our solvency management underlines the principle of safeguarding owner-customers' financial security.

LocalTapiola Group's non-life insurance companies are among the **most solvent companies in their sector in Finland**. The Group's solvency is built on a strong foundation despite the economic uncertainty that prevails in the operating environment. The Boards of Directors of our companies regularly monitor solvency indicators, such as the amount of solvency capital and the performance of and risks to the investment business.

Where necessary the Boards of Directors take steps to bolster solvency. Solvency management is part of the Group's risk management and that of the Group companies. Annually, our insurance companies perform an Own Risk and Solvency Assessment (ORSA). LocalTapiola General, which is the Group's parent company, compiles a Group-level ORSA each year.

Risk management safeguarding customers and our operations

The objective of our risk management efforts is to maintain the financial security of owner-customers and to support us in reaching our operational goals. Risk management is guided by the risk management policy, approved by the Boards of Directors of the Group companies and describing the general principles, concepts, main areas, processes, and the implementation and monitoring responsibilities. We update the risk management policy annually or whenever significant changes occur in the circumstances of our business.

Additionally, we guide the implementation of risk management, for instance, in connection with the annual planning process. We map the relevant risks and the likelihood and significance of their materialisation. We include the necessary risk management measures in the annual plans of the various functions. As for risks related to new products, we manage them using a separate deployment proposal, approved by the Board of Directors or the Group's Management Group. In the formalised proposal, we evaluate aspects such as product deployment risks and the impacts that a product has on solvency and profitability.

The companies' **Boards of Directors bear the overall responsibility for organising risk management and solvency management.**

The Boards define the risk management targets, risk appetite, limits of risk-taking, responsibilities, metrics and monitoring principles. All plans dealing with risk management are confirmed annually, and the implementation of and compliance with these plans is monitored. The Boards also monitor the status of risk management and the development of key risks on a regular basis. The joint Audit and Risk Management Committee assists the Boards of LocalTapiola General and LocalTapiola Life.

The companies report on their risk management to the Boards at regular intervals. The purpose of the risk management annual report provided to the Boards is to summarise the organisation of risk management, solvency management and the risk management function. The report aims to support the Boards in the task that the companies must monitor and at regular intervals assess the adequacy and efficiency of their management system and take the necessary actions to remedy any shortcomings. This examination also includes assessment of the resources available to the risk management function.

Sustainability risks

In 2021, **we supplemented the Group's risk management principles with regard to sustainability risks**. Sustainability risk means an environmental, social or governance event or condition that, if materialised,

might have a negative impact on the value of an investment or of a liability or the company's income or reputation. Mapping of sustainability risks is linked to the operational risk mapping conducted periodically.

From the perspective of the environment, increasing weather extremes, in particular, expose LocalTapiola to risks. For example, increased occurrence of storms, heavy rains and floods may lead to a significant growth in claims for damages, weakened profitability of business, or disturbance in the continuity of own business operations.

Transitioning to a carbon-neutral economy may expose both our insurance and our investment business to risks. In the insurance business, it may become more difficult to set a price for insurance coverage provided to technologies which support carbon neutrality, and this might have a negative impact on the profitability of business. Transitioning to the circular economy and sharing economy may partly be a hazard as the shared use of commodities gains popularity and the potential for insurance decreases. In the investment business, the risk of the value of assets changing is high with asset items which are directly or indirectly associated with fossil fuels.

Society and our customers have increasing expectations when it comes to sustainability and sustainable development. Not being able to meet these expectations may expose the Group to reputational risk. Furthermore,

new emerging risks, such as geopolitical instability or a variety of security threats, can become relevant to business in the future. What is typical of emerging risks is that assessing their impacts is uncertain while being difficult to measure. Identification of emerging risks is connected to the process to map and report the Group's key risks.



Mapping of sustainability risks is linked to the operational risk mapping conducted periodically.

We map risks associated with corporate social responsibility, personnel, human rights as well as anti-corruption and anti-bribery efforts on a regular basis as part of operational risk mapping. Personnel risk includes the management of competences in a rapidly changing operating environment. Personnel risks are managed through work atmosphere surveys and competence mapping, among other means. Human rights risks may occur upon outsourcing and in long delivery chains. We manage these risks through contracting procedures, regular auditing and vetting as well as measures combating the grey economy.

LocalTapiola also faces risks, if it fails to organise its activities as required by legislation. It is paramount to ensure personnel competences in the prevention of money laundering and countering of terrorist financing, in anti-corruption and anti-bribery issues and in insider regulation. We prepare

for data security risks and cyber risks with sufficient resourcing, partnerships, guidelines and training events.

Read more about LocalTapiola Group's risk management and key risks [in the risk management notes to the financial statements \(p. 86\)](#) and in the [report on solvency and financial position](#) (p. 42, in Finnish).

Governance and decision-making

The purpose of LocalTapiola Group's system of governance is to ensure that the Group and the companies part of the Group are governed in line with sound and prudent business practices. The insurance companies part of LocalTapiola Group are mutual companies owned by policyholders. Additionally, in the LocalTapiola Group regional companies and in LocalTapiola Life, the owners include the companies' guarantee capital owners, meaning the Group's other insurance companies. In accordance with the principles of mutuality and the Articles of Association, we use any economic surplus primarily to develop products and services and to preserve solvency that safeguards operations.

The **highest decision-making organ at the LocalTapiola insurance companies is the General Meeting**, at which owners may exercise their speaking and voting rights.

The General Meeting selects the members of the Supervisory Board and the auditors and decides on the approval of the financial statements and on the discharge to be given to the members of the administrative bodies and to the CEO. In order to safeguard policyholders' decision-making powers, the voting powers of guarantee capital owners are restricted.

Supervisory Boards, whose members are company owner-customers or their representatives, play a key role in the governance of a mutual group of companies. The Supervisory Board is tasked with overseeing the company's administration for which the Board of Directors and the Managing Director are responsible. It is for the Supervisory Board to elect the company Board members and to decide on their remuneration. Additionally, the Supervisory Board decides on all measures that concern any material reduction, expansion or some other material development of the company's activities.

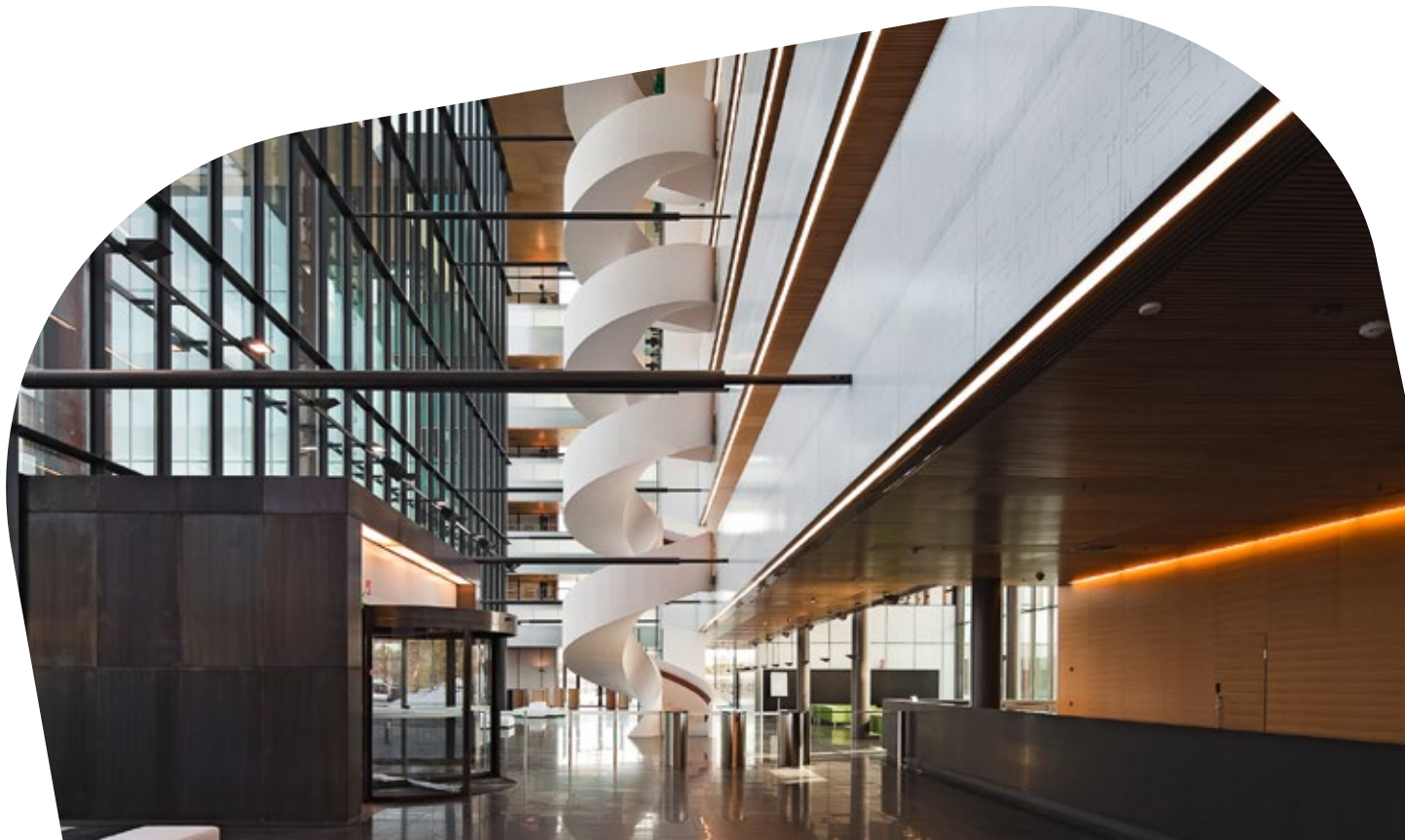
The Chairs and Deputy Chairs of LocalTapiola General's and LocalTapiola Life's Supervisory Boards make up the Cooperation Committee of the Supervisory Boards. This Committee assists the Supervisory Boards with overseeing the actions taken by the Boards of Directors, CEO and Managing Directors, and it drafts the work and decision proposals for examination at Supervisory Board meetings.

Among other duties, the companies' Boards of Directors take care of the appropriate organisation of corporate governance, operations, accounting and asset management. The Boards of Directors must ensure that companies are managed professionally and in compliance with sound and prudent business practices and the principles of reliable governance. As well as investment issues and risk management, the work of the Boards of Directors of the LocalTapiola Group companies emphasises developing services for owner-customers. LocalTapiola General's and LocalTapiola Life's Boards of Directors have two joint committees: the Audit and Risk Management Committee,

and the Human Resources and Compensation Committee.

The key tasks of these administrative bodies, together with their procedural rules, are recorded in the relevant rules of procedure. The Chair of LocalTapiola General's and LocalTapiola Life's Boards of Directors is also the CEO of the entire LocalTapiola Group. S/he reports in his/her role to the Cooperation Committee of the Supervisory Boards.

Read more about our system of governance in [LocalTapiola Group's 2021 report on solvency and financial position \(p. 42, in Finnish\)](#).



Reporting principles and the GRI

LocalTapiola Group's sustainability report makes use of the [Global Reporting Initiative](#) reporting standard (GRI-referenced) where applicable. We report on the Group's sustainability every year. Our report contains universal information under the GRI standard and topic-specific content relevant to LocalTapiola. It is our purpose to expand the Group's sustainability reporting to cover the information required under the GRI standard Core option.

The 2021 sustainability report is based on LocalTapiola Group's sustainability roadmap, adopted in 2019, which lays down the essential sustainability themes and priorities. The 2021 report also makes a reference to the Group's new sustainability goals, approved in February 2022. The structure and content of our sustainability report will be updated starting from the reporting year 2022, in order for the report to be consistent with our refined sustainability goals.

In the 2021 sustainability report, **content is partly assured**. The assured sections are the data on energy consumption, the data on emissions, and the data on occupational health care and safety. Read more about assurance on page 82.

LocalTapiola Group's **sustainability reporting covers the following companies:**

LocalTapiola General, 19 regional mutual non-life insurance companies, LocalTapiola Life, LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management and its subsidiary LocalTapiola Alternative Investment Funds, LocalTapiola Finance, and LocalTapiola Services. In the section on the investment business, we also make a reference to the Seligson & Co fund management company owned by the Group, but as a rule this company is excluded from the GRI indicators employed in this sustainability report. Calculation of the 2021 carbon footprint, which covers Seligson, is an exception. This exclusion employed in the sustainability report diverges from the Group's consolidated report of the Board of Directors and financial statements, in which the figures include Seligson & Co.

A comparison of the sustainability report content and the GRI standards is presented in a GRI content index. Any shortcomings in indicator coverage are given in the Omissions and additional information column. The GRI indicators are not classified by geographical region. Region is not essential information for LocalTapiola's operations, since we carry on business only in Finland.

The report mainly employs the **2016 versions of the GRI standards**. Any deviations are given in the Omissions and addition-

al information column. For occupational health and safety, the 2018 standard is applied, and for waste the 2020 standard. The energy consumption of investment real estate is reported partly under the [Construction and Real Estate Sector Disclosures](#) document published with the GRI G4 Guidelines in 2013. The investment business is reported by applying the G4 [Financial Services Sector Disclosures](#) document.

In the 2021 sustainability report, the section 'Principles for Sustainable Insurance' (page 60) reports on compliance at LocalTapiola Group with the UN's Principles for Sustainable Insurance.

The sustainability report will be published as a PDF file on [LocalTapiola Group's website](#).

More information and contact details

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Principles for Sustainable Insurance

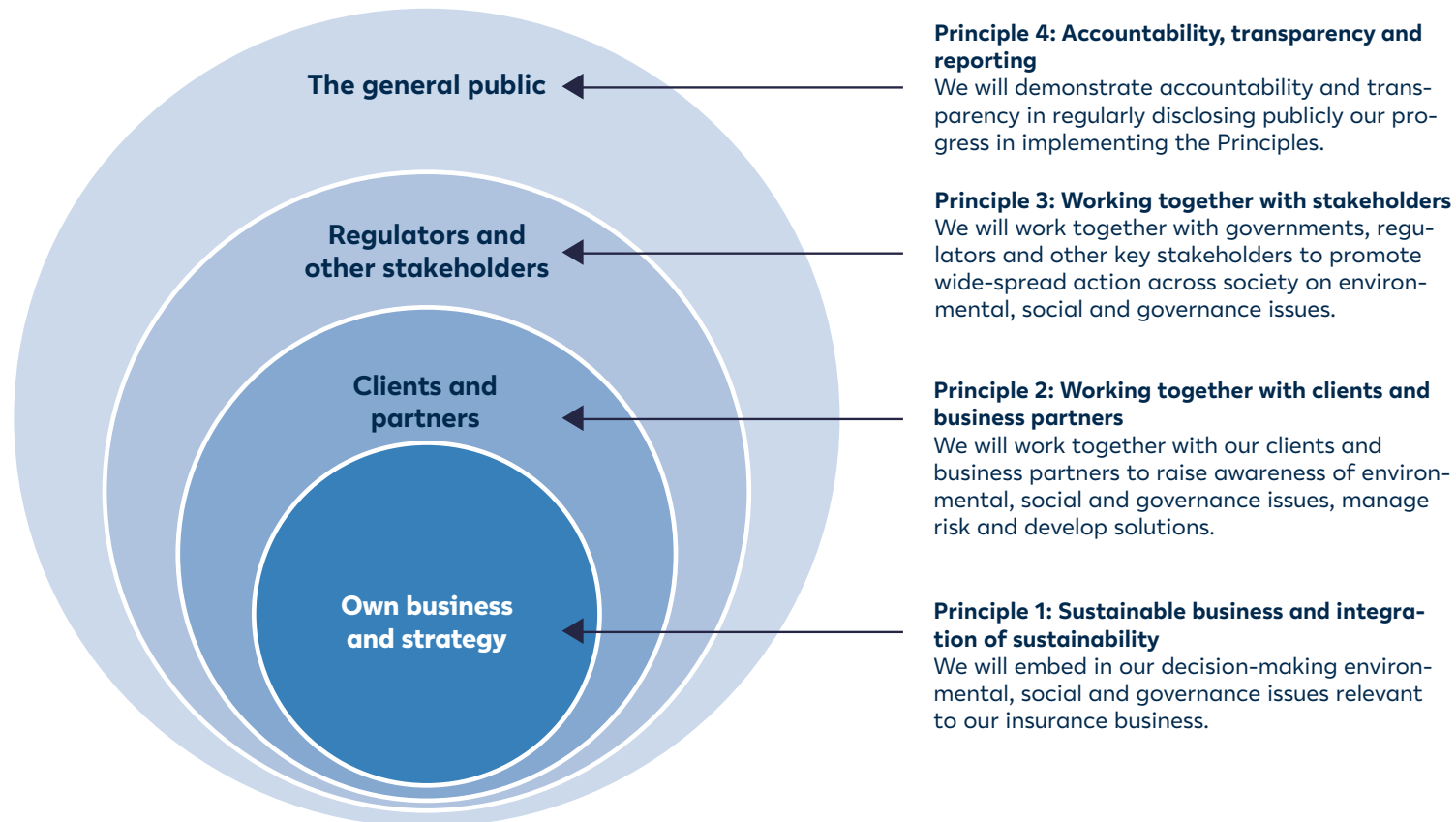
As the first Finnish company, LocalTapiola signed the UN's Principles for Sustainable Insurance in August 2020. They support the implementation of the UN's Sustainable

Development Goals and the goals of the Paris Agreement. Furthermore, the Principles serve as an international framework to develop a responsible insurance business.

The Principles for Sustainable Insurance highlight **the role which the insurance sector plays in risk management and as a**

risk carrier and responsible investor. The purpose is to reduce risk, develop innovative solutions, support business and foster sustainability. These Principles encourage to develop sustainability in a goal-oriented manner while stepping up stakeholder interaction.

Four Principles for Sustainable Insurance



Principle 1: Sustainable business and integration of sustainability

One of the goals laid down in the LocalTapiola Group strategy for 2022–2026 is to be effectively sustainable across Finland. The new sustainability goals for the ongoing strategy period that guide our sustainability efforts were approved in February 2022. In order to achieve these goals and meet the requirements of tightening regulation, it is necessary for LocalTapiola to develop sustainable business operations and to deepen the integration of sustainability into operations and decision-making.

In 2022, our focus is on implementing the package of sustainability goals, promoting the work at companies and business units, adjusting indicators and elaborating action plans. In support of implementation, we are building a Group-level sustainability management model while bolstering our sustainability expertise and sustainable development competences.

Read more in the section ‘Sustainability at LocalTapiola’ on page 10.

Risk management and insurance

At LocalTapiola, risk management is based on the Group risk management policy, with the aim of ensuring solvency and supporting the achievement of set goals. We map sustainability and responsibility risks as

part of the Group’s risk management process, and the risk management principles also cover the relevant sustainability risk issues. Sustainability risk mapping is part of regular operational risk mapping.

In accordance with the sustainability goals set for this strategy period, we will be reinforcing our role as an evolving risk expert and partner whilst seeking new responsible insurance solutions. We plan to embed ESG considerations as part of the insurance processes, decision-making and the non-life insurance underwriting policy.

Read more in the sections ‘Solvency and risk management’ on page 56 and ‘Sustainability goals’ on page 11.

Product and service development

LocalTapiola wants to provide its owner-customers the best service in the sector personally, locally and in digital channels. Our goal is to be our customers’ best partner in lifelong security, providing insurance cover for their finances, health and property on a scale which is fitting and sufficient in light of each customer’s situation. Evolving owner-customer expectations and regulatory developments challenge us to seek new and responsible solutions for lifelong security. We aim to strengthen our role as a partner in the anticipation of evolving risks and in loss prevention. We seek new solutions to tackle security and well-being

challenges and those brought about by climate change.

We will be addressing sustainability and responsibility aspects in our product and service development more comprehensively than thus far. Our goal is to create new services for sustainable insurance and claims. In developing saving and investment services, we rely on the principles for sustainable investment and on the green transition in line with sustainable finance regulation.

Read more about LocalTapiola’s products and services on page 17, about sustainable finance regulation on page 16 and about our investment business on page 45.

Claims handling

We are committed to developing sustainable insurance and claims handling processes and are there to assist our customers if something goes wrong, facilitating easy claims service. We engage in active cooperation with our claims partners so as to improve customer service, the claims handling processes, and communication.

In 2021, we published our Partner Code of Conduct, which guides our partnerships and with which we also comply. Our claims handling partners serve as key co-operation partners, also in the promotion of the sustainability of the claims handling process. In collaboration with them, we develop

sustainability criteria, our common processes and the quality of customer service.

We will be defining sustainability goals for our claims handling process and will seek to find opportunities to promote the circular economy. Additionally, we will also develop monitoring and audit practices for the purposes of partnerships and supply chains.

Sales and marketing

Developing new responsible insurance and claims services requires that we address sustainability aspects in product and service sales and marketing. Furthermore, sustainable finance regulation introduces changes into customer communication and marketing. In accordance with the disclosure obligations, the investment business services, communication and marketing must take account of customers' sustainability preferences.

The exploitation of loss prevention data plays a key role in our customer communication and customer encounters. Through communication efforts, we wish to increase our owner-customers' risk awareness and step up the security of daily life.

Investment activities

The LocalTapiola companies carrying out investment and finance activities are guided by the principles for sustainable invest-

ment. Additionally, our asset management companies are also guided by the UN-supported Principles for Responsible Investment and other sectoral benchmarks.

We want to lead the way in responsible investment, a vision that calls for the integration of sustainability into all asset classes following the best practices in the sector. Our aim is to promote regional vitality in Finland through investment and finance activities.

The regulatory initiatives implemented under the European Union framework of sustainable finance exert an influence on enterprises operating in the financial sector and on their operational reporting. From an investment perspective, the most central legislative initiatives dealing with sustainable finance regulation are the Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation.

Read more in the sections 'Corporate responsibility commitments' on page 14, 'Sustainability at LocalTapiola' on page 10 and 'Sustainability in investment activities' on page 45.

Principle 2: Working together with clients and business partners

Customer ownership and an active regional role are the pillars on which our sustainability efforts rest. Our own activity and cooperation with selected partners both aim to build sustainable well-being for our owner-customers, local communities and entire society.

Our owner-customers take part in decision-making and the Group's strategy process in the governance of Group companies. In many ways, owner-customers also help us develop our products, services and customer communication. LocalTapiola makes use of an extensive nationwide and local partnership network. We carry on strategic cooperation with S Group and Elo Mutual Pension Insurance Company.

Read more in the sections 'Owner-customers and the right to impact' on page 20, 'Responsible supply chains' on page 54 and 'Nationwide and regional impact' on page 23.

Principle 3: Working together with stakeholders

Our projects supporting the security and well-being of daily life and the financial contributions made to local communities give concrete expression to how LocalTapiola works together with stakeholders on sustainability issues. Rescue operators, educational institutions and local associations are some examples of our key regional partners.

We strive to develop our policies for sustainability stakeholder interaction in 2022. We are setting up a Cooperation Group consisting of representatives from our key stakeholders with the aim of supporting the development of our sustainability efforts.

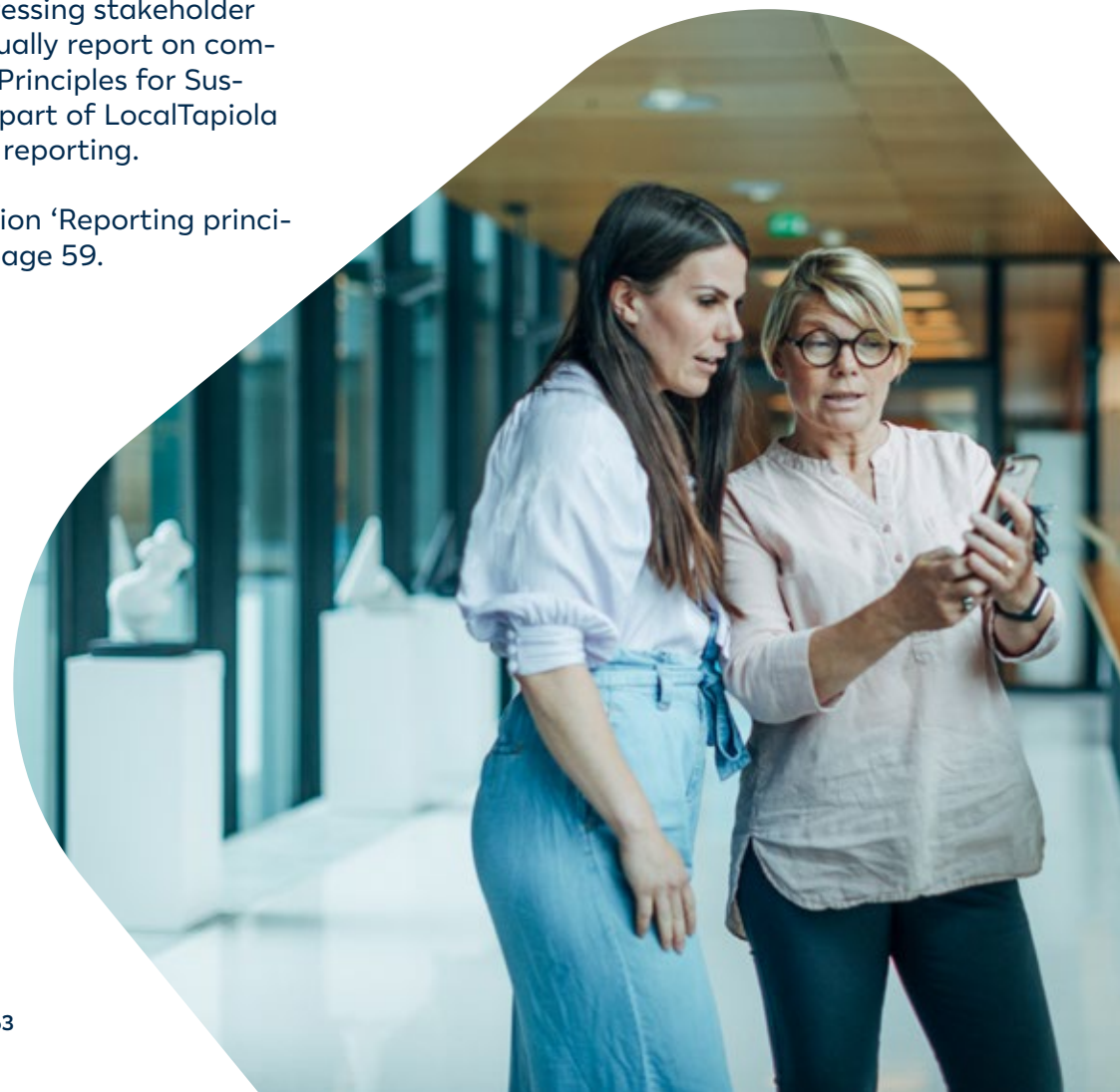
LocalTapiola is a member of Eurapco, an alliance of eight European insurance companies. The Eurapco sustainability working group engages in cooperation in order to integrate ESG considerations into the insurance business, having as common reference the UN's Principles for Sustainable Insurance.

Read more in the sections 'Stakeholder interaction' on page 13, 'Protection of interests' on page 14 and 'Nationwide and regional impact' on page 23.

Principle 4: Accountability, transparency and reporting

On an annual basis, LocalTapiola publishes a Group-level sustainability report, employing in it the international Global Reporting Initiative standard (GRI). We aim to develop our reporting towards a GRI-compliant scope: in compliance with the Materiality principle while addressing stakeholder expectations. We annually report on compliance with the UN's Principles for Sustainable Insurance as part of LocalTapiola Group's sustainability reporting.

Read more in the section 'Reporting principles and the GRI' on page 59.



Sustainability theme management

Sustainability theme, and priorities	GRI contents	Principles and commitments	Initiatives and actions
 Proactive lifelong security Developing sustainable products and services Active player in local communities Social influence through proactive efforts	– Products and services – Local communities – Economic results – Indirect economic impacts	– Good insurance practice – Responsible Financial Sector principles, Finance Finland – Code of Conduct – Partner Code of Conduct – UN Principles for Sustainable Insurance – LocalTapiola Group Sustainability roadmap 2019–2021 – LocalTapiola Group sustainability goals 2022–2026 – Products and services development model – Sponsorship principles	– Leak Guard, Cyber Service, HyvinvointiHelppi, paperless service – Community Forest – Pidä Huolta (Take Care) campaign – Yrittäjät academy – Hero Training, Red Cross First Aid – Fire extinguisher inspections and first-aid extinguishing training events – ‘Fire extinguishers in residential buildings’ project – Friendship activity, Finnish Red Cross – Swimming skills and safety on water materials, Finnish Swimming Teaching and Lifesaving Federation – Cancer research support, Cancer Foundation – Local initiatives and donations

Sustainability theme, and priorities	GRI contents	Principles and commitments	Initiatives and actions
 Employee experience and work community Employee competences and renewal Supporting occupational well-being and work capacity Promoting diversity	– Employment relationships – Occupational health and safety – Training, and development of competences – Diversity and equal opportunity	– Responsible Financial Sector principles, Finance Finland – Code of Conduct – Partner Code of Conduct – Management principles – Principles for multilocal work – Personnel strategy – LocalTapiola Group Sustainability roadmap 2019–2021 – LocalTapiola Group sustainability goals 2022–2026 – Equality and non-discrimination plan – Occupational health and safety action plans – Special remuneration scheme and policy – Remuneration statement – Security policy	– ROIHU employee survey – LähiSparri brief therapy – Pidä Huolta (Take Care) model – Handbook for Multilocal Work – Responsible Summer Job campaign – Tunne itsesi elämänturvaja (Know yourself) concept – Zero Accidents forum, Finnish Institute of Occupational Health
 Data and data security Sustainable methods for information-intensive work Responsible use of data	– Privacy protection	– Responsible Financial Sector principles, Finance Finland – Code of Conduct – Partner Code of Conduct – Data protection policy – Data security policy – Principles for access rights management – LocalTapiola Group Sustainability roadmap 2019–2021 – LocalTapiola Group sustainability goals 2022–2026	– Bug Bounty program – Hack Day event – Mini data-security training courses for personnel

Sustainability theme, and priorities	GRI contents	Principles and commitments	Initiatives and actions
 Impacts of climate change Anticipation and risk management of climate change risks Climate change perspective integrated into insurance, investment and financing Decreasing negative impacts of direct emissions on climate	– Energy consumption – Emissions – Risk management – Waste	– Responsible Financial Sector principles, Finance Finland – Code of Conduct – Partner Code of Conduct – LocalTapiola Group Sustainability roadmap 2019–2021 – LocalTapiola Group sustainability goals 2022–2026 – Risk management policy – Principles for sustainable investment – Principles for Sustainable Insurance, UN PSI – Principles for Responsible Investment, UN PRI* – Net Zero Asset Managers** – Climate Action 100+** – CDP Investor Action** – Net Zero Carbon Buildings***	– LocalTapiola Group carbon footprint calculation and climate goals – Sustainability risk mapping – Energy efficiency agreements of the real estate field – Monitoring of the recycling and waste utilisation rate at investment real estate administered by LocalTapiola Real Estate Asset Management – Carbon offsetting programme, scrapping campaign and Automotive Green Deal, LocalTapiola Finance – Investments supporting the green transition – Green loans in real estate financing
 Responsible operating methods Integrating responsibility into business Development of responsible partnerships and procurement Development of sustainability communication and reporting	– Anti-corruption and anti-bribery efforts – Delivery chain and procurement – Local communities	– Responsible Financial Sector principles, Finance Finland – Code of Conduct – Partner Code of Conduct – Management principles – Sustainability roadmap 2019–2021 – LocalTapiola Group sustainability goals 2022–2026 – Principles for Sustainable Insurance, UN PSI – Risk management policy – Internal control policy – Compliance principles – Anti-money laundering and anti-terrorist financing policy (AML policy) – Procurement strategy	– LocalTapiola sustainability goals 2022–2026 – Partner Code of Conduct and its introduction – Sustainability risk mapping – Group-level sustainable finance project – Sustainable finance project of LocalTapiola asset management companies – Online course on Code of Conduct – Partial assurance of the sustainability report

* LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management

** LocalTapiola Asset Management

*** LocalTapiola Real Estate Asset Management

GRI indicators

GRI 102-8 Information on employees and other workers

In 2021 LocalTapiola Group employed a total of **3,659 employees**. In addition, 392 insurance intermediaries and franchisors worked in an agency relationship to the Group (2020: 376). There were 133 summer workers in 2021 (2020: 111). The figures on employees given under the 'GRI indicators' section only cover employees with an employment relationship. We comply with the collective agreement for the insurance sector and the collective agreement for the financial sector. They cover more than **92 per cent** of Group personnel.

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees*	2,391	1,192	3,583	2,364	1,203	3,567	2,415	1,244	3,659
Permanent	2,098	1,076	3,174	2,125	1,083	3,208	2,198	1,111	3,309
Temporary	293	116	409	239	120	359	216	132	348
Full-time	2,081	1,118	3,199	2,113	1,119	3,232	2,127	1,153	3,280
Part-time**	310	74	384	251	84	335	288	91	379

* Figures as at 31 December 2019, 31 December 2020 and 31 December 2021. The figures cover employees.

** Part-time employees refer to hourly-rated employees and employees on a monthly salary who work on a part-time and percentage basis. Employees on partial sickness allowance working on a part-time basis are excluded from the number of part-time employees.

GRI 401-1 New employee hires and employee turnover

Sex	Number of staff*	Total exit rate, %	Contracts terminated	Total entry rate, %	New hires	Voluntary exit rate, %	Voluntary exit rate, numerical
Women	2,198	10.4	228	9.0	197	6.3	139
Men	1,113	13.9	155	11.6	129	6.9	77
Age group							
Under 30 years old	483	15.5	75	20.7	100	9.3	45
30–50 years old	1,778	11.6	206	10.4	185	6.1	108
Over 50 years old	1,050	9.7	102	3.9	41	6.0	63

* The figures cover permanent employees. The figures also include company switches within LocalTapiola Group with the exception of the voluntary exit rate (% and numerical).

GRI 405-1 Diversity of governance bodies and employees

Employee category	Women, %	Men, %	Under 30 years old, %	30–50 years old, %	Over 50 years old, %
Management	28.8	71.2	0.0	42.4	57.6
Superiors	44.6	55.4	0.0	53.6	46.4
Specialists	59.1	40.9	7.9	61.3	30.8
White-collar workers	82.3	17.7	29.1	47.0	23.9
Insurance agents	32.6	67.4	5.0	52.9	42.1
Employees, total	66.0	34.0	20.5	50.4	29.1
Members of governance bodies	34.3	65.7	0.9	26.2	72.8

GRI 405-2 Ratio of basic salary and remuneration* of women to men

Employee category	Women, %
Senior management**	78.1
Middle management	86.3
Superiors	90.2
Specialists	87.0
White-collar workers	105.1
Insurance agents	103.9

* Wages and salaries paid in cash, and fringe benefits.

** This employee category contains few women and within the employee category they are mainly in less demanding tasks.

**GRI-305-1 Direct (Scope 1) GHG emissions; GRI 305-2 Energy indirect (Scope 2) GHG emissions;
GRI 305-3 Other indirect (Scope 3) GHG emissions**

The table covers LocalTapiola Group's CO₂e emissions (tCO₂e) in 2019–2021 as well as the key calculation observations and sources of emission factors. The limitation of the calculation of the carbon footprint is based on operational control.

		2019, tCO ₂ e	2020, tCO ₂ e	2021, tCO ₂ e*	Observations	Source of emission factor
GRI 305-1	Scope 1: Direct (Scope 1) GHG emissions					
	Fuels	200	200	200	Emissions are calculated for offices and company cars. Emissions from company cars are calculated on the basis of mileage, as no fuel consumption data are available.	VTT LIPASTO 2017 / Defra 2019, emission factors reported by car manufacturers, Statistics Finland 2019
	Self-generation of energy**	0	0	0		Statistics Finland 2019
	Refrigerant leaks**	0	0	-	Data not available for 2021.	IPCC (AR5) 2018
	Scope 1, total	200	200	200		
GRI 305-2	Scope 2: Energy indirect (Scope 2) GHG emissions					
	Electricity, market-based	-	100	100	Electricity emissions in 2019 location-based. Market-based calculation method introduced from 2020.	Energy companies
	Electricity, location-based	600	800	800		Statistics Finland 2020
	Heat, market-based	-	800	900	Heat emissions in 2019 location-based. Market-based calculation method introduced from 2020 where possible.	Energy companies, Statistics Finland 2020
	Heat, location-based	700	700	900		Statistics Finland 2020
	District cooling, market-based	0	0	0		Helen Oy
	District cooling, location-based**	0	0	0		Estimate of average emissions from district cooling in Finland

		2019, tCO ₂ e	2020, tCO ₂ e	2021, tCO ₂ e*	Observations	Source of emission factor
	Scope 2, market-based, total	-	900	1,000		
	Scope 2, location-based, total	1,300	1,500	1,700		
GRI 305-3	Scope 3: Other indirect (Scope 3) GHG emissions					
	Category 1: Purchased goods and services	14,500	13,900	14,600		Finnish Environment Institute 2013 and 2019
	Category 2: Capital goods	106,200	49,300	46,600	Covers car purchases and investments in new construction and repair construction projects.	Finnish Climate Change Panel 2020, Finnish Environment Institute 2013, Seo et al. 2016
	Category 5: Waste generated in operations**	0	0	0	Based on a waste report by the head office. For regional companies, the waste volume generated by the head office proportioned to the number of personnel at each regional company.	EPA, Finnish Environment Institute 2011
	Category 6: Business travel	1,200	600	600	Covers kilometre-reimbursed travel, hotel accommodation, flights and train journeys	VTT LIPASTO 2017 / Defra 2019, Amex, EPA
	Category 7: Employee commuting	2,700	1,600	2,100	Based on a commuting survey. From 2020, emissions from teleworking included.	VTT LIPASTO 2017 / Defra 2019, Statistics Finland 2020
	Category 13: Downstream leased assets***	12,800	9,000	11,800	Specific energy consumption for 2019 is based on comparable commercial premises, and from 2020 on building-specific figures.	Calculations by LocalTapiola Real Estate Asset Management, Statistics Finland 2020

		2019, tCO ₂ e	2020, tCO ₂ e	2021, tCO ₂ e*	Observations	Source of emission factor
	Category 15: Investments	200,100	115,200	113,900	Indirect emissions from Local-Tapiola's own equity investments and corporate bond investments.	Calculations by LocalTapiola Asset Management based on the Scope 1 and/or 2 emissions reported by investee companies
	Scope 3, total	337,500	189,600	189,600		
Total	Market-based	-	190,700	190,800		
	Location-based	339,000	191,300	191,500		

* In 2021, calculation includes Seligson & Co fund management company.

** Calculated emissions equal 0tCO₂e even though some emissions were generated, as the figures shown in the table are rounded up or down to the nearest hundred.

*** The LocalTapiola Group 2020 sustainability report reported emissions from the energy consumed at investment real estate under energy consumption within the organization (302-1). With the introduction of GHG protocol compliant calculation, we classify emissions from in-service energy consumption of investment real estate under other indirect emissions (305-3).

CRE1 Building energy intensity; CRE2 Building water intensity; CRE3 Greenhouse gas emissions intensity from buildings

Comparable investment real estate, total (94 sites)	2020	2021	Change, %
Heat, kWh/m ²	67.5	82.5	22
Electricity, kWh/m ²	39.6	38.0	-4
District cooling, kWh/m ²	8.1	9.2	13
Water, l/m ²	510.0	487.1	-4
Carbon dioxide, CO ₂ , kg/m ² *	11.0	13.6	24

Comparable investment real estate apartments (59 sites)			
Heat, kWh/m ²	71.7	83.3	16
Electricity, kWh/m ²	13.5	13.7	1
Water, l/m ²	1131.7	1079.0	-5
Carbon dioxide, CO ₂ , kg/m ² *	9.0	10.4	16

Comparable investment real estate commercial premises (35 sites)			
Heat, kWh/m ²	65.5	82.2	25
Electricity, kWh/m ²	52.1	49.7	-5
District cooling, kWh/m ²	12.1	13.6	13
Water, l/m ²	210.8	202.4	-4
Carbon dioxide, CO ₂ , kg/m ² *	11.9	15.1	27

* The 2020 sustainability report reported the emissions intensity of the energy consumption at LocalTapiola Real Estate Asset Management-administered investment real estate under Scope 1 and Scope 2 emissions. In the 2021 sustainability report, we adopt GHG protocol compliant emission calculation, and the emissions intensity of investment real estate is reported under other indirect GHG emissions (Scope 3, category 13).

The calculation method was updated from the 2020 report, which calculated the specific consumption figures based on normalised heat consumption. The 2021 calculation employs non-normalised heat consumption. The table only illustrates comparable sites for 2020 and 2021. The proportion of comparable investment real estate varies from one year to another with changes in the real estate portfolio such as when buildings are bought or sold. In the comparison of the specific consumption figures, the surface area employed is the gross surface area of buildings (surface area data retrieved from Real Estate Asset Management's real estate system).

GRI 306-3 Waste generated

Waste generated at investment real estate administered by LocalTapiola Real Estate Asset Management in 2021, t

	Residential	Commercial	Residential and commercial, total
Total	1,146	1,308	2,454
Recovery as energy	747	662	1,409
Recycling as material	399	607	1,006
Organic waste	164	256	420
Newspapers and magazines	35	33	68
Cardboard	94	222	316
Glass	43	32	75
Metal	24	15	38
Plastic	39	22	61
Other waste	0,5	27	28
Hazardous waste	0	15	15
Other waste	0	24	24

We report waste volumes for the investment real estate administered by LocalTapiola Real Estate Asset Management. Waste volumes for commercial premises are saved in the systems of our waste management partners, Lassila & Tikanoja and Remeo. For residential buildings, waste volumes in the HSY area are saved in their system, and outside the HSY area they are saved through regional operators in the Zerowaste system. Waste volumes are based either on weight or on collection facility-specific default weight. Paper collection data are incomplete, particularly for residential buildings.

FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues

	Equity investments			Corporate bond investments		
	Contacts*	Companies in portfolio	Share, %	Contacts*	Issuers in portfolio	Share, %
LocalTapiola General	14	56	25	44	105	42
LocalTapiola Life	24	82	29	51	113	45
LocalTapiola Asset Management, funds	55	258	21	124	274	45

* includes meetings with companies.

FS11 Percentage of assets subject to positive and negative environmental or social screening, %

	2020	2021
LocalTapiola General Mutual Insurance Company*	81**	93
LocalTapiola Mutual Life Insurance Company*	53	98
LocalTapiola Asset Management	58	***

* Calculation for LocalTapiola General and LocalTapiola Life considers the companies' portfolio investments (government bond, money market, equity and corporate bond investments) administered by LocalTapiola Asset Management. In 2021, government bond investments were added to the valuation process.

** Figure corrected. The 2020 sustainability report shows an incorrect figure, 53.

*** For LocalTapiola Asset Management, it was not possible to calculate the figures on a comparable basis due to changes in several elements.

GRI content index

LT General RBD & FS 2021 = LocalTapiola General Mutual Insurance Company's Report of the Board of Directors and financial statements for 2021

LT Group Solvency 2021 = Report on solvency and financial position 2021

Disclo- sure	GRI content	Location	Omissions and additional information
GENERAL DISCLOSURES			
102-1	Name of the organization	LocalTapiola Group	
102-2	Activities, brands, products, and services	LocalTapiola Group in brief, p. 6 Products and services, p. 17	
102-3	Location of headquarters	Espoo	
102-4	Location of operations	LocalTapiola Group in brief, p. 6	
102-5	Ownership and legal form	LocalTapiola Group in brief, p. 6	
102-6	Markets served	LocalTapiola Group in brief, p. 6	
102-7	Scale of the organization	LocalTapiola Group in brief, p. 6 Nationwide and regional impact, p. 23 GRI indicators, p. 67	
102-8	Information on employees and other workers	Highly skilled, thriving personnel, p. 26 GRI indicators, p. 67	
102-9	Supply chain	Procurement and the delivery chain, p. 52	
102-10	Significant changes to the organization and its supply chain	LocalTapiola Group in brief, p. 6 Procurement and the delivery chain, p. 52	
102-11	Precautionary Principle or approach	Solvency and risk management, p. 56	
102-12	External initiatives	Corporate responsibility commitments, p. 14	
102-13	Membership of associations	Protection of interests, p. 14	
102-14	Statement from senior decision-maker	Review by the CEO, p. 3	

Disclo- sure	GRI content	Location	Omissions and additional information
102-15	Key impacts, risks, and opportunities	Sustainability at LocalTapiola, p. 10 Impacts of climate change, p. 38 Sustainability in investment activities, p. 45 Solvency and risk management, p. 56	Opportunities not disclosed.
102-16	Values, principles, standards, and norms of behavior	Values and operating principles, p. 9	
102-18	Governance structure	Sustainability at LocalTapiola, p. 10 Governance and decision-making, p. 57 LT Solvency 2021: System of governance, p. 27 (in Finnish)	
102-22	Composition of the highest governance body and its committees	Governance and decision-making, p. 57 LT Solvency 2021: System of governance, p. 27 (in Finnish) The members of LocalTapiola General's Board of Directors on the website (in Finnish)	The highest governance body's competencies relating to economic, environmental, and social topics (vii.) not disclosed.
102-23	Chair of the highest governance body	Governance and decision-making, p. 57 LT Solvency 2021: System of governance, p. 27 (in Finnish)	
102-24	Nominating and selecting the highest governance body	Governance and decision-making, p. 57 LT Solvency 2021: System of governance, p. 27 (in Finnish)	
102-30	Effectiveness of risk management processes	Solvency and risk management, p. 56	
102-40	List of stakeholder groups	Stakeholder interaction, p. 13	
102-41	Collective bargaining agreements	GRI indicators, p. 67	
102-42	Identifying and selecting stakeholders	Stakeholder interaction, p. 13	We will be developing sustainability stakeholder interaction in 2022.
102-43	Approach to stakeholder engagement	Stakeholder interaction, p. 13	We will be developing sustainability stakeholder interaction in 2022.
102-44	Key topics and concerns raised	Stakeholder interaction, p. 13	We will be developing sustainability stakeholder interaction in 2022.
102-45	Entities included in the consolidated financial statements	LT General RBD & FS 2021: LocalTapiola Group's corporate governance, responsibility and sustainability, p. 10	
102-46	Defining report content and topic Boundaries	Reporting principles and the GRI, p. 59	
102-47	List of material topics	Sustainability at LocalTapiola, p. 10	

Disclosure	GRI content	Location	Omissions and additional information
102-48	Restatements of information	Corrections to figures shown in the 2020 sustainability report. Investment activities, G4 FS11: LocalTapiola General's share in 2020 was 81% (2020 report: 53%). Work-related injuries, GRI 2018 403-9: There were a total of 82 work-related injuries in 2019 and 47 in 2020 (2020 report: 81 and 48). As a consequence of updating the injury rate calculation method, the injury rate in 2019 was 0.84 and in 2020 it was 0.16 (2020 report: 15.42 and 7.94).	
102-49	Changes in reporting	No restatements.	
102-50	Reporting period	1 January–31 December 2021	
102-51	Date of most recent report	20 April 2021	
102-52	Reporting cycle	The report is published on an annual basis.	
102-53	Contact point for questions regarding the report	Reporting principles and the GRI, p. 59	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting principles and the GRI, p. 59	
102-55	GRI content index	GRI content index, p. 75	
102-56	External assurance	Reporting principles and the GRI, p. 59 Independent Assurance Report, p. 83	

TOPIC-SPECIFIC CONTENT

Economic value

103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, p. 10 Nationwide and regional impact, p. 23	
103-2	The management approach and its components	Lifelong security strategy goals, p. 8 Nationwide and regional impact, p. 23	
103-3	Evaluation of the management approach	Lifelong security strategy goals, p. 8 Nationwide and regional impact, p. 23	
201-1	Direct economic value generated and distributed	Nationwide and regional impact, p. 23	

Disclo- sure	GRI content	Location	Omissions and additional information
Anti-corruption			
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, p. 10 Anti-corruption and anti-bribery efforts, p. 55 Sustainability theme management, p. 64	
103-2	The management approach and its components	Anti-corruption and anti-bribery efforts, p. 55 Sustainability theme management, p. 64	
103-3	Evaluation of the management approach	Anti-corruption and anti-bribery efforts, p. 55 Sustainability theme management, p. 64	
205-2	Communication and training about anti-corruption policies and procedures	Responsible policies, p. 52 Anti-corruption and anti-bribery efforts, p. 55	Not reported for governance (a and d) or business partners (c).
205-3	Confirmed incidents of corruption and actions taken	No incidents in 2021.	
Energy and emissions			
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, p. 10 Energy consumption of buildings, p. 43 Sustainability theme management, p. 64	
103-2	The management approach and its components	Energy consumption of buildings, p. 43 Sustainability theme management, p. 64	
103-3	Evaluation of the management approach	Energy consumption of buildings, p. 43 Sustainability theme management, p. 64	
302-1	Energy consumption within the organization	Energy consumption of buildings, p. 43 GRI indicators, p. 67	The fuel consumption included in energy consumption covers fuel used at LocalTapiola Group's own offices. No data are available on the fuel consumption of company cars.
302-4	Reduction of energy consumption	Energy consumption of buildings, p. 43 GRI indicators, p. 67	
305-1	Direct (Scope 1) GHG emissions	Impacts of climate change, p. 38 GRI indicators, p. 67	
305-2	Energy indirect (Scope 2) GHG emissions	Impacts of climate change, p. 38 GRI indicators, p. 67	
305-3	Other indirect (Scope 3) GHG emissions	Impacts of climate change, p. 38 GRI indicators, p. 67	

Disclosure	GRI content	Location	Omissions and additional information
305-5	Reduction of GHG emissions	Impacts of climate change, p. 38	
CRE1	Building energy intensity	Energy consumption of buildings, p. 43 GRI indicators, p. 67	GRI G4: Construction and real estate
CRE2	Building water intensity	Energy consumption of buildings, p. 43 GRI indicators, p. 67	GRI G4: Construction and real estate
CRE3	Greenhouse gas emissions intensity from buildings	Energy consumption of buildings, p. 43 GRI indicators, p. 67	GRI G4: Construction and real estate. Emissions intensity calculation covers Scope 3 category 13 emissions.
Water consumption			
103-1	Explanation of the material topic and its Boundary	Energy consumption of buildings, p. 43	
103-2	The management approach and its components	Energy consumption of buildings, p. 43	
103-3	Evaluation of the management approach	Energy consumption of buildings, p. 43	
303-5	Water consumption	GRI indicators, p. 67	Disclosed for investment real estate. Not disclosed for areas with water stress (b) or for water storage (c).
Waste			
103-1	Explanation of the material topic and its Boundary	Energy consumption of buildings, p. 43 GRI indicators, p. 67	
103-2	The management approach and its components	Energy consumption of buildings, p. 43	
103-3	Evaluation of the management approach	Energy consumption of buildings, p. 43	
306-3	Waste generated	GRI indicators, p. 67	Disclosed for investment real estate. No data available for own offices.
Investment activities			
103-1	Explanation of the material topic and its Boundary	Sustainability in investment activities, p. 45	
103-2	The management approach and its components	Sustainability in investment activities, p. 45	

Disclo- sure	GRI content	Location	Omissions and additional information
103-3	Evaluation of the management approach	Sustainability in investment activities, p. 45	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Sustainability in investment activities, p. 45 GRI indicators, p. 67	GRI G4: Financial Services
FS11	Percentage of assets subject to positive and negative environmental or social screening	Sustainability in investment activities, p. 45 GRI indicators, p. 67	GRI G4: Financial Services
Employment relationships			
103-1	Explanation of the material topic and its Boundary	Recruitment at LocalTapiola, p. 27 GRI indicators, p. 67	
103-2	The management approach and its components	Recruitment at LocalTapiola, p. 27 GRI indicators, p. 67	
103-3	Evaluation of the management approach	Recruitment at LocalTapiola, p. 27 GRI indicators, p. 67	
401-1	New employee hires and employee turnover	Recruitment at LocalTapiola, p. 27 GRI indicators, p. 67	
Occupational health and safety			
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, p. 10 Supporting occupational well-being and work capacity, p. 31 Sustainability theme management, p. 64	
103-2	The management approach and its components	Supporting occupational well-being and work capacity, p. 31	
103-3	Evaluation of the management approach	Supporting occupational well-being and work capacity, p. 31	
403-1	Occupational health and safety management system	Occupational health and safety, p. 31	GRI 2018
403-3	Occupational health services	Occupational health and safety, p. 31	GRI 2018
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety, p. 31	GRI 2018
403-5	Worker training on occupational health and safety	Occupational health and safety, p. 31	GRI 2018

Disclo- sure	GRI content	Location	Omissions and additional information
403-6	Promotion of worker health	Occupational health and safety, p. 31	GRI 2018
403-9	Work-related injuries	Occupational health and safety, p. 31	GRI 2018. Work-related injury types (a. iv.) not disclosed. Not disclosed except for employees (b). Hazards that pose a risk of high-consequence injury (c and d) not disclosed.
Training and education			
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, p. 10 Competences and renewal, p. 28	
103-2	The management approach and its components	Competences and renewal, p. 28	
103-3	Evaluation of the management approach	Competences and renewal, p. 28	
404-1	Average hours of training per year per employee	Competences and renewal, p. 28	Not disclosed by gender (i). Data not available.
404-2	Programs for upgrading employee skills and transition assistance programs	Competences and renewal, p. 28	
404-3	Percentage of employees receiving regular performance and career development reviews	Competences and renewal, p. 28	Not disclosed by gender. Data not available.
Diversity and equal opportunity			
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, p. 10 Promoting diversity, p. 34	
103-2	The management approach and its components	Promoting diversity, p. 34	
103-3	Evaluation of the management approach	Promoting diversity, p. 34	
405-1	Diversity of governance bodies and employees	Promoting diversity, p. 34	We will be developing diversity management and diversity management reporting in 2022–2026.
405-2	Ratio of basic salary and remuneration of women to men	GRI indicators, p. 67	
Data and data security			
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, p. 10 Data and data security, p. 35	

Disclo- sure	GRI content	Location	Omissions and additional information
103-2	The management approach and its components	Data and data security, p. 35	
103-3	Evaluation of the management approach	Data and data security, p. 35	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data protection, p. 35	Disclosure not provided of complaints received categorised by outside party and by regulatory body (a).
In-house indicator	Data security training for personnel	Data security, p. 36	
In-house indicator	Responsible use of data	Responsible use of data, p. 37	Verbal description. We are in the process of developing disclosure.

IN-HOUSE INDICATORS

Loss prevention

103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, p. 10 Loss prevention, p. 22	
103-2	The management approach and its components	Loss prevention, p. 22	
103-3	Evaluation of the management approach	Loss prevention, p. 22	
In-house indicator	Loss prevention	Loss prevention, p. 22 Sustainability theme management, p. 64	Verbal description. We are in the process of developing disclosure.

Employee experience

103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, p. 10 Striving for high employee experience, p. 27	
103-2	The management approach and its components	Striving for high employee experience, p. 27	
103-3	Evaluation of the management approach	Striving for high employee experience, p. 27	
In-house indicator	Employee experience (ROIHU)	Striving for high employee experience, p. 27	

Independent Assurance Report to the management of LocalTapiola General Mutual Insurance Company

We have been engaged by the management of LocalTapiola General Mutual Insurance Company (hereinafter 'LocalTapiola') to perform a limited assurance engagement on selected sustainability disclosures for the year that ended on 31 December 2021, disclosed in the LocalTapiola Group 2021 Sustainability Report (hereinafter 'Selected Sustainability Disclosures').

The Selected Sustainability Disclosures contain the following disclosures shown in the GRI content index and in the 2021 Sustainability Report:

- Energy and emissions
 - o GRI 103: Management Approach
 - o GRI 302-1: Energy consumption within the organization
 - o CRE1: Building energy intensity
 - o GRI 305-1: Direct (Scope 1) GHG emissions
 - o GRI 305-2: Energy indirect (Scope 2) GHG emissions

- o GRI 305-3: Other indirect (Scope 3) GHG emissions (categories 1, 2, 5–7, 11, 13 and 15)
- o CRE3: Greenhouse gas emissions intensity from buildings
- Occupational health and safety
 - o GRI 103: Management Approach
 - o GRI 403: Occupational health and safety
 - GRI 403-1: Occupational health and safety management system
 - GRI 403-3: Occupational health services
 - GRI 403-4: Worker participation, consultation, and communication on occupational health and safety
 - GRI 403-5: Worker training on occupational health and safety
 - GRI 403-6: Promotion of worker health
 - GRI 403-9: Work-related injuries
- Training and education
 - o GRI 103: Management Approach
 - o GRI 404-1: Average hours of training per year per employee

Management's responsibility

The LocalTapiola management is responsible for preparing and presenting the Selected Sustainability Disclosures and the claims made in them by applying the relevant reporting criteria, the GRI Sustainability Reporting Standards. The manage-

ment is also responsible for determining the sustainable development goals in respect of performance and reporting, including the identification of stakeholders and material perspectives, and for establishing and maintaining the managerial and internal control systems from which the operational data reported is derived.

Our responsibility

Our responsibility is to perform a limited assurance engagement and to express an independent conclusion on the basis of the engagement. We have performed the limited assurance engagement on the Selected Sustainability Disclosures in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" published by the International Auditing and Assurance Standards Board (IAASB). That standard requires that we plan and perform the engagement in order to obtain limited assurance about whether the Selected Sustainability Disclosures are free from material misstatement.

KPMG Oy Ab applies the International Standard on Quality Control ISQC 1 and, in accordance with that Standard, maintains a comprehensive quality control system, including documented policies and approaches concerning compliance with the relevant ethical requirements, professional

standards and requirements that are based on applicable regulations.

We have complied with the requirements for independence laid down in the Code of Ethics published by the International Ethics Standards Board for Accountants (IESBA) and with other ethical requirements that are based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Procedures completed

A limited assurance engagement is implemented by making enquiries primarily with the persons tasked with preparing the Selected Sustainability Disclosures and by applying analytical and other appropriate evidence-gathering methods. Within the mandate of this engagement, our work consisted of the following procedures, amongst others:

- Interviewing a member of LocalTapiola's senior management, and staff members tasked with collecting the Selected Sustainability Disclosures;
- Assessing the application of the reporting principles laid down in the GRI Sustainability Reporting Standards to present the Selected Sustainability Disclosures;

- Assessing the data management processes, data systems and practical arrangements employed for the purpose of collecting and consolidating the Selected Sustainability Disclosures;
- Reviewing the disclosed Selected Sustainability Disclosures, and assessing the quality of the data and the definition of the calculation limits; and
- Testing the accuracy and completeness of the Selected Sustainability Disclosures from the original documents and systems on a sample basis.

In a limited assurance engagement, the procedures carried out by their nature and timing differ from the procedures performed for a reasonable assurance engagement and they are more limited in scope. The level of assurance obtained in a limited assurance engagement is therefore significantly lower than the assurance obtained in a reasonable assurance engagement.

Inherent limitations of the engagement

All assurance engagements entail inherent limitations on account of the selective testing of the data examined. Abuses, inaccuracies or non-compliance with regulations may therefore go undetected. Additionally, non-financial data may entail more significant inherent limitations than financial

data, considering the nature of these data and the methods employed to collect, calculate and assess such data..

Conclusions

Our conclusion was drawn based on the factors set out elsewhere in this report, and it is dependent of them.

It is our understanding that we have obtained an adequate amount of appropriate evidence as a basis for our conclusion.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that would allow the presumption to be made that the Disclosures subject to this engagement would not, in all material respects, be properly prepared in accordance with the GRI Sustainability Reporting Standards.

Helsinki, 11 April 2022

KPMG Oy Ab

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LOCALTAPIOLA

*Lifelong security
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