



# Sustainability Report 2022

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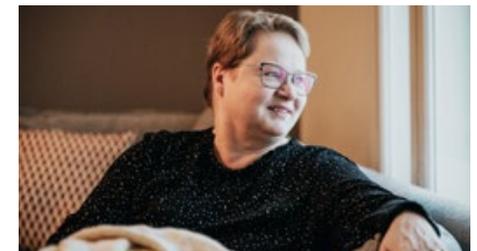
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## Review by the CEO

# Sustainability work implements owners' will

In many ways, the year behind will remain with us as an exceptional one. Early in the year, our life was still in disarray because of the COVID-19 pandemic, and Russia's war of aggression in February marked the onset of the next crisis. Fuelled by increased energy prices, accelerating inflation, together with rising market interest rates, caused a great deal of uncertainty in the economy. Simultaneously, the entire rules-based international system was seriously challenged.

LocalTapiola is there to serve our customers. Due to our strong solvency, LocalTapiola Group is in a position to promote social stability, **providing protection to our owner-customers also in uncertain times.** The year 2022 saw us draw up, together with our owner-customers, the Owner Intent, which guides everything we as a Group do. As well as long-term sustainable business, these policy guidelines stress a customer first approach and the need to increase the customer benefit we provide. The work we do for sustainability implements our owners' will.

Effective sustainability across Finland is one of the five top priorities set out in our strategy. For LocalTapiola, **sustainability is an enabler of long-term and profitable business operations.** Through targeted efforts to tackle the sustainability challenges that are relevant in this era, we want to increase our social handprint.

In February, we approved our Group-level strategic sustainability goals, which are strongly linked to our core business: insurance and investment. Last autumn, we defined the material sustainability topics in compliance with the GRI reporting framework and the EU sustainability reporting requirements.

In the course of the year, we **clarified our sustainability management.** The Sustainability Steering Group was launched, and the management's sustainability working group reached maturity. These developments provide for increasingly systematic strategic direction for the sustainability of our stakeholders, management, the Group's business management and the highest decision-making organs.

Our greatest impacts and influence are associated with economic, governance and social aspects, without neglecting environmental aspects. As a specialist of evolving risks and local conditions, we prevent losses, helping our customers prepare for the future. We boost regional vitality and enhance the safety and security of our customers and entire society.

LocalTapiola's direct carbon dioxide emissions are small in comparison with the emissions from our entire value chain. Nevertheless, we can contribute to climate change mitigation and help our customers adapt to the changes brought about by climate change. We strive to

achieve **net zero emissions from assets under management and from insurance by 2050 or sooner.** In 2022, pursuant to this commitment, LocalTapiola Asset Management Group set a number of numerical interim targets for investments. With regard to insurance, during 2023, we will begin investigation of the conditions for reducing emissions.

The year gone by showed clearly that, forecasting customer needs and addressing the changes occurring in the operating environment, **our sustainability goals provide building blocks for lifelong security also in a world of evolving risks.** Drawing on the trust expressed by our customers, and relying on the committed efforts of our highly skilled employees, we labour every day for a more stable and better world. This is also the hard core of our sustainability goals.

### Juha Koponen

CEO, Chair of the Boards of Directors



# Key figures for 2022

**1.6 MM**



owner-customers

**EUR 2.6 MM**

in donations to the promotion of security and well-being

**3,707**



LocalTapiola staff

**77.8/100**

score in the ROIHU employee survey\*

**Non-life insurance**

premiums written

EUR **1,333.5** MM

claims incurred EUR **872.9** MM

**Life insurance**

premiums written EUR **428.7** MM

claims incurred EUR **367.5** MM

Gross assets under management\*\*

EUR **26.5** billion



\* The ROIHU survey measures employee experience, that is to say, how highly LocalTapiola Group is rated as an employer. The 2022 score clearly exceeds the normative benchmark for Finnish white-collar employees (2022: 69.5).

\*\* Total gross assets under management by LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management, LocalTapiola Alternative Investment Funds, and Seligson & Co Fund Management Company.

# 2022 highlights



## New sustainability goals

LocalTapiola General's Board of Directors approved the Group's **new, strategic sustainability goals** in February. These Group-level goals link sustainability strongly with our core businesses, insurance and investment.

## First Owner Intent

Together with our owner-customers, we **defined the Owner Intent, which guides everything we as a Group do**. As well as long-term sustainable business, these policy guidelines stress a customer first approach and the need to increase the customer benefit we provide.



## Impactful donations

The Group companies provided a total of **EUR 2.6 million** in support to various entities. Of this support, EUR 620,000 was donated to institutes of higher education and to other educational institutions across Finland. Additionally, donations were also focused on helping people affected by the war in Ukraine, as well as on the promotion of mental health.

## Employee experience at excellent level

Once again, LocalTapiola was **one of the most inspiring workplaces in Finland**, following high scores in the ROIHU employee survey (77.8/100, the highest 'AAA' category). This acknowledgement is awarded annually to the best organisations participating in Eezy Flow's PeoplePower survey.



## Award-winning responsible asset management

LocalTapiola Asset Management took home the best Challenger-category **Responsible Investment Award and Gold Award** in a survey focused on institutional investors conducted by Scandinavian Financial Research.

## Sustainable real estate asset management

LocalTapiola Real Estate Asset Management scored **80/100 points and 4/5 stars in the Global Real Estate Sustainability Benchmark (GRESB) review**. This review covered a total of 1,820 entities from 74 countries. Real Estate Asset Management recorded best performance for social and governance data.

# LocalTapiola Group in brief

LocalTapiola is a group of companies owned by 1.6 million customers. Our main mission is to **help our owner-customers protect their life and business**. We want to be our owner-customers' best partner in lifelong security. Adapting to each customer's unique situation, our proactive lifelong security products and services provide protection for health, finances and property.

Serving private, farm, entrepreneur, corporate and institutional customers, we provide voluntary and statutory non-life insurance to cover property and business against risks. Our personal insurance and health insurance products and services support health and well-being. Additionally, we help our customers increase their wealth and prepare financially for the future, 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 the leading parent company of LocalTapiola Group within the meaning of the Finnish Insurance Companies Act. The Group also comprises:

- 19 regional mutual non-life insurance companies;
- LocalTapiola Mutual Life Insurance Company (LocalTapiola Life) ;
- LocalTapiola Asset Management Ltd;
- LocalTapiola Real Estate Asset Management Ltd;
- LocalTapiola Alternative Investment Funds Ltd;
- Seligson & Co Fund Management Company Plc;

- LocalTapiola Finance Ltd; and
- LocalTapiola Services Ltd.

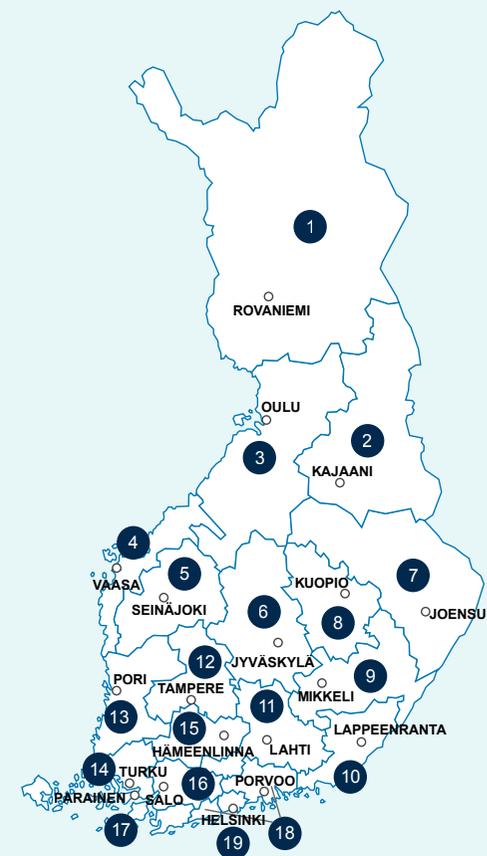
At the start of 2022, the Group's asset management and fund management companies formed **LocalTapiola Asset Management Group** (Asset Management Group), for which LocalTapiola Asset Management serves as the parent company. The group also includes LocalTapiola Real Estate Asset Management and its subsidiary LocalTapiola Alternative Investment Funds as well as Seligson & Co Fund Management Company.

LocalTapiola has presence all over Finland. We are open at more than 200 locations across the country. The Group employs more than **3,700 life-long security specialists**, with some 50 per cent at the regional companies. LocalTapiola's strong local presence is manifest in the operations of our regional companies, which know the local conditions and can offer customers the best services. Regionally, these companies are major employers, taxpayers and generators of prosperity.

The Group's supply chain is made up of large nationwide partners as well as of partner companies operating across Finland on a regional basis. Partners play a key role in the production of the Group's services and in customer encounters. A significant percentage of the Group's procurement is from Finnish suppliers and service providers. Mehiläinen is LocalTapiola's partner in health and well-being, while Elo Mutual Pension Insurance Company is our pension insurance partner. From our partner S Group, owner-customers get S Bonus on insurance premiums.

## The LocalTapiola regional companies

- |                      |                      |
|----------------------|----------------------|
| 1. Lappi             | 11. Vellamo          |
| 2. Kainuu-Koillismaa | 12. Pirkanmaa        |
| 3. Pohjoinen         | 13. Länsi-Suomi      |
| 4. Pohjanmaa         | 14. Varsinais-Suomi  |
| 5. Etelä-Pohjanmaa   | 15. Loimi-Häme       |
| 6. Keski-Suomi       | 16. Etelä            |
| 7. Itä               | 17. Etelärannikko    |
| 8. Savo              | 18. Uusimaa          |
| 9. Savo-Karjala      | 19. Pääkaupunkiseutu |
| 10. Kaakkois-Suomi   |                      |



# Operating environment, and strategy

**W**e evaluate 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

The world in which our owner-customers live is currently experiencing a turmoil. Following Russia's war of aggression in Ukraine and the war-induced energy crisis, geopolitical risks have become more prominent. Additionally, tightening monetary policy has undermined the prospects for the national economy. As an insurer, we are in a position to strengthen Finnish social security, and to improve the safety and security of our customers and the crisis resilience of society.

## Ease and the digital element

Customers expect our services to be quick and easy to use, and personal. The use of online services is set to grow, with fewer physical visits to offices. LocalTapiola must continue to pursue actions to enhance the digital service user experience.

## 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. In terms of the welfare state structures, financing of social security and of the pension system is being challenged.

## International operating environment

LocalTapiola's operating environment and owner-customers are becoming more international. Expectations for multilingual services are increasing, also in Finland. Tightening regulation, particularly at the EU level, calls for changes at enterprises operating in the financial sector.

## Sustainability and responsibility

Demands for sustainability and responsibility are growing. Customers and other stakeholders expect that more effective sustainability actions be taken. Increasingly, people think that businesses should contribute to tackling social challenges. Mitigation of climate change and of biodiversity loss, and adapting to them, will impact on our operating environment in the short and in the long term.



# Lifelong security strategy goals

As a customer-owned group of companies, we produce our services with as high quality as possible while being mindful of costs. We use financial profit for owner-customer benefits and service development, as well as to boost solvency and support communities nationwide and locally.

For us, lifelong security means **health, financial and property insurance cover, adequately tailored** to respond to each customer's needs. We help our customers to prepare for the future through saving and investment, and to increase their wealth. Preventing losses, we are there to assist if something goes wrong. We want to stand out with genuinely caring service that is personal, local and digital, striving for excellent customer satisfaction and long-term sustainable success.

The goals laid down in the LocalTapiola Group strategy are based on an evolving operating environment and on ensuring our competitive edge in the future. We will be reviewing the strategy on an annual basis. The goals for the ongoing strategy period were confirmed in summer 2021.

## Five strategy goals 2022–2026



The best service in the sector personally, locally and by digital means



Strong culture of lifelong security expertise and cooperation



Growth of customer benefit and business



Efficient procedures



Effectively sustainable across Finland



# ” Owner Intent encapsulates customer expectations

A customer-owned group of companies, LocalTapiola is there to serve our customers. The year 2022 saw LocalTapiola draw up, together with our owner-customers, the Owner Intent, which guides everything we as a Group do. The Owner Intent encapsulates how our owners would like to see LocalTapiola’s business operations developed and, particularly, what type of benefit they expect from the Group. In management, it is our task to oversee that the Owner Intent prevails, and to support senior management in its implementation.

The Owner Intent has as one of its objectives to increase customer benefit. LocalTapiola uses profits to ensure a competitive price level, as well as for customer bonuses, customer benefits and future investments. In addition to services, LocalTapiola is in a position to support its customers, for example, through a range of additional services geared towards loss prevention.

The LocalTapiola owner-customers feel that sustainability plays a crucial role in the Group’s business operations. Implementation of the Owner Intent is possible only for financially sound companies: that is why it is necessary to ensure cost efficiency and an appropriate risk level. Well-functioning governance guarantees a smooth decision-making process and transparent decision-making, while allowing owner-customers access to participate in decision-making. Customers expect sustainability also with regard to environmental issues. In our own line of business, LocalTapiola is in a position to lead the way forward in integrating environmental perspectives into business.

We want to use the Owner Intent to better demonstrate the value of ownership to LocalTapiola customers. Assessment and monitoring of set goals also challenge employees and management to find ways to implement the Owner Intent. We also need bolder communication – both to existing and potential owner-customers. I believe that LocalTapiola Group has what it takes to challenge the entire sector to take more sustainable action and to be more sensitive to customer needs and wishes.

**Anssi Keinänen**

Chair of LocalTapiola General’s Supervisory Board



## 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, living out our values in every encounter.

We adhere to good corporate governance, which is based on the legislation governing 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. Additionally, our operations are guided by the policies of Finance Finland, applied across the insurance business.



In autumn 2022, we launched a customer community through which, on a digital participation platform, customers can respond to a host of tasks, surveys and voting campaigns.

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. Our Partner Code of Conduct brings together the policies to which we require our partners to commit and which we as a cooperation partner also follow.

**Read more** about our Code of Conduct and Partner Code of Conduct on the [LocalTapiola website](#).

### Owner-customers and the right to impact

Owner-customers' right to exercise decision-making power and to impact is a core principle for LocalTapiola. In total, approximately **700 of our owner-customers participate in decision-making** and in the strategy process on the Group companies' Supervisory Boards and Boards of Directors.

In many ways, owner-customers are also involved in developing LocalTapiola's products and services. Customers take part in planning and design efforts, for example, at interviews and workshops, helping us test new services and communication concepts across the design cycle. In autumn 2022, we launched a customer community through which, on a digital participation platform, customers can respond to a host of tasks, surveys and voting campaigns. The customer community has been commended by many participants.

At the core of the LocalTapiola **strategy is customer experience**, which takes practical shape in how we treat our customers and each other. We want to stand out with a customer experience that is genuinely caring, brought about by the industry's best combination of personal, local and digital service. On a regular basis, we keep monitoring how the customer experience develops, improving our services based on feedback and customer expectations.

## Social and local impact

LocalTapiola is an active social actor. Our **strong local presence** makes us stand out. We want to be the best partner in security and well-being for our owner-customers and local communities.

It is the local customers who own the LocalTapiola regional companies. As major employers, taxpayers and supporters of local operators, the regional companies know the local conditions and operators, generating regional vitality through their activities.

The importance of local presence is apparent in customer communication and customer benefits, partnership co-operation and the measures taken to prevent losses. Our companies engage in collaboration with entities such as co-operatives, trade associations, security operators, educational institutions, sports clubs and NGOs.

### Impactful donations and partnerships

Nationally and regionally, LocalTapiola is a major donor. In 2022, the Group companies provided a total of **EUR 2.6 million** in support to various entities.

To enhance impact, we annually define common themes for the donations we make to causes of public interest from the contingency reserves of our Boards of Directors. These themes are relevant to our customers and stakeholders,

and they support the achievement of our sustainability goals. In 2022, the themes were the following: safe everyday life, and rescue activity; cooperation with institutes of higher education and other educational institutions; and proactive support for coping.



EUR **2.6** million

in donations to charitable bodies

EUR **620,000**

to institutes of higher education and to other educational institutions

EUR **300,000**

to a Finnish Meteorological Institute research project

In 2022, we donated a **total of EUR 620,000 to institutes of higher education and to other educational institutions across Finland**. What's more, we contributed to enabling the foundation of a co-operatives professorship at the University of Turku, as well as facilitating a Kajaani University of Applied Sciences career project for people in temporary protection.

After the war in Ukraine started in February, the LocalTapiola Group companies immediately took the decision to donate **EUR 300,000 to an emergency fundraising campaign organised by the Finnish Red Cross**. Late in the year, we made a new medical supplies donation to Ukraine worth EUR 130,000. The Finland Chamber of Commerce was in charge of coordinating this donation, in cooperation with the Embassy of Ukraine.

In 2022, LocalTapiola launched cooperation with the Finnish Meteorological Institute, donating **EUR 300,000 to a research project** that aims to generate more precise regional data on the impacts of climate change and on the opportunities for adapting to them.

The donation made by LocalTapiola Life last year to the Yrittäjät academy, organised by Suomen Yrittäjät, allowed for the provision of cost-free training events to nearly 3,000 entrepreneurs in 2022. The digital element was a key theme for the Yrittäjät academy. These training events provided entrepreneurs with tools to adapt their business to the new post-COVID-19 pandemic operating environment.

We also enforce the impact of our sustainability efforts through partnerships. Our long-standing partners include the Red Cross, the Finnish National Rescue Association, and the Finnish Swimming Teaching and Lifesaving Federation. As the main partner of the Football Association of Finland, we promote the sporting activities of children and young people. What's more, our regional companies support the sporting activities of children and young people locally in various sports.



## Sekasin chat helps young people in difficult social circumstances

In 2021–2022, the LocalTapiola-supported 'Pidä huolta nuoresta mielestä' campaign collected over one million euro for young people's mental health work. The funds were used to support initiatives such as the nationwide Sekasin chat. The chat provides young people aged between 12 and 29 with a channel for confidential, anonymous conversations with professionals and trained volunteers.

In 2022, the Sekasin chat attracted a record-breaking volume of conversations: 32,185. Over the course of the year, the number of contacts made there reached nearly 160,000. The need for support stemming from young people's anxiety is extremely great. Our current resources can assist only a fraction of those who need help.

Taking advantage of the support provided by the 'Pidä huolta' campaign, we have updated the volunteer recruitment process and training programme. The year 2022 saw 560 volunteers start on-call duty officer training. The volume of conversations handled by the volunteers increased markedly over 2021.

In the autumn, a donation made by three LocalTapiola regional companies – Uusimaa, Etelärannikko and Pohjanmaa – enabled the launch of a Swedish-language Sekasin chat service. It's wonderful to be able to encounter young people who are in a difficult life situation in their own mother tongue. The feedback we have received has been extremely positive. It is my sincere wish that we can continue to serve young people in Swedish in future too.

**Satu Raappana**  
Executive Director, Sekasin Collective

Read more [about the Sekasin chat](#) (in Finnish).



## Direct economic value

The income that our business generates divides between customers, personnel, suppliers and society. This 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 results for operational development and to boost the solvency of the Group companies.

### Direct economic value generated and distributed, 2022, EUR million

	2021	2022
<b>Income to LocalTapiola, total</b>	<b>2,105.6</b>	<b>1,983.7</b>
<b>Economic value distributed</b>		
Claims paid to customers	1,168.6	1,145.5
Personnel costs	282.8	294.0
Purchases	219.1	252.9
Income tax	82.7	44.4
Donations	2.6	2.6
Financial expenses	5.6	35.5
Operational and solvency development	344.3	208.9

## Group's 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 income tax, 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 salaries and wages to be remitted, and the withholding tax on claims paid, include taxes collected by LocalTapiola as the payer, to be remitted to the State.

### LocalTapiola Group's taxes and tax-like items, 2021–2022, EUR million

	2021	2022
<b>Direct taxes and tax-like payments</b>		
Income tax	82.7	44.4
Social security and pension contributions	54.6	55.4
Transfer tax	1.2	0.7
Real estate tax	4.4	4.8
<b>Indirect taxes, and items deducted from premiums written*</b>		
Insurance premium tax	228.0	235.7
Fire prevention charge	3.5	3.6
Road safety charge	2.1	2.1
Labour protection fee	2.6	2.5
<b>Payments to be remitted</b>		
Withholding tax	121.4	118.4
TyEL contributions, unemployment insurance contributions (employee's share)	18.1	19.2
<b>Total</b>	<b>518.7</b>	<b>486.8</b>

\* The tax footprint does not include any value added tax (VAT), since the VAT recognised as expense cannot currently be reported at an adequate level. Sales and intermediation of insurance services are classified as VAT exempt 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. The Group companies also carry on business that is subject to VAT, and the indirect tax generated in the course of this business accrues to the State. The finance business and the real estate business are the biggest business areas subject to VAT.

# Sustainability at LocalTapiola

For LocalTapiola, sustainability is an essential enabler of profitable and long-term business operations. Insurers contribute to our **trust-based Finnish society and social infrastructure**. Our most important 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 want to set the best example, for our customers in tackling security, well-being and climate change related challenges.

**Customer ownership and our active role in society** are the pillars on which our sustainability efforts rest. Strengthening sustainability is one of the five top priorities set out in our Group strategy: we want to be effectively sustainable – across Finland. Our activities improve regional vitality and security. As a specialist of evolving risks and local conditions, we prevent losses, helping our customers prepare for the future.

## Material sustainability topics

Last autumn, we carried out the LocalTapiola sustainability materiality assessment in compliance with the requirements of the GRI reporting framework and the upcoming EU Corporate Sustainability Reporting Directive. We analysed the impact of the sustainability topics that are material to LocalTapiola from two perspectives:

how we impact on society (impact materiality), and how the various sustainability topics impact on our business operations (financial materiality).



Our most important mission is to provide adequate and reasonably priced insurance cover also in a world of evolving risks.

LocalTapiola General's **Board of Directors confirmed the Group's material topics in March 2023**. In future, the Board of Directors will confirm sustainability materiality once a year in the context of processing the Sustainability Report and the upcoming Corporate Sustainability Report. Definition of the material topics supports sustainability management and prioritisation of the implementation of the Group's sustainability goals. Based on double materiality, the materiality assessment guides the Group's sustainability reporting

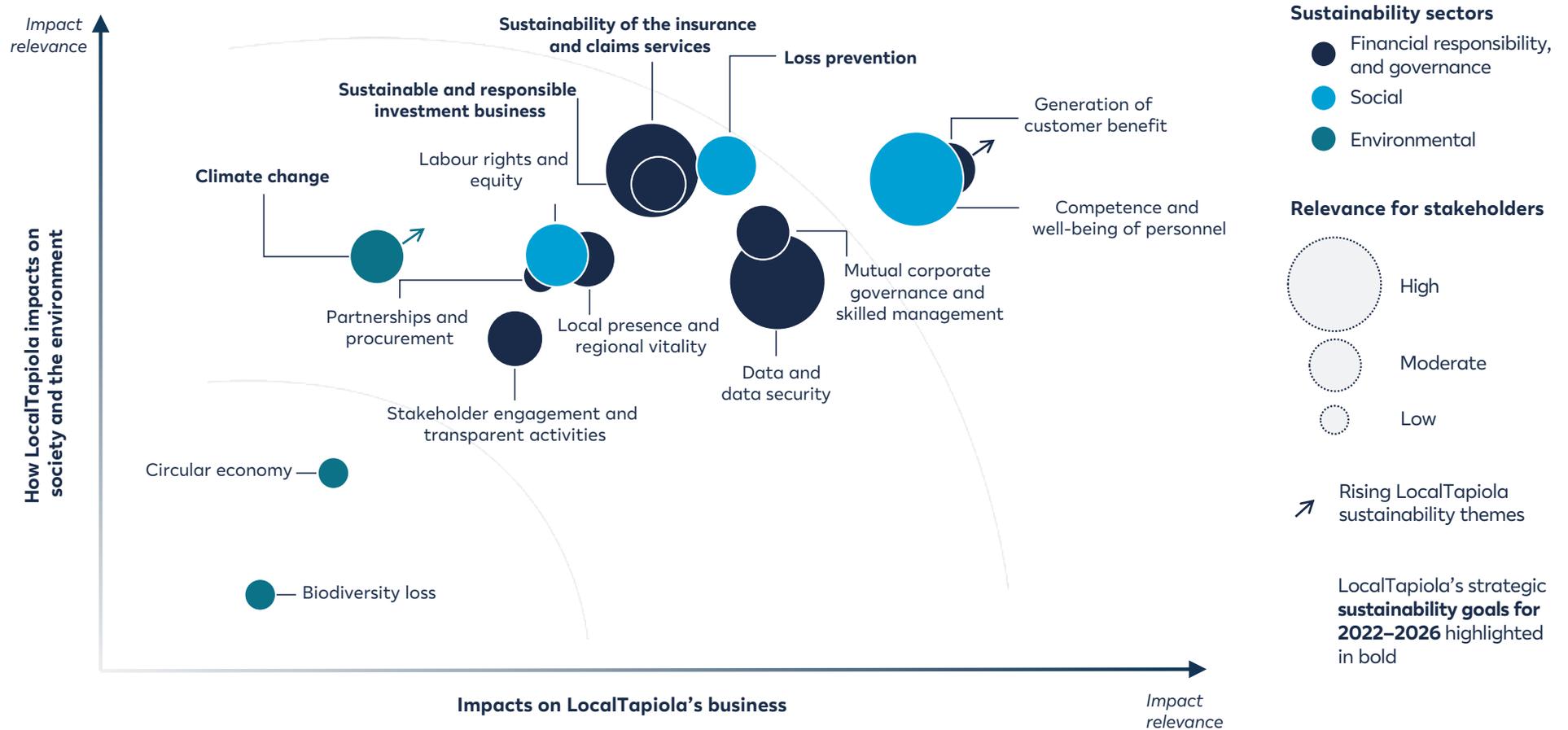
In the materiality assessment, by way of a comprehensive survey and interviews, we map the views that our stakeholders have on LocalTapiola's sustainability impacts. The survey was sent to our customers, management and personnel, as well as to a group representing partners, decision-makers and organisations. Representatives from management, administration and our external stakeholders participated in the interviews.

In the materiality assessment, we define **15 sustainability topics that are material to LocalTapiola**. The results of the materiality assessment show that LocalTapiola's key environmental and social impacts are from loss prevention, sustainability of the insurance and claims services, and generation of customer benefit. The results suggest that generation of customer benefit, the competence and well-being of personnel, and data and data security are the topics which can have the greatest potential economic impact on LocalTapiola. For the time being, we do not provide reporting on the following topics: biodiversity loss, and the circular economy.

### The five materiality assessment steps

1. Identification of the material sustainability topics
2. Stakeholder survey and interviews
3. Impact assessment based on views of stakeholders and own specialists
4. Validation of the material topics
5. Confirmation of the material topics by LocalTapiola General's Board of Directors

# LocalTapiola sustainability materiality matrix 2023



This materiality matrix was prepared under the principle of double materiality as set out in the Corporate Sustainability Reporting Directive (CSRD).

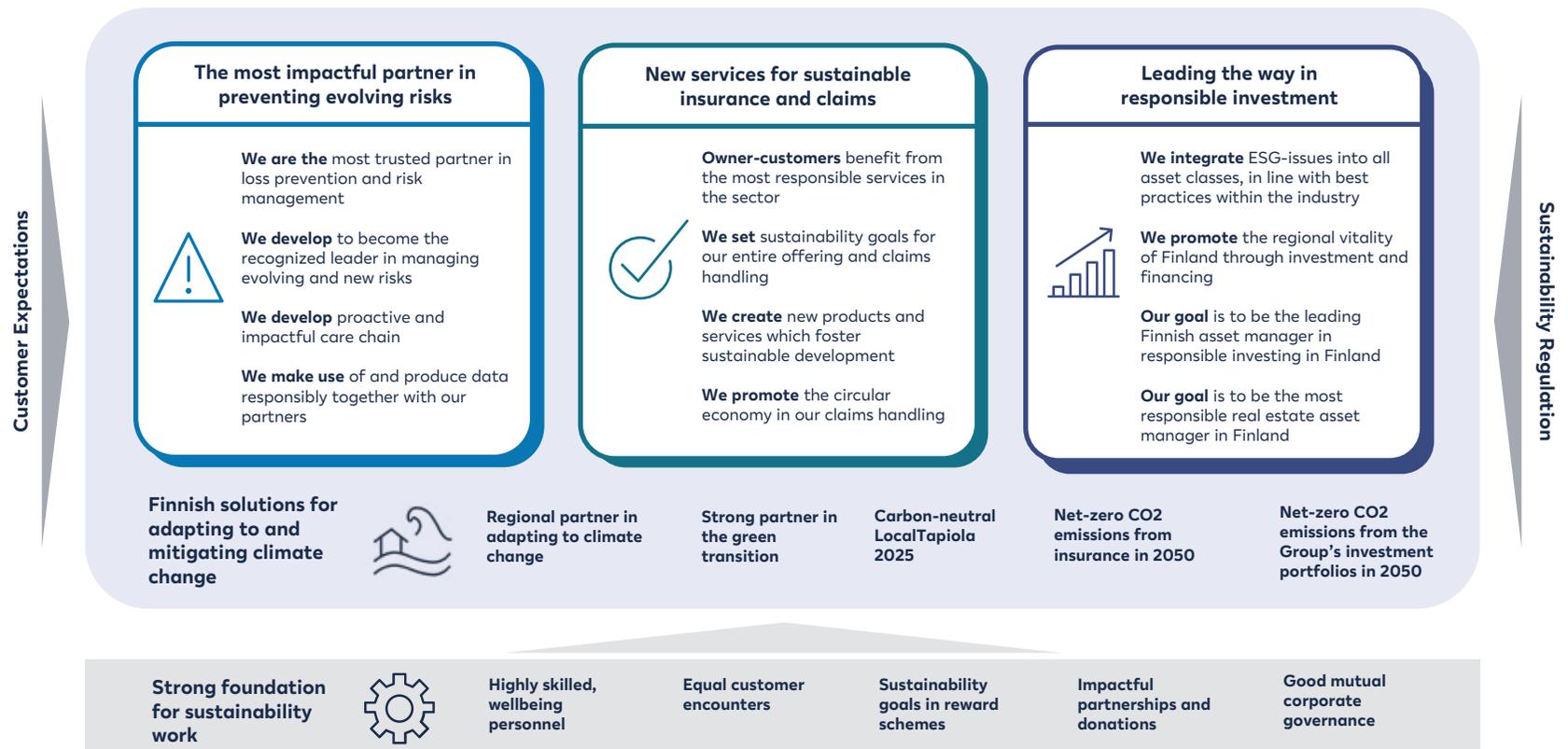
# LocalTapiola sustainability goals

LocalTapiola Group’s common strategic **sustainability goals guide how the Group companies develop their sustainability**. LocalTapiola General’s Board of Directors adopted the goals for the 2022–2026 strategy period in February 2022. These Group-level goals integrate sustainability as a strong element of LocalTapiola’s business.

We want to be the most impactful partner in risk prevention, in a world of evolving risks. We craft sustainable and responsible services while cementing our position in leading the way in responsible investment. Our package of climate goals encompasses direct carbon neutrality, emission goals for insurance and investment, and

support for regional climate change adaptation and green transition. What’s more, we consolidate the foundations of our sustainability efforts so that we can ensure the achievement of our other goals.

## The Best Partner in Lifelong Security Sustainability at LocalTapiola 2022–2026



## How implementation of the sustainability goals progresses

Main goal	Subgoal	Progress made with implementation in 2022	Status
The most impactful partner in preventing evolving risks	We are the most trusted partner in loss prevention and risk management	Review of the current state of loss prevention work. Identification of high-risk occupational accidents; intensified determination of coverage; and elimination of examination and treatment delays by way of increased use of the extensive treatment payment commitment.	→
	We develop to become the recognised leader in managing evolving and new risks	Implementation to be launched in 2023. Defined priorities: climate risks, cyber risks and mental health risks. Cyber security strategy 2022–2026.	
	We develop impactful and proactive treatment chains	Implementation to be launched in 2023. Monitoring of treatment chain impact launched in 2022.	
	We make use of and produce data responsibly together with partners	Implementation to be launched in 2023.	
New services for responsible insurance and claims	Owner-customers benefit from the most responsible lifelong security services in the sector	Implementation to be launched in 2023.	
	We set responsibility goals for our entire offering and claims handling process	Implementation to be launched in 2023.	
	We create new products and services which foster sustainable development	Implementation to be launched in 2023.	
	We promote the circular economy in our claims handling	Promotion of circular economy practices in the claims handling process.	→
Leading the way in responsible investment	We integrate the ESG dimension into all asset classes in compliance with the best practices in the sector	ESG integrated into some asset classes. ESG development continues with other asset classes.	→
	We are the best Finnish asset manager in responsible investment	Responding to customers' ESG preferences: Investment products and asset management service that address the ESG perspective and the Net Zero goal at the Asset Management Group companies.	→

Ongoing → Not launched || In the planning phase ...

Main goal	Subgoal	Progress made with implementation in 2022	Status
	We are the most responsible real estate asset manager in Finland	LocalTapiola Real Estate Asset Management's carbon neutrality roadmap to achieve the Net Zero Carbon Buildings goals. Introduction of the calculation of the construction carbon footprint in all new construction projects.	→
	We promote the regional vitality of Finland through investment and financing	Corporate lending across Finland. Development of a national sustainability tool together with a partner. Additional investment in LocalTapiola Finance (enables stronger integration of sustainability into motor vehicle finance as part of the mobility strategy).	→
<b>Finnish solutions for climate change adaptation and mitigation</b>	Regional partner in climate change adaptation	Implementation to be launched in 2023.	
	Strong partner in the green transition	Implementation to be launched in 2023.	
	Carbon-neutral LocalTapiola 2025	Group's carbon neutrality roadmap.	→
	Net-zero CO <sub>2</sub> emissions from insurance in 2050	Implementation in the planning phase.	...
	Net-zero CO <sub>2</sub> emissions from the Group's investment portfolios in 2050	Implementation to be launched in 2023.	
<b>Strong foundation for sustainability efforts</b>	Highly skilled, thriving personnel	Corporate and management culture survey, and Leadership Promises. Annual completion of the Code of Conduct online course mandatory for everyone. Introductory course on sustainability for personnel published in January 2023.	→
	Non-discriminatory customer encounters	Areas of customer benefit defined in the Owner Intent.	→
	Sustainability goals in remuneration	Implementation to be launched in 2023.	
	Impactful partnerships and donations	Allocation of donations from the contingency reserves: safe everyday life, and rescue activity; cooperation with institutes of higher education and other educational institutions; and proactive support for coping.	→
	Mutual corporate governance	Introduction of a management register.	→

Ongoing → Not launched || In the planning phase ...

# Sustainability management

In the course of 2022, we built a **new model for sustainability management**. A Group-level Sustainability Steering Group was launched in the spring, which steers sustainability development and the implementation of goals, as well as ensuring proper anticipation of regulatory requirements. Sustainability management is lent support by the management representatives' sustainability working group, which convenes regularly. Responsibility for implementing sustainability regulation at the Group is assigned to a specific sustainable finance regulation project steering group.

Twice a year, LocalTapiola General's Board of Directors monitors the progress made with the Group's sustainability goals. **The Board of Directors exercises authority over the strategic policy guidelines as regards sustainability, and it decides on the key regulatory topics.** The Group's Management Group is tasked with formulating the other major Group-level policy guidelines and decisions.

It is for the LocalTapiola companies and functions individually to implement the sustainability goals in their respective areas of responsibility. The Sustainability & Public Affairs function, operating under the Group's Sustainability and Communications unit, is in charge of the overall coordination of sustainability.

In 2023, we will be further improving the ways in which sustainability is managed. We will set up a Sustainability Advisory Board, with invited members representing our external stakeholders.

The purpose of the Advisory Board is to ensure stakeholder engagement in the development of sustainability at LocalTapiola.

During 2022, we organised training for LocalTapiola General's Board of Directors and for senior Group management on sustainable finance regulation. Sustainability issues appear regularly on the agenda of senior managers' meetings, which lends support to enhancing sustainable development competences. Additionally, upper management members attend sustainability themed meetings with specialists and stakeholder events. Available to all our personnel, we published LocalTapiola's first online training module on sustainability in January 2023.

## Stakeholder engagement

For us at LocalTapiola Group, the **most significant stakeholder group are our owner-customers**. The other stakeholders identified as vital include the management, personnel, strategic and other partners, public authorities and political decision-makers, cross-industry organisations and special interest groups, research institutes and educational institutions, NGOs, local communities and the media. In 2022, our external stakeholders contributed to the LocalTapiola sustainability materiality assessment process. Read more about our materiality assessment on page 13.

Engagement with, in particular, customers, personnel, management and an extensive partnership network is a crucial element of our daily work. The role played by public authorities, decision-makers, organisations, local communities

and the media takes on heightened importance when it comes to maintaining our prerequisites for business and upholding our reputation, as well as in local advocacy. In 2022, we examined the issue of sustainability with our claim partners, among others. It is our aim to adopt the sustainability criteria in our cooperation agreements and in procurement.

Owner-customers have **broad representation in our management and operational development**. In 2022, we launched an online customer community, of which we take advantage to plan and design new developments that affect customers, as well as using it for service improvement purposes. Over the year, members of management bodies contributed to defining the LocalTapiola Owner Intent.

In cooperation with our partner, the Finnish National Rescue Association, and various rescue departments, we will continue to pursue efforts to improve fire safety and to prevent fire accidents at homes. What's more, we strive to exercise influence on legislation in cooperation with our fire safety partners. Working together with the Finnish Swimming Teaching and Life-saving Federation, a long-standing partner, we promote water safety. In 2022, the target groups of activities included families with children, and primary school pupils.

In 2022, we engaged in broad dialogue on safety and sustainability issues with traffic and mobility operators, while also continuing to discuss mental health and insurance related themes with MIELI Mental Health Finland. The year saw us draw up our mental health and insurance customer value propositions.

During the year, we launched cooperation with **Future Board**, a network of young board professionals, as well as with **Economy and Youth TAT**, and the **Finnish Meteorological Institute**. We highlighted equality issues that are relevant in the financial sector when the 15-year-old **Eedit Ojala** stood in for CEO **Juha Koponen** for a day as part of the #GirlsTakeOver initiative organised by Plan International. Read more about the takeover day on page 54.

## Corporate responsibility commitments

LocalTapiola is committed to Finance Finland's Responsible Financial Sector principles. In insurance and claims activity, we also act in compliance with the industry's non-binding good insurance practice guidelines.

As a Group we are committed to the UN's [Principles for Sustainable Insurance](#). These Principles lay down for the insurance sector the sustainable approaches that support the UN's Sustainable Development Goals and the goals of the Paris Agreement. To read more about compliance with the Principles, see the section 'Principles for Sustainable Insurance' on page 66.

In spring 2022, the commitments made by the LocalTapiola Asset Management Group companies, LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management and Seligson & Co Fund Management Company, to the UN-supported [Principles for Responsible Investment](#) (PRI) were combined in the name of LocalTapiola Asset Management Group. The PRI sets out how investment decisions should address environmental, social and governance aspects. There are two permanent UN advisors on the PRI Board.

Asset Management Group joined the [Net Zero Asset Managers](#) initiative, created by six international investor networks, supporting net zero emissions from investment assets under management by 2050 or sooner. The organisation behind this initiative approves the interim targets set by the participating asset managers, who report on their investment activity on an annual basis. Read more about the Net Zero Asset Managers initiative on page 36.

Additionally, LocalTapiola Asset Management is involved in the **Climate Action 100+** initiative and a number of campaigns by the CDP, which encourage the target companies towards environmental reporting and target-setting. LocalTapiola Asset Management is also a member of the **International Corporate Governance Network** (ICGN).

LocalTapiola Real Estate Asset Management signed the international Net Zero Carbon Buildings commitment, which has as its aim carbon-neutral energy consumption of buildings and carbon-neutral emissions from construction. Every year, Real Estate Asset Management takes part in the Global Real Estate Sustainability Benchmark (GRESB) survey. In addition, Real Estate Asset Management is also 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 CO<sub>2</sub> emissions.

A provider of vehicle ownership financing, LocalTapiola Finance is bound by the [Green Deal](#) climate deal concluded by the State of Finland and the automotive industry, aiming to cut CO<sub>2</sub> emissions from traffic, to improve the energy-efficiency of vehicles, and to increase the use of alternative types of propulsion.

We communicate to our personnel about the Group's commitments on LocalTapiola's internal website, and stakeholder communication is provided on our external website. We do not arrange any specific commitment related training.

## Public affairs and protection of interests

The LocalTapiola Group companies have presence all over Finland, exercising active influence in their local communities. Our nationally operating Group companies are strong Finnish investors and insurers, and they produce services of great social relevance that supplement the public social security system.

In 2022, we invested in strengthening our societal voice. Our public affairs work has as its vision to be a **proactive trust-building social actor**. We strive to exercise influence on the regulation of the sector, in order to be able to pursue our main mission as a provider of comprehensive protection for our customers' life and business, and to stimulate regional vitality across Finland.

To strengthen our advocacy efforts, we launched an **advocacy network in 2022**. This network comprises all those working at LocalTapiola whose duties involve the protection of interests and advocacy, including as a result of their representation in cross-industry organisations. The advocacy network has as its objective to enhance dialogue with our societal stakeholders. During the year, we invited representatives from political parties, research institutions and consumer organisations to attend the network meetings to discuss topics that are relevant in our operating environment.

We protect LocalTapiola Group's interests in **Finnish and international** special sectoral interest groups. We have active participation in cross-industry organisations, and we engage in close dialogue with a number of official bodies, including the Financial Supervisory Authority, on the development and supervision of the regulatory environment of the financial 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 businesses a level playing field to develop their operations. As a customer-owned group of companies, our customers' benefit is at the core of our business.

For the forthcoming 2023–2027 government term, we have set our own goals to supplement the common Government Programme goals that the financial sector has published. In the coming years, we are seeking improvement of the conditions for independent financial preparation by citizens, and that a level playing field be ensured for businesses which operate on a mutual basis and that the sustainability regulation governing the financial sector be implemented with high quality.

## Membership of associations

LocalTapiola is engaged in the activities of Finance Finland (FFI) and of many international special interest groups promoting the interests of mutual companies.

Group CEO **Juha Koponen** is serving as Chair of the FFI's Board of Directors for 2022–2023. Additionally, LocalTapiola has broad representation on the 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, the Finnish Workers' Compensation Center, and fire and rescue services.

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 one of the founding members of FINSIF, Finland's Sustainable Investment Forum. In autumn 2022, LocalTapiola Group became a member of the European Climate Leadership Coalition network

## Sustainable finance regulation

The EU's regulatory sustainable finance projects aim to steer capital flows to sustainable economic

activity and investment, to control the 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 effects and on how these effects are reported. The LocalTapiola Group companies are most affected by the Corporate Sustainability Reporting Directive, the Taxonomy Regulation, the Regulation on sustainability-related disclosures in the financial services sector, and the changes that relate to the sustainability characteristics of the Solvency II Directive, which steers the prudential regulation and oversight of life and non-life insurers.

The aim of LocalTapiola's Group-level sustainable finance regulation project is to ensure compliance with the regulatory requirements at the Group. A specific project by the Asset Management companies implements the regulatory requirements at our investment companies. In 2022, we drew up the LocalTapiola Group-level sustainability objectives, which lend support to regulatory compliance and implementation of the Group's sustainability goals.

LocalTapiola reports the Group's Taxonomy data in the report of LocalTapiola General's Board of Directors. The 2022 report discusses 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.](#)



## **Evolving risks, and loss prevention**

# Evolving risks, and loss prevention

In our role as insurer and risk management expert, we contribute to social stability and security. We prevent losses and promote well-being and financial preparation at the level of the individual, businesses, communities and society. Our efforts to anticipate evolving risks and to prevent losses underscore our local expertise.

It is our mission to provide **adequate and reasonably priced insurance cover also in a world of evolving risks**. Succeeding in this protects our customers' life and our own business. Viewed from the perspective of the continuity of LocalTapiola's business, it is essential not only to prepare for foreseeable developments but also to anticipate surprising challenges. Rapid changes in the operating environment set increasing requirements for our business and for the competence of our staff. In a business environment that is evolving at speed, insurance risk selection is hampered by the lack of historical data. Read more about risk selection on page 24.

The evolving risks in our operating environment include **climate and cyber risks and the risks associated with increased mental health disorders**. From the insurance sector perspective, it is important for climate change mitigation and a successful green transition to reduce in the long term the risks and losses brought about by climate change. In 2022, Russia's war of aggression in Ukraine and the dramatic changes in European geopolitics put the digital security of the financial sector to the test. The situation with the healthcare system,

and the increasing mental health challenges and risks, have become widely pervasive features of the public debate in the 2020s.

We are constantly analysing risks that are new or that might evolve, including risks associated with new forms of energy manufacturing and storage such as battery systems, solar and wind power, and hydrogen. As new risks affecting property, we have identified phenomena such as fires caused by lithium-ion batteries, stove fire hazards and theft of electric bicycles.



Our efforts to anticipate evolving risks and to prevent losses underscore our local expertise.

Through loss prevention efforts and by managing risks, LocalTapiola can reduce the environmental and economic consequences of losses and human suffering. Through advice, guidance and communication, we increase awareness of risks and how to prepare for them. The partner choices we make influence customer experience, and they contribute to the reduction of risks while also helping combat the grey economy.

## Increasing climate risks

In the coming decades, climate risks will influence not only LocalTapiola's business and customers but also the entire insurance sector.

**As a risk-sharer and risk management specialist**, the insurance sector plays a major role in climate change adaptation. Adaptation can help reduce climate change-induced risks and the harm they cause to our society and customers.

LocalTapiola takes account of climate change risks and opportunities in its risk management, insurance product and service development and the evaluation of investment options. In terms of climate risks, increasing weather extremes, in particular, are magnifying the risk of major claims. Moreover, increased natural phenomenon risk also makes reinsurance more challenging while pushing the price of reinsurance up.

Climate change mitigation is absolutely necessary in order to reduce risks. However, on the other hand, climate change mitigation may give rise to insurance-related transition risk. For example, as a result of the electrification of vehicles, repairing property that is damaged in traffic accidents will become more costly. In the energy and recycling sector, the variance that characterises risk assessment and pricing makes reinsurance more challenging.

**Read more** about LocalTapiola's climate goals on page 40 and about the current state of climate risk assessment on page 68.

# Cyber operating environment in transformation

Today, global supply chains are marked by increased uncertainty, which affects our security environment and, for example, assessment of the risks of insurances that cover business interruption. LocalTapiola is dependent on functioning data networks and systems and, in a world that is rapidly becoming more digital, we are vulnerable to many disturbances.

The year 2022 saw us compile LocalTapiola Group's first ever **cyber security strategy for 2022–2026**. This cyber strategy includes the policies for cyber security work, representing an important tool in the new cyber operating environment. Our aim is to stand out as a cyber secure player in the financial sector. Additionally, an important mission for us is to protect our brand, business and personnel against cyber threats.



Our aim is to stand out as a cyber secure player in the financial sector.

The LocalTapiola cyber strategy defines the goals which are key from the perspective of the Group's business that we use to better manage the adverse effects of digital services and to ensure our capability to respond to cyber attacks. During 2022, we practised responding to cyber threats together with our business divisions and Group partners.

We measure the progress we make by assessing the maturity level of cyber security. Our 2022

baseline was 2.8, and we aim to improve the cyber security maturity level to 3.1 in the course of 2023 (scale of 0–5).

## Mental health and insurance

Mental health disorders continue to show an upward trend in Finland. Responding to them responsibly is one condition for the continuity of LocalTapiola's business. At least one in five Finns experiences mental health disorders annually, and 20 per cent develop depression at some point in their life. LocalTapiola is committed to finding new solutions for insuring people with mental health disorders.

The challenges faced by the public health care system are hampering the functioning of treatment chains: patients may be affected by delayed referral to treatment and belated diagnosis. Delayed treatment has a financial impact both on the individual and on society, contributing to longer absences from work and to many social challenges. Insurance of mental health disorders is often surrounded by misperception. As an insurer, LocalTapiola has an important mission to convey correct information about mental health disorders and to take account of the unique situation of every customer.

In 2022, we mapped how mental health disorders influence the grant of insurance cover, and we published the Group's customer value propositions regarding mental health disorders and insurance. For our life and personal insurance products, we reviewed many of the underwriting policies with regard to mental health disorders, with the purpose of ensuring that the insurance decisions

we issue are both individual and appropriate. We have taken preparatory steps to update a number of our products and services, so that we can better respond to the needs of our customers.



In 2022, we mapped how mental health disorders influence the grant of insurance cover, and we published the Group's customer value propositions regarding mental health disorders and insurance.

We want to support our customers' well-being and coping by providing free-of-charge well-being services, alongside life insurance, serious illness cover and disability cover. LocalTapiola Smart Life Insurance combines our well-being services, that is, HyvinvointiHelppi and financial protection. Over the course of 2022, we developed the smart life insurance service portfolio by introducing the Wellnet online physical exercise services as part of our smart life insurance concept.

### Our proposition for insuring mental health disorders

1. Transparently and openly, we provide information about the various aspects of seeking and granting insurance.
2. At LocalTapiola, we treat and process every insurance application individually, in compliance with our underwriting policy.
3. We will improve the guidance we provide regarding mental health disorders.
4. We strive for our products and services to meet the changing needs of our customers in the best way possible.
5. As a lifelong security company, we want to be there to help that as many people as possible would seek and get help with their mental health disorders sufficiently early.

# ”Lack of data challenging for sustainable risk

It is the practice of insurers to assume risks on behalf of their customers against the payment of insurance premiums. In order for insurers to ensure, in accordance with the requirements of the law, that their premiums are adequate in relation to the risk involved, they establish conditions for the granting of insurance and for the content of insurance cover. This selection of risks is also called underwriting.

A sustainable risk selection process considers the environmental and societal impacts of granting or refusing insurance. The impacts of sustainable risk selection are the clearest with respect to environmental issues. For example, LocalTapiola insures renewable energy and projects that have as their aim to produce increasingly cleaner products and services. The insurance sector could also engage in more extensive discussions about how the risk selection criteria can address social and governance responsibility.

Only scarce research is available to insurers about the ways in which risk selection can exert a concrete impact on sustainability, as well as about how this impact can be measured. For the time being, it remains difficult to assess what weight should be given to the environmental, social or governance sustainability goals and risk-selection criteria at any given situation.

Sometimes the contradiction between risk-selection criteria and sustainability goals is clear. Undoubtedly, insurers stand on more solid ground when insuring a known risk than an unknown one. For example, when it comes to insuring new technological innovations, the lack of historical data and experience makes risk selection and determination of the appropriate premium difficult.

There is also an opt-out element to the risk selection process: some risks we simply cannot insure. For example, if a particular line of business produces negative climate impacts, it may become uninsurable in the future.

LocalTapiola has a strong mandate from its owner-customers to develop the sustainability of its business, also with regard to risk selection and customer selection. I believe that, as a customer-owned group of companies, we have the opportunity and the will to place increasing emphasis on sustainability in our insurance decisions in future.

**Lari-Pekka Kyllönen**

Chief Underwriter, LocalTapiola General



# Loss prevention

LocalTapiola **prevents losses and is there to assist if something goes wrong.** Proactively, we promote our customers' health and well-being, providing active communication to our customers about the ways that help them reduce risk and prevent losses. We pursue these efforts together with our national and local partners, producing information on loss prevention for our own communication channels while also providing active communication to the media. Furthermore, we foster loss prevention by exercising an influence on legislation.

In 2022, our loss prevention efforts focused on fire safety at homes and farms, on the risk management competences and occupational safety of corporate customers and on communication to customers and to the general public. Together with the Finnish National Rescue Association, the Finnish Real Estate Federation and the Finnish Real Estate Management Federation, LocalTapiola has campaigned that housing companies should assume from residents the responsibility for all residential fire detectors. During 2022, tools were devised for housing companies for their easy takeover of the maintenance of fire detectors.

To make everyday life safer, **we teach resuscitation skills to fifth-grade pupils** in the Hero training events organised together with **Red Cross First Aid.** Starting in 2016, the number of Heroes we have trained is a whopping 150,000. In 2022, a total of 8,655 schoolchildren and adults participated in the Hero training events.

Over the year, LocalTapiola supported many **initiatives improving the occupational safety of our corporate customers.** Financial support was granted to projects that seek to improve company safety and to reduce the number of accidents and occupational diseases. In collaboration with partners, LocalTapiola also engages in damage limitation efforts, with the aim of limiting damage that has occurred and any possible effects from it.



**8,655**

Hero Training participants in 2022

**150,000**

Hero Training participants since 2016

We strive to support **risk management competences and the prevention of accidents and property damage.** Our guidance and advisory services help customers take impactful measures on a proactive basis. From 2022, we have been providing our corporate customers with increased access to the RiskiPulssi risk management tool.

With our health partners, we are developing care pathways for more rapid access to treatment. Our aim is to prevent prolonged high-risk incidents, while ensuring a positive customer experience. Together with our health partners, we have succeeded to significantly cut the number of repeat operations and to reduce the relative number of pension cases. We maintain our objective to speed up the claim handling process and to expand the Swedish-language service we provide.

In 2022, the Finnish Road Safety Council and LocalTapiola worked together in an effort to enhance commuting safety. In the context of the 'Taklaa työmatkatapaturmat' (Tackling commuting accidents) webinar, a new tool was published for organisations to assess and develop their own commuting safety.

The LocalTapiola regional companies enable the provision of first aid or voluntary first aid and rescue activities in various forms throughout Finland. For ten years now, LocalTapiola's cooperation with the Finnish Swimming Teaching and Lifesaving Federation has focused on promoting safety on water.

# Data sustainability

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 to ensure that data are used transparently and in the interest of our customers and personnel.

We utilise our claims data for the anticipation of risks associated with pressing and foreseeable phenomena. Data use helps us identify phenomena and trends that would otherwise not come to the authorities' attention. We always inform the relevant safety authorities and rescue departments of our observations, also making them public.

We develop the **quality of, and the opportunities for exploiting, claims data**. Data play a major role in keeping track of, in particular, the changes occurring in claims activity. We exploit data on policyholders' environmental and social corporate responsibility and governance issues in, for example, the pricing models we employ for workers' compensation insurance.

In 2023, we will continue to pursue cooperation with the Finnish National Rescue Association for the improvement of fire safety at homes and, in particular, for the prevention of stove fires. The ongoing study investigating the prevalence of stove fires and stove fire hazards exploits Local-Tapiola's claims data and statistics provided by the rescue service. Claims data have helped us highlight, for instance, model-specific variation with lithium-ion battery fires.





## **Sustainable insurance and claims**

# Sustainable insurance and claims

LocalTapiola has a goal of being the best partner in lifelong security. This means health, financial and property insurance cover that is adequately tailored to respond to each customer's needs, and it also entails streamlined claims service. We support our customers in making sustainable and responsible choices that promote their security. We produce high-quality and competitive services that bring security to our customers and help them prepare for the future.

To be successful with insurance and claims services calls for **non-discriminatory treatment of all customers, as well as clear communication and trust**. We train our staff to encounter different kinds of people and situations so as to ensure equal and customer-oriented service. Through correct partner choices, we can foster the circular economy in our claims handling activity, reduce the amount of waste generated, combat the grey economy and reduce in our value chain practices that are not environmentally friendly.

Customer expectations for sustainable and responsible products and services are growing – and businesses are increasingly expected to provide sustainable options. Additionally, in the insurance and financial sector, ongoing transformations and, especially, tightening regulation are influencing the development of services for insurance and claims.

Our goal is to keep developing sustainable services for insurance and claims in the 2022–2026 strategy period. Taking concrete steps forward with sustainable insurance and claims is one of our sustainability priorities in 2023.

## Developing sustainable insurance

At the core of sustainable insurance lie risk reduction and innovative business solutions. In line with our sustainability goals, we strive to integrate sustainability as part of insurance and claims development. Through the choices we make, we seek impact and customer benefit. What's more, we develop sustainability in risk selection and customer selection.

In 2022, LocalTapiola Life lowered by 20 per cent the premiums for term life insurance policies provided to new customers, and it improved existing customers' benefits by raising the level of insurance cover by 25 per cent free of charge. By offering higher sums insured, we want to enhance our customers' financial protection while encouraging them to think about whether the level of their financial protection is appropriate and adequate. These reforms clearly improved customer experience.

In 2022, we investigated how mental health disorders influence obtaining insurance coverage. We always examine a customer's situation as a whole, and a mental health disorder does not automatically preclude the grant of insurance. We published our customer value propositions regarding mental health disorders and insurance. Read more about insurance of mental health disorders and our customer value propositions on page 23.

For our customers living in detached and semi-detached houses, we have developed the Leak Guard service, which prevents losses and reduces the severity of water leaks. This device, which detects leaks, prevents water leak damage by shutting off the supply of water, also signalling an alarm. During 2022, the service was in operation in the area of eight LocalTapiola regional companies.

The year saw us publish new, accessible versions of our mobile applications, and we improved the accessibility of the documents that are currently in use. Accessibility requirements are addressed in all development.

In 2022, we included in our product management policy a guideline on how sustainability factors need to be addressed in accordance with the applicable regulatory requirements. Last autumn, we launched analysis of our non-life insurance products on the basis of the sustainable finance taxonomy criteria.

## Sustainable claims services

In the event of a claim, we are there to assist our customers, facilitating easy claims service. We have active cooperation with our claims partners so as to improve customer service and to streamline the claims handling process.

Fair examination of claims is based on the non-discriminatory treatment of all customers. Similar claim events are decided in the same way, regardless of the identity of the handler and the customer. By training our personnel, we guarantee that every customer receives non-discriminatory service and clear communication in service situations.



Our aim is to increase the reuse of spare parts by at least ten per cent in 2023.

We are committed to **improving sustainability in our claims handling activity**, also developing our sustainable policies together with partners. LocalTapiola's partnerships are guided by the Partner Code of Conduct, a set of principles which we expect all our partners and stakeholders to follow and by which we also abide.

In claims handling activity, we want to promote environmentally friendly repair methods and the circular economy. For vehicle repairs, we have agreed to step up the repair rate and the reuse of spare parts. Reused spare parts are equivalent quality spare parts with a carbon footprint of only about one fourth of the carbon footprint of a similar new one ([Svenska Miljöinstitutet 2020](#), in Swedish). Spare part reuse has become more popular throughout the entire 2020s, but it should be increased further.

Our aim is to increase the reuse of spare parts by at least ten per cent in 2023, translating into thousands of kilograms less waste and a carbon footprint that is hundreds of thousands of kilograms smaller. For the ongoing strategy period, our aim is to double the reuse of spare parts from the 2022 level. To achieve this aim, we are constantly seeking to find new capable partners that can drive transformation in the sector.





## **Sustainability in investment business**

# Sustainability in investment business

Investment plays a key role in LocalTapiola Group's business operations. Taking a long-term focus in our investment and finance business, we help our customers to increase their wealth and to prepare for the future, and to finance their business. At the same time, we also safeguard that the Group's insurance companies can pay out claims to our owner-customers.

One of our central sustainability goals is to **strengthen our position in leading the way in responsible investment**. LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management are the Group companies with the longest tradition of taking sustainability into account in their investment decisions. At Group level, our aim is to integrate sustainability considerations into all asset classes, including those directly administered by our insurance companies.

Through sustainable and responsible investment, LocalTapiola can have a positive impact in terms of slowing climate change and achieving the sustainable development goals. By investing in, for example, pioneering green transition enterprises, we can drive climate change mitigation and the preservation of biodiversity.

The LocalTapiola companies make diversified investments in various asset classes, such as quoted equities and fixed income, real estate, private equity and private debt, and corporate lending.

At the end of 2022, the investment assets of the Group's insurance companies stood at some **EUR 9.5 billion**. The gross assets under management by Asset Management Group totalled **EUR 26.5 billion**.

LocalTapiola Asset Management provides customers with fund products and asset management services. Additionally, the company administers the listed-market equity and fixed income investments of LocalTapiola General, LocalTapiola Life and the Group's regional companies, as well as taking care of portfolio management in respect of the funds provided by LocalTapiola Alternative Investments Funds and the unit-linked insurance products provided to its customers by LocalTapiola Life. LocalTapiola's nationwide investment sales organisation is part of LocalTapiola Asset Management.



Total value of Group insurance companies' investment assets: some

EUR **9.5** billion

EUR **26.5** billion

in total gross assets under management by LocalTapiola Asset Management Group companies

The Group companies' real estate investments, and the real estate funds provided to the Group and external investors, are administered by LocalTapiola Real Estate Asset Management. Its subsidiary LocalTapiola Alternative Investment Funds manages the real estate, private equity, private debt, AIF, equity and fixed-income funds. In addition to its own funds, Seligson & Co Fund Management Company administers the LocalTapiola funds, as well as carrying out portfolio management in respect of the Seligson & Co funds. LocalTapiola General provides its customers with corporate lending and real estate financing, and LocalTapiola Finance engages in motor vehicle and machinery finance.

Asset Management Group was launched at the start of 2022, bringing together the LocalTapiola Group companies that manage investment customer assets. In addition to the parent company, LocalTapiola Asset Management, the group comprises Seligson & Co Fund Management Company as well as LocalTapiola Real Estate Asset Management and its subsidiary LocalTapiola Alternative Investment Funds.

In a survey focused on institutional investors conducted by Scandinavian Financial Research, LocalTapiola Asset Management took home the best Challenger-category **Responsible Investment Award and Gold Award**. LocalTapiola Asset Management was awarded this Responsible Investment Award for the fifth consecutive year now.

Every year, LocalTapiola Real Estate Asset Management takes part in the Global Real Estate Sustainability Benchmark (GRESB) review, in 2022 scoring **80 points out of one hundred and 4/5 stars** (2021: 81 points and 4 stars). Among the baseline group of six, Real Estate Asset Management finished in second place. The company's score was clearly above the baseline group average (73). A total of 1,820 operators from 74 countries participated in this review. LocalTapiola Real Estate Asset Management's strengths lie in governance and social data, for which the company is awarded a near perfect score year after year.

## Principles guiding sustainable investment

LocalTapiola's Investment Management Group is in charge of the operational organisation of the Group's investment business, and it oversees related implementation. The Management Group also takes individual investment decisions. The Asset Management Group ESG Steering Group has responsibility for defining Asset Management Group's sustainable investment priorities and for promoting sustainability in the group's investment business, in compliance with the policy choices made.

LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management address sustainability factors in their investment analysis, investment decisions and corporate governance policy. The Group's insurance companies invest all assets responsibly with a long-term focus. The insurance companies' common investment plan lays down

the organisational guidelines, as well as the objectives, principles and risks, at a general level.

LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management and Seligson & Co Fund Management Company are signatories to the UN-supported [Principles for Responsible Investment](#) (PRI). The PRI memberships of these companies were combined in the name of Asset Management Group in spring 2022.

The PRI requires that environmental, social and governance factors be addressed extensively in investments, in the conduct of companies' own affairs and in the cooperation carried out with other investors. The PRI may exclude from the commitment any signatories that do not satisfy the minimum criteria or that are in breach of the commonly agreed principles. Those committed to the principles report on their investment activities to the PRI on an annual basis.

Asset Management Group has joined the **Net Zero Asset Managers** initiative supporting net zero emissions from investment assets under management by 2050 or sooner. LocalTapiola Real Estate Asset Management signed the international Net Zero Carbon Buildings commitment striving for carbon-neutral energy consumption at buildings and for carbon-neutral emissions from construction.

Consideration of sustainability in investment management is an important element of the investment philosophy which LocalTapiola Asset Management follows. Integrated into daily portfolio management, the principles for sustainability in investment management concern all asset classes. Portfolio managers have been producing **in-house sustainability analysis as**

**part of their firm-specific investment analysis ever since 2008.** Data on sustainability factors are systematically integrated into investment decisions, and these data are exploited ahead of selecting investment options and fund partners. Asset Management's principles for sustainability in investment management contain various asset class specific restrictions and exclusion criteria. Active ownership has become an increasingly significant channel of impact and engagement: it can exercise an impact on how companies do business, and it improves the return-risk ratio of investments.

At LocalTapiola Asset Management, some of the investments are made in funds provided by fund partners. Portfolio investment fund partners are required to commit to the PRIs and to provide reporting on sustainable investment. Fund partners of illiquid private equity and private debt funds are required either to sign the PRI or to have in place equivalent written responsible investment principles. All fund partners are rated for sustainability, and the ratings are updated on an annual basis or more frequently, or whenever new data become available.



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

LocalTapiola Real Estate Asset Management wants to **lead the way in responsible real estate investment** in Finland. Real Estate Asset Management's responsible investment principles take account of environmental, social and governance factors in a way that improves the investment

return and risk profile. Real Estate Asset Management updated its responsible real estate investment principles in 2022. The principles set out the environmental, social and governance factors to be addressed, and the climate risks to be analysed, in investment activities. Additionally, for new construction projects, a sustainable construction guideline is in place.

Seligson & Co Fund Management Company's point of departure is to be a provider of responsible investment services. The aim is for customers to achieve the best possible long-term investment income. On a fund-specific basis, the company's funds employ unique approaches to take account of sustainability factors and sustainability risks.

LocalTapiola Life is continuing to bring environmentally sustainable economic activities as part of its range of unit-linked insurance options. In this regard, Life has, inter alia, exploited LocalTapiola Asset Management's product offering.

## Effects of increasing regulation

The key legislative initiatives part of the EU's regulatory package on sustainable finance include the Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation. The SFDR concerns LocalTapiola Asset Management, LocalTapiola Alternative Investment Funds, Seligson & Co Fund Management Company and LocalTapiola Life.

In early 2022, LocalTapiola Asset Management published estimates of the share of Taxonomy-compliant investments in the LocalTapiola funds that, along with their other characteristics, promote environmental characteristics or that have sustainable investment as their objective.

LocalTapiola Asset Management provides, in various asset classes, several **investment solutions that promote sustainability characteristics**. The company's product range contains four sustainable investment funds, following conversion at the start of 2023 of the LocalTapiola market funds into Paris Agreement-compliant index funds. LocalTapiola USA Climate Index Fund and LocalTapiola Europe Climate Index Fund have as their objective to exercise a positive impact on the reduction of carbon-dioxide emissions and on climate change mitigation.



LocalTapiola Asset Management provides, in various asset classes, several investment solutions that promote sustainability characteristics.

Administered by LocalTapiola Real Estate Asset Management, Special Mutual Fund LocalTapiola Investment Real Estate is a fund that promotes sustainability characteristics, including energy efficiency and accessibility.

LocalTapiola Life's offering contains several investment products that promote sustainability characteristics, while Seligson & Co Fund Management Company has six funds that promote sustainability characteristics.

From August 2022, in accordance with regulatory requirements, LocalTapiola Asset Management has been mapping its customers' individual sustainability preferences. The objective of this detailed mapping is to take account of sustainability preferences in the provision of investment advice, to target to customers investment solutions that meet these preferences, and to prevent greenwashing. Furthermore, the investment advice and product management that are in respect of saving- and investment-related insurances also address customers' sustainability goals and preferences.

SFDR-compliant investments in LocalTapiola General's and Life's investment portfolios, p. 77.



# Unwavering responsible investment development amidst uncertainty

In 2022, the investment market was rocked by rising inflation, increased interest rates, war, an energy crisis and general economic uncertainty. Russia's war of aggression and the energy crisis brought new perspectives, including the green energy transition, self-sufficiency and security, to the core of responsible investment. Market uncertainty will continue in 2023, with many investor decisions, at least momentarily, informed more by short-term concerns than long-term sustainability challenges.

One of LocalTapiola's central sustainability goals is to strengthen the Group's position in leading the way in responsible investment. Operationally, we keep improving continuously in order to achieve our goals and to meet the needs of and the growing demand shown by our clientele. Our services support the achievement of our customers' sustainability objectives.

Only a world that is livable can provide an investable business environment. Big institutional investors, LocalTapiola included, have responsibility to contribute to achieving change together with investee companies and decision makers. Also in uncertain times, we at Asset Management Group never compromise on investment decisions which are responsible from the perspective of environmental, social or governance factors.

Our Asset Management Group is committed to the international Net Zero Asset Managers initiative supporting net zero emissions from investment assets under management by 2050 or sooner. Our interim target is to administer 46 per cent of all assets in accordance with the overall Net Zero target by 2030.

For LocalTapiola, responsible investment also serves a risk management function: responsible investors take account of the sustainability factors of investments, focusing on long-term targets. However, responsible investment does not entail any compromise on investment returns.

In 2023, we will continue to pursue long-term operational development, improving our product range and services, harmonising our responsible investment principles and developing our reporting and activities. For the real estate business, we will be updating the sustainable construction guidelines to comply with the obligations introduced by the EU regulation of sustainable finance. In selected topics, we strive to adopt a more effective role in engaging our investee entities.

## **Samu Anttila**

Managing Director, LocalTapiola Asset Management Group



## Active ownership

LocalTapiola Asset Management has in place public corporate governance principles, applied across all investments of Asset Management's asset management customers (including the LocalTapiola funds and the Group insurance companies' securities). The Asset Management corporate governance principles set the framework for the company's activities as asset manager and securities investor both in Finland and abroad. The most important policies steering corporate governance include meetings with companies, voting at General Meetings, and engaging businesses together with other investors. LocalTapiola Life also has in place its dedicated corporate governance principles.



Some 70 per cent of the company meetings discussed the company-specific aspects that emerged in our sustainability analysis, covering topics such as environmental effects, emission reduction targets, reporting, and non-discrimination related social considerations.

In 2022, the LocalTapiola Asset Management portfolio managers carried out **467 company meetings**. A total of 264 of these meetings were held with companies in which Asset Management has invested its customers' assets. Some 70 per cent of the meetings discussed the company-specific aspects that emerged in our sustainability analysis, covering topics such as environmental effects, emission reduction targets, reporting, and non-discrimination related social considerations. Among other themes, the discussions highlighted examples of how environmental impacts, such

as renewable energy production projects and investments in green products, can be taken into account.

During the year, LocalTapiola Asset Management represented its customers (including LocalTapiola funds) at 12 Finnish General Meetings. There were a total of 1,088 foreign General Meetings in 28 countries, and at them Asset Management represented its customers through a third-party proxy voting service

### Investor **collaborative engagement projects promote the goals of responsible investment.**

Investor letters can engage decision makers to steer regulation to the desired direction. Many of LocalTapiola Asset Management's engagement projects concern climate change mitigation. A rising theme in these projects is biodiversity loss reversal and strengthening of biodiversity. In 2022, Asset Management joined the new Biodiversity Loss from Waste and Pollution initiative by the FAIRR investor community.

The Net Zero Asset Managers requires engagement. LocalTapiola Asset Management is currently taking part in the **Climate Action 100+** initiative focused on the world's 100 largest greenhouse gas emitters. Additionally, the company has stepped up its engagement potential by participating in a number of collaborative engagement projects with regard to four themes in early 2023. As a member of the International Corporate Governance Network (ICGN), Asset Management encourages businesses to adopt the best practices of corporate governance.

Corporate governance at Seligson & Co Fund Management Company aims to promote openness and transparency in corporate activities,

reasonable remuneration schemes that contribute to the favourable development of investment value, equal treatment of all shareholders, and a dividends policy that takes account of the company's development needs.

LocalTapiola's Corporate Lending department raises the issue of sustainability in all finance related projects, and it guides all new loan customers to report on their sustainability situation. Together with a partner, Corporate Lending is developing a sustainability tool to enable companies, regardless of their size, to report easily on their respective sustainability position.



# Climate change integration in investment business

Impacting on climate change through investment **calls for an understanding of the environmental risks to which investments are exposed.** LocalTapiola Asset Management's portfolio managers analyse the measures taken by companies to mitigate and adapt to climate change, and they strive to find the best possible solutions in terms of investment. During 2022, the portfolio managers' sustainability analysis tool was updated in order to allow better account to be taken of the effects that sustainability factors have on investment decisions. Furthermore, Asset Management encourages companies to report on climate risks in compliance with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

2022 was the fifth time that Asset Management participated in the CDP campaign encouraging businesses towards environmental reporting. Furthermore, for the third time now, Asset Management also participated in a CDP-launched SBT campaign with the aim of encouraging companies to set climate-science based targets to cut emissions. Portfolio managers sent a Science Based Targets survey to 45 companies, and the annual carbon footprint survey to 28 portfolio companies, for the companies to report on their climate risks in line with the TCFD. The number of carbon footprint surveys, in particular, has gone down over the previous year, reflecting improved reporting by the portfolio companies.

## Emission reduction commitments

In summer 2021, as the first Finnish asset manager to do so, LocalTapiola Asset Management joined the **Net Zero Asset Managers** emission reduction initiative, created by six international investor networks, supporting net zero emissions from investment assets under management by 2050 or sooner. In spring, the commitment was extended to cover all investment assets under management by Asset Management Group. Portfolio managers, among others, are tasked with the practical implementation of the targets, in compliance with the policy choices made by the ESG Steering Group.

The Net Zero Asset Managers initiative organisation assesses and approves the joining and interim targets of asset managers. Asset managers report verified data to the organisation on an annual basis. Asset Management Group's first interim target is to administer **46 per cent of all assets under management** in compliance with the initiative's overall target by 2030 or sooner. This target corresponds to net assets under management of some EUR 6.6 billion. For LocalTapiola Asset Management's equity and corporate bond investments, the target is to halve the carbon footprint from investments in comparison with what it was at the end of 2019.

In respect of real estate investments, the emission reduction targets are based on requirements issued by the **Net Zero Carbon Buildings** initiative, under which LocalTapiola is committed to carbon-neutral energy use for buildings by 2025 or sooner and to zero emissions from construction by 2030. In line with the commitment, the target is also to minimise life-cycle emissions by

continuing to invest in, among other things, the energy efficiency of buildings. The commitment targets are also addressed in LocalTapiola Real Estate Asset Management's real estate investment principles.

The Net Zero Carbon Buildings targets relate to real estate investment, the acquisition of new sites and the upkeep and development of existing sites. Real estate asset managers provide annual reporting to the World Green Building Council organisation. All reported figures must be verified by a nationally or internationally approved method.

## Growth potential in green transition

In 2022, LocalTapiola General and LocalTapiola Life, together with KPY Cooperative, acquired a minority shareholding in Leppävirta, Finland-based Gebwell Oy. This transaction will provide momentum to the company's growth targets.

Gebwell supplies environmentally friendly and ecological heating and cooling solutions to HVAC contractor customers, with large commercial buildings and housing companies among the particular end users. Founded in 2022, the company aims to play a major role as a producer of environmentally friendly energy solutions amidst the energy transition. There is currently an increasingly growing need for new non-fossil solutions.

The investment made now allows Gebwell to develop its heat pump range and to carry out other investments that are vital for operational development.

Read more [on the LocalTapiola website](#) (in Finnish).

## Carbon intensity of LocalTapiola General's and LocalTapiola Life's direct investments 2020–2022

On a semi-annual basis, LocalTapiola Asset Management calculates the carbon footprints of LocalTapiola General's and LocalTapiola Life's direct investments, as well as the carbon footprints of the LocalTapiola funds that are based on direct equity and corporate bond investments. This calculation is founded on recommendations issued 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 investee companies over 50 per cent report their emission figures.

The annual changes in the carbon intensity figures of direct investments are affected by switches in the portfolios from one underlying investment to another, by weighting updates, switches to a new sector of activity, and differences in the carbon intensities 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			
	2020	2021	2022	Change 2021–2022	2020	2021	2022	Change 2021–2022
Data coverage, %	95	91	98	+7	96	92	99	+8
Carbon intensity, tCO <sub>2</sub> e*/MEUR	87	103	90	-13	79	106	89	-17

Listed corporate bond investments	LocalTapiola General				LocalTapiola Life			
	2020	2021	2022	Change 2021–2022	2020	2021	2022	Change 2021–2022
Data coverage, %	64	72	96	+24	69	75	95	+20
Carbon intensity, tCO <sub>2</sub> e/MEUR	149	199	98	-100	141	184	126	-59

\* CO<sub>2</sub>e = carbon dioxide equivalent

Due to rounding, totals and percentages may not add up to the absolute figures.

Figures concerning direct equity and corporate bond investments as at 31 December 2020, 31 December 2021 and 31 December 2022. The changes in the corporate bonds from 2021 to 2022 are explained mainly by the sale of a small number of direct corporate bonds from portfolios with issuers of high carbon intensity.

Data coverage describes the percentage of emission-reporting companies of the portfolio's underlying investee 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 (tCO<sub>2</sub>e) by the company's turnover (MEUR). The portfolio's carbon intensity figure is derived by weighting company-specific carbon intensity with the company's percentage 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 (tCO<sub>2</sub>e) from the assets owned or controlled by the portfolio's underlying investee 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.



## Impacts of climate change

# Impacts of climate change

Continued climate change puts greater emphasis on LocalTapiola's core mission, to protect the property, finances and health of customers. By responding to climate change risks, LocalTapiola has the potential to step up its customers' level of preparation against climate change effects, and to improve their ability to recover from losses caused by weather extremes.

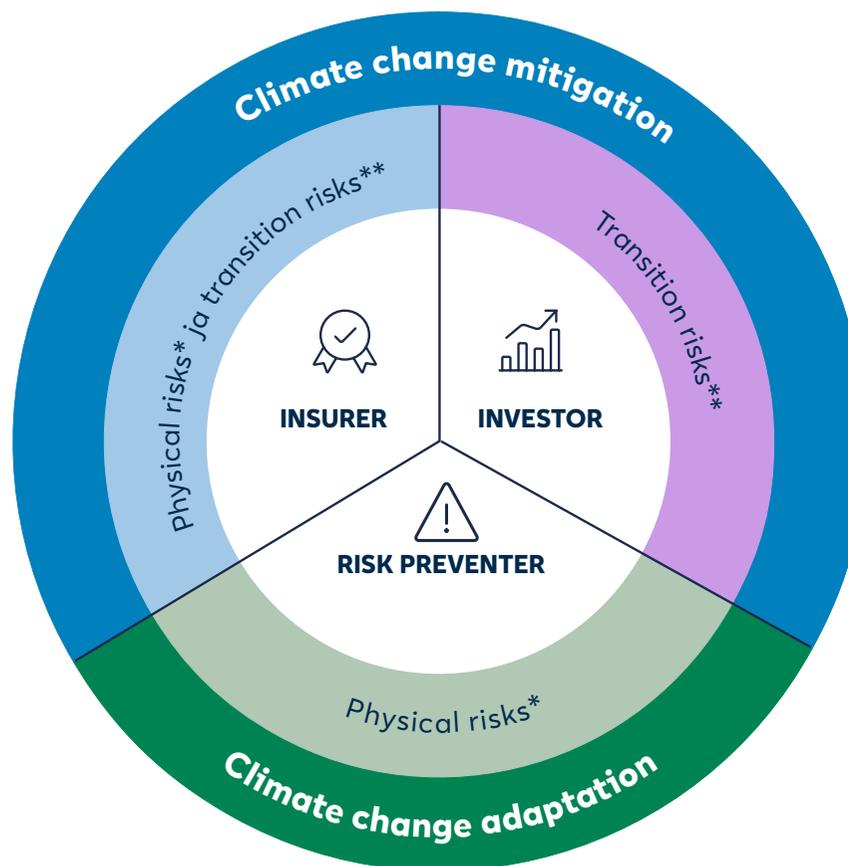
For LocalTapiola, climate change is a material sustainability topic, not only because of our direct climate impacts but also because of the impacts that climate change is anticipated to bring about in our operating environment. LocalTapiola's climate impacts are mainly from the Group's own investments, from construction and energy consumption of LocalTapiola's investment real estate, and from procurement.



Continued climate change puts greater emphasis on LocalTapiola's core mission, to protect the property, finances and health of customers.

The **physical** climate change risks will influence all our customer groups. Continued climate change will increase the likelihood of weather extremes, and the damage caused by these extremes may be reflected as an increase in the claims expenditure payable to our customers. It is important to mitigate the risks climate change poses to our customers not only in order to safeguard our business, but also so as to ensure the safety and stability of society.

## 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.

Furthermore, climate change is also anticipated to exercise an impact on LocalTapiola through our reinsurers' risk selection and pricing. An increasing number of reinsurers have agreed to reduce the carbon dioxide emissions from their insurance activity, which might also be reflected to direct insurers. As an investor and insurer, we are also taking steps to prepare for climate change transition risks.

Mitigating climate change in a manner consistent with the climate-science based targets is absolutely necessary in order to cut climate change induced losses. At the same time, it is vital to systematically prepare for the effects that climate change will have. In the Group's sustainability goals, Group strategy and Code of Conduct, and as a signatory to the UN's Principles for Sustainable Insurance, LocalTapiola is committed to climate change mitigation and to the promotion of climate change adaptation.

## LocalTapiola's climate goals

Climate change occupies a central role in the sustainability goals set out for the LocalTapiola 2022–2026 strategy period. We have set as a goal to **provide Finnish solutions for climate change adaptation and mitigation**. This goal encompasses five subgoals that relate to our core businesses and direct carbon neutrality.

In 2022, we compiled LocalTapiola Group's **carbon neutrality roadmap to 2025**. Additionally, we included climate risks as part of the assessment of the Group's sustainability risks.

Autumn 2022 saw us **launch development of climate reporting** with the purpose of improving our understanding of climate risks. For the first time now, we report on the Group's climate risks in compliance with the Task Force on Climate-Related Disclosures (TCFD) framework. LocalTapiola Asset Management is the LocalTapiola company that has already been providing TCFD-compliant reporting earlier.

On pages 68–69, exploiting the TCFD framework, we describe the current state of our climate risk management and how the LocalTapiola strategy and goals take account of climate risks. In the course of 2023, we will continue to develop Group-level climate risk reporting and climate risk assessment.

### Our five climate goals

1. A regional partner in climate change adaptation
2. A strong partner in the green transition
3. Carbon-neutral LocalTapiola in 2025 (Scope 1 and 2)
4. Net zero CO<sub>2</sub> emissions from LocalTapiola Group's insurance by 2050 or sooner
5. Net zero CO<sub>2</sub> emissions from LocalTapiola Group's investment portfolios by 2050 or sooner



# Group's carbon footprint

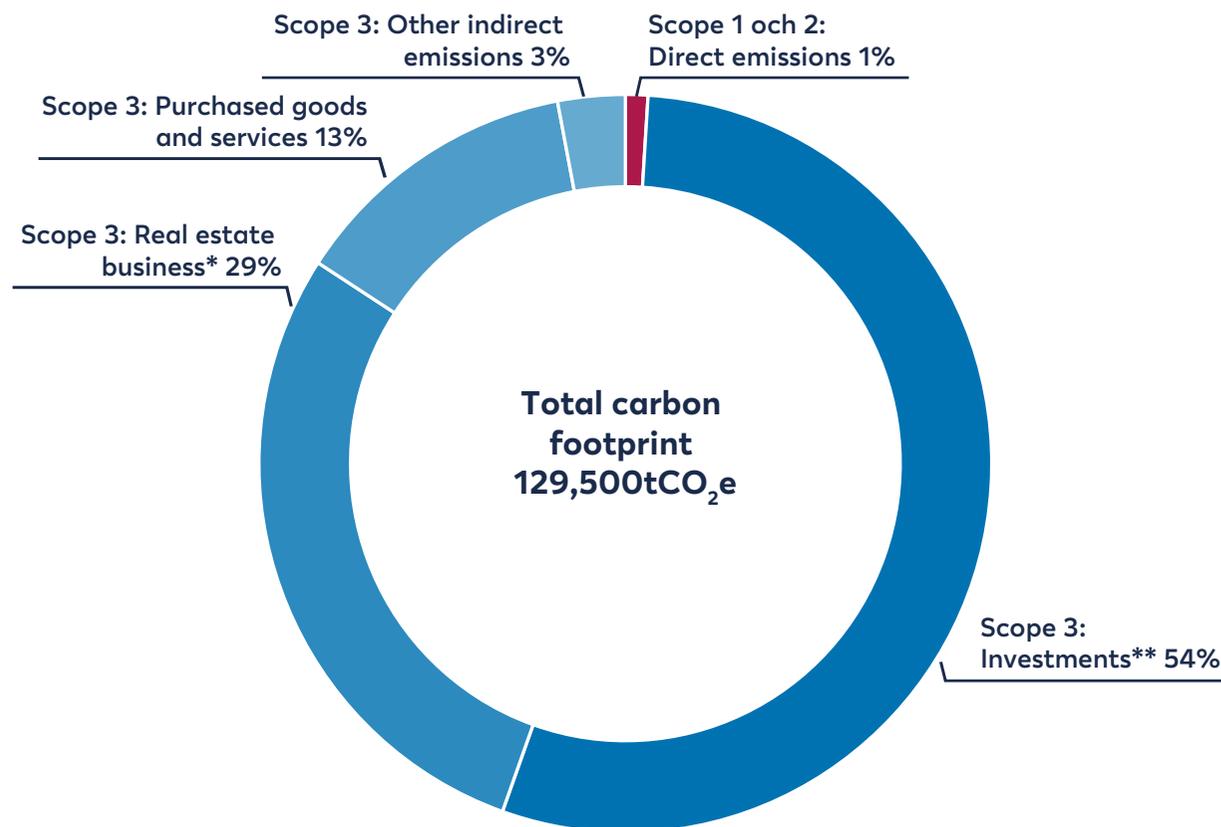
We calculate LocalTapiola Group's carbon footprint in compliance with the international Greenhouse Gas Protocol (GHG), monitoring it in our Sustainability Report each year. Our carbon footprint takes account of the emissions we cause directly (Scope 1) and indirectly (Scope 2), as well as the other indirect emissions (Scope 3).

Our indirect emissions cover, for example, purchased goods and services, capital goods (inter alia, investments in new construction and repair construction projects), travel, in-service emissions from leased out real estate, and some of LocalTapiola's own investments.

In 2022, the Group's total emissions were **129,500 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e)**. Direct emissions (Scope 1) were 100tCO<sub>2</sub>e, market-based energy indirect (Scope 2) emissions 900tCO<sub>2</sub>e and other indirect emissions (Scope 3) 128,500tCO<sub>2</sub>e.

Our most significant climate impacts are from LocalTapiola's own investments (equity and corporate bond investments), from contributions to new construction and repair construction projects, and from purchased goods and services.

## LocalTapiola Group's carbon footprint 2022



\* Includes investments in buildings, which account for 66% of the emissions from the real estate business, and in-service emissions from leased out real estate, which account for 34% of the emissions from the real estate business.

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

In comparison with 2021, **total emissions went down 61,300tCO<sub>2</sub>e (-32 per cent)**. This reduction of emissions from the 2021 level was due, in particular, to a clear decrease of the carbon intensity of the Group companies' investments, as well as being affected by reduced emissions from new construction and repair construction of investment real estate.

The most notable uncertainties with respect to this calculation are associated with the calculation on the basis of EUR amounts for repair construction projects (Scope 3, Category 2), as well as with total emissions from investments (Scope 3, Category 15), which currently do not cover all LocalTapiola Group's own investments.

Read more about how we have specified carbon footprint calculation and about the development of emissions on p. 73.

## Emissions reduction

The LocalTapiola **carbon neutrality roadmap** describes the emissions reduction efforts taken by all companies to achieve the Group's direct carbon neutrality (Scope 1 and 2) by 2025 or sooner. We use the carbon footprint as an indicator to monitor how the carbon neutrality goal progresses annually.

Our emissions reduction efforts are aligned with the Paris Agreement and the Science Based Targets (SBT) initiative. The key measures to cut the Group's direct emissions include reducing our energy consumption, transitioning to renewable electricity at all offices, and reducing the carbon dioxide emissions from company cars.

Our goal is to reduce direct carbon dioxide emissions (Scope 1), which are mainly due from company cars, by **37 per cent (-40tCO<sub>2</sub>e)** by 2025 from the 2021 level. Setting of this goal is based on calculation that is more precise than the carbon footprint. We will be specifying the goal during 2023.



The key measures to cut the Group's direct emissions include reducing our energy consumption, transitioning to renewable electricity at all offices, and reducing the carbon dioxide emissions from company cars.

In terms of indirect carbon dioxide emissions (Scope 2) from the delivered energy of commercial premises, we will achieve a reduction of **60 per cent (-600tCO<sub>2</sub>e)** by 2025 from the 2021 level. In 2022, emissions from our energy consumption fell ten per cent in comparison to 2021, due both to reduced consumption of heat and electricity and to increasingly precise calculation of emissions from district heat.

Renewables accounted for 78 per cent of the electricity we used in 2022. In late 2022, more than one half of our commercial premises were connected to the LocalTapiola energy management system (ETJ+), which facilitates the monitoring and management of the energy consumption of commercial premises. In the course of the current strategy period, we will be specifying the emission goals for 2030 and the measures to be implemented after 2025.

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 by LocalTapiola Group's commitment to achieve net zero emissions from insurance and investments by 2050 or sooner.

In future, we will be using the 2021 level as the benchmark for comparing the development of the Group's emissions. The 2021 Scope 1 emissions are 200tCO<sub>2</sub>e, Scope 2 emissions are 1,000tCO<sub>2</sub>e and Scope 3 emissions are 189,600tCO<sub>2</sub>e.



Goal to reduce direct carbon dioxide emissions from company cars by

**37%**

by 2025

Goal to reduce indirect carbon dioxide emissions from delivered energy by

**60%**

by 2025



## Climate change adaptation calls for preparation

LocalTapiola is currently supporting a research project by the Finnish Meteorological Institute for the generation of regional data to facilitate climate change adaptation. The project examines meteorological phenomena such as spells of hot weather, drought, heavy rains, and winds.

Climate change is bringing about weather extreme risks, potentially causing major losses, especially of a financial nature, to society and individuals. For society, proactive adaptation is the most economically viable strategy.

Finland has been successful in using impact studies to develop adaptation to weather and water body risks. Preparation for saltwater floods and urban runoff risks is improving, and forest fire warnings are becoming more specific. Steps have been taken to prepare for storm risks by replacing overhead power lines with underground cabling. In the next few years, among other matters, Finland should put in efforts to enhance the anticipation of health risks such as viral safety, hot weather, drought and icy slipperiness.

Our understanding of the need to adapt to climate change will improve once we have available more precise regional and city-specific observational data which facilitates the development of weather, climate and impact models. We need more research and more precise forecasts and risk assessment in the short, mid and long term – all the way to the 22nd century.

**Jussi Kaurola**  
Director General, Finnish Meteorological Institute



## Energy consumption of and emissions from buildings

LocalTapiola Group’s investment real estate assets, and the real estate investments provided to the Group and to external investors, are under the administration of LocalTapiola Real Estate Asset Management. The company monitors the energy consumption of the investment real estate it administers, covering the consumption of heat, electricity, water and district cooling. Energy consumption monitoring is an element in real estate maintenance management.

In 2022 **LocalTapiola Real Estate Asset Management prepared a carbon neutrality roadmap** to achieve the goals set under the Net Zero Carbon Buildings commitment. In addition, we launched calculation of the construction carbon footprint for all new projects.

As for electricity, at the majority of our investment sites, we are monitoring the real estate electricity consumed. Depending on the type of electricity access, consumption monitoring can also focus on total electricity consumption, in which case the electricity consumed by tenants is also included in the consumption figures. This presents certain challenges in terms of, for example, calculating specific electricity consumption.

We monitor the consumption of district heat, electricity and district cooling by means of hourly consumption monitoring data, and water consumption data are available at least at a

monthly level. At the start of 2022, we introduced minute-level monitoring for water consumption at 42 investment real estate sites. Consumption levels and any abnormal consumption are reported on a monthly basis.

In 2022, the amount of electricity and heat consumed at our investment real estate increased over 2021. This rise is explained by the new sites acquired during the year. Additionally, electricity consumption data were now obtained for a small number of sites where the tenants personally purchase all electricity consumed and for which consumption data were not available previously. In terms of heating, the total figures are also affected by potential year-to-year variation in temperatures, as the figures are not adjusted for weather.



In 2022 LocalTapiola Real Estate Asset Management prepared a carbon neutrality roadmap to achieve the goals set under the Net Zero Carbon Buildings commitment.

As part of energy reporting, Real Estate Asset Management monitors the implementation of the energy efficiency measures laid down in the energy efficiency agreements concluded in the real estate sector. The combined savings effect achieved by the energy efficiency measures taken at commercial sites in 2022 was some 337MWh, and for residential sites this was approximately 675MWh. Additionally, residential sites implemented water-saving measures that saved approximately 1,907 cubic metres of water.

In 2022, Real Estate Asset Management took part in Motiva's nationwide Down a degree campaign to prevent power shortages. Savings were achieved by, for example, fine-tuning the running hours of ventilation and lighting systems.

At investment real estate sites, 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 the waste facilities. We seek to provide as comprehensive waste sorting opportunities as possible at our investment real estate sites. The section 'GRI indicators' on page 76 brings together the more precise data about waste volumes.

The energy consumption data for our own offices are collected annually in the context of calculating the Group's carbon footprint. In 2022, our own offices consumed a total of 6,500MWh of heat and 5,900MWh of electricity.

## Emissions from buildings

LocalTapiola Real Estate Asset Management is committed to achieving **carbon neutrality in terms of emissions from the energy use of buildings and from construction by 2030 or sooner**. For energy use, 2025 is the target year for the company's carbon neutrality. These goals give support to the goal laid down in the Paris Agreement.

The majority of the emissions generated by Real Estate Asset Management are from the in-service energy consumption of leased buildings, as well as from the construction of new developments and renovation of the existing stock. In 2022, calculated emissions totalled 13,300 and 25,000 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). The section 'GRI indicators' on page xx brings together the data on the CO<sub>2</sub> emissions from new construction projects.

In 2022, Real Estate Asset Management joined the **Green Building Council Finland's Building Life** activity, committing to draw up an action plan to achieve direct carbon neutrality. In the course of the year, Real Estate Asset Management prepared a dedicated carbon neutrality roadmap to achieve zero emissions from the energy use of investment real estate and from construction, in line with the commitment.

From the start of 2022, Real Estate Asset Management has been systematically calculating the **life-cycle emissions from all new construction projects and from the most notable renovation projects**, in compliance with a guideline published by the Ministry of the Environment. The number and purposes of use of the sites developed and, consequently, their emissions vary from one year to the next. The majority of emissions from the sites for which calculation was carried out in 2022 (the situation for three out of four calculated sites) were generated in the construction phase, meaning that design and material solutions exercise a major impact on emissions.

LocalTapiola Real Estate Asset Management is currently taking part in the **Green homes** activity launched by Finnish Property Owners Rakli, a trade organisation, which has as its objective the provision of information to tenants about energy consumption at residential buildings and about the emissions this causes, as well as about water consumption and wastes.



## Energy consumption of investment real estate and LocalTapiola's own offices 2020–2022

Investment real estate sites administered by LocalTapiola Real Estate Asset Management (144 sites)*	2020	2021	2022
Fuel consumption of reserve power units (nonrenewables), MWh			<b>59</b>
Heat, MWh	59,000	76,000	<b>87,000</b>
Electricity, MWh	33,000	36,000	<b>60,000</b>
District cooling, MWh	6,600	7,800	<b>9,600</b>
Water, m <sup>3</sup>	431,000	442,000	<b>683,000</b>
Carbon dioxide, CO <sub>2</sub> e, t	9,700	12,300	<b>13,300**</b>
<b>LocalTapiola Group's own offices</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Fuel consumption (nonrenewables), MWh***	35	35	<b>100</b>
Fuel consumption (renewables), MWh***	0	0	<b>0</b>
Heat, MWh	5,000	6,100	<b>6,500</b>
Electricity, MWh	6,000	6,000	<b>5,900</b>
District cooling, MWh	100	100	<b>100</b>
<b>Energy consumption, total, MWh</b>	<b>11,100</b>	<b>12,200</b>	<b>12,600</b>
Carbon dioxide, CO <sub>2</sub> e, t	900	1,100	<b>900</b>

The figures for our own offices are rounded to the nearest hundred (or the exact figure is given, where rounding would result in 0).

The section 'GRI indicators' on page 73 describes the Group's CO<sub>2</sub> emissions and their development in more detail.

\* Data coverage for electricity and heat consumption 93%; for water consumption, 89%.

\*\* The figure also covers emissions from leaked refrigerants and from fuel consumption (reserve power).

\*\*\* The 2020–2021 consumption takes account of the fuel used at LocalTapiola Group's own offices.

The 2022 consumption also includes the fuel consumed by company cars, insofar as data for the amount of fuel consumed are available.

## Waste utilisation rate at investment real estate,\* %

	2020	2021	2022
Resource recovery rate	95.5	98	<b>96</b>
Recovery as energy	51.5	57	<b>57</b>
Recycling as material	48	41	<b>39</b>
Other processing	0.6	2	<b>4</b>

\* For 2022, a total of 85 investment real estate sites are reported, accounting for some 59 per cent of all sites. For 2021, 98 investment real estate sites are reported, with the data coverage at some 80 per cent. For 2020, 88 sites are reported, with the data coverage at some 60 per cent. Paper collection data are incomplete, particularly for residential buildings. For hazardous waste, no resource recovery rate is available.



## **Strong foundation for sustainability**

# Strong foundation for sustainability

To achieve our operational sustainability goals, it is essential that our sustainability work rests on a strong foundation. Our most significant sustainability foundation impacts are generated from the treatment of personnel and customers, and from our cooperation relations, management, and the functioning of governance.

LocalTapiola has a direct impact on **the well-being of more than 3,700 people working at the Group**. We take a proactive approach to ensure the working capacity of our personnel, providing them with equal opportunities for continuous learning and enhancing their sustainability competences. We promote non-discrimination, equality and diversity across all our work communities.

Regular **dialogue with stakeholders** is important in view of recognising the expectations they have for LocalTapiola. Through partnerships, we can contribute to solving social challenges, creating value to our customers and other stakeholders. A significant share of the impacts from our supply chain relates to the services provided by our partners and to procurement for remedying and compensating for the damage caused to our customers. We require that all our co-operation partners ensure compliance with the law, good practices and responsible and sustainable conduct.

The LocalTapiola Group **companies adhere to good corporate governance**, which is based on the law and, where applicable, the Finnish Corporate Governance Code for listed companies. As

a customer-owned group of companies, we act ethically, promoting transparent decision-making. Good corporate governance reinforces trust in the eyes of the LocalTapiola staff, owner-customers, partners and society alike.

## Highly skilled, thriving personnel

For LocalTapiola, **highly skilled and thriving staff** are a fundamental success factor. We want to be a responsible and attractive employer for our existing and future employees, which requires continuous improvement of excellent employee experience and development of management.

In 2022, LocalTapiola employed **3,707 staff**, some 50 per cent of whom work at regional companies around Finland. In addition to employees, a total of **387 insurance intermediaries** and franchisors sold LocalTapiola insurances as agents in 2022. In this Sustainability Report, employees/personnel/staff all refer to persons who work under the terms of an employment contract, unless otherwise indicated.

In autumn 2022, **we published our renewed human resources strategy**, which lends support to achieving the goals set out in the Group strategy. We identified a number of development trends that are currently having an impact on personnel and management. Demographic change and evolving labour patterns make it increasingly vital to guarantee the availability, retention and

well-being of personnel. The effects of technological development and digitalisation call for agile adaptation. At the same time, interaction and cooperation assume heightened importance.

In autumn 2022, we crafted the LocalTapiola Group **Leadership Promises**. In this work, we laid stress on the responses our personnel provided in the corporate and management culture survey, and in the ROIHU employee survey organised in the autumn. The LocalTapiola Leadership Promises lay a foundation of common values, and they signpost a uniform direction, for our leadership activity – we lead with respect and appreciation, actively, and focusing on targets. The Leadership Promises will be integrated into the everyday work of superiors and personnel during spring 2023.

### Human resources strategy priorities

#### Employee attraction and retention

Thriving staff in responsible and diverse work communities! We ensure the retention and availability of staff, addressing regional needs.

#### Human-technology union

We identify and carry out boldly all future role changes. We employ efficient and modern work equipment and policies that guide work.

#### Emotion and competence through cooperation

We reinforce good interaction and cooperation skills within our work community. We lead by our values, in compliance with the Leadership Promises.

## Employee experience at excellent level

We gauge employee experience by the **ROIHU employee survey**, which maps the degree of satisfaction our employees feel with their own work, immediate work community, leadership and the organisation.

In 2022, the employee survey was taken by 3,465 LocalTapiola employees, with the response rate rising to an excellent 90.5 per cent. The average score for the Group companies continued to improve slightly to 77.8 (2021: 77.2). LocalTapiola's score is in the **highest AAA category**, clearly above the normative benchmark for Finnish white-collar employees (69.5).

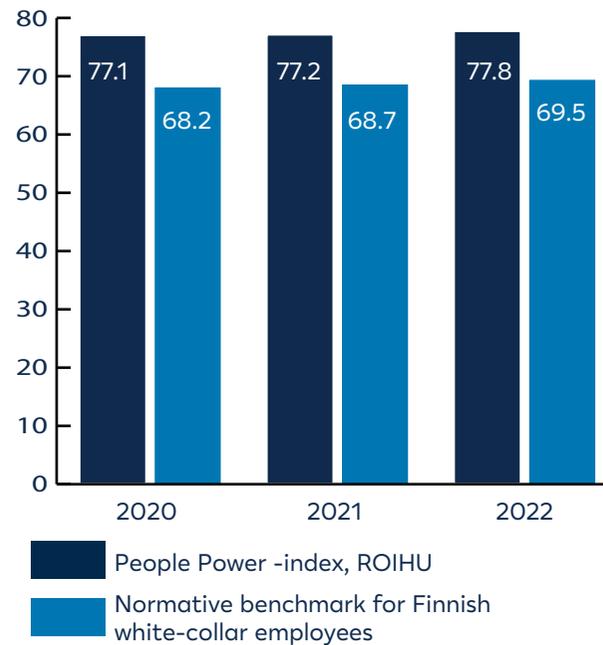
In the ROIHU employee survey, our greatest positive developments and employee experience strengths concern team-level successes. 89 per cent of those who responded to the survey would recommend LocalTapiola Group as an employer. The responses suggest that the leadership culture and the inclusion of staff in decision-making are the employee experience elements that we still need to develop.



**89%**

of employees would recommend  
LocalTapiola Group as an employer

ROIHU employee survey score 2020–2022



Multilocational work has become an important component in how people cope at work. In August 2022, we drew up common principles for multilocational work at the Group. We enable flexibility to meet our employees' individual needs and life situations whenever the work role allows this. We encourage staff to choose local work, particularly for work roles in which the exchange of ideas with colleagues increases work productivity.

## Recruitment at LocalTapiola

LocalTapiola has in place a **harmonised recruitment process**. Among other indicators, we use candidate experience to continuously measure our performance with recruitment.

Our recruitment process is based on the appreciative treatment of every candidate, and on a careful selection process. We want to recruit people who commit to our values and the Leadership Promises. 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.

In 2022, the Group had 354 vacancies, for which we received a total of 5,562 applications. Over the year, we hired 476 people, with the voluntary exit rate of permanent employees at 7.2 per cent. We carry out exit surveys for all outgoing personnel, monitoring the results of these surveys on a quarterly basis.

In 2022, we took part in the **Responsible Summer Job campaign**, which aims to offer young people successful summer job experiences. The Summer Job campaign study ranked LocalTapiola in eight place (2021: seventh) in the +1,000-employee organisation category.

# ” Good leadership promotes well-being of our work communities

Good leadership is about enabling the right things. It is for the management to provide the conditions in which everyone can succeed. Even where it takes on new shapes, the relevance of good leadership does not diminish.

In 2022, we elevated the development of leadership culture at LocalTapiola high on the agenda of the entire Group. Together with Mehiläinen, we carried out an extensive corporate and management culture survey, the results of which our companies and functions analysed in the autumn. People working at LocalTapiola would like leadership to be equal, fair and appreciative. Additionally, the responses provided highlight the importance of dialogue and the ability to listen.

In late 2022, we worked on and completed the Group’s common Leadership Promises – they illustrate the type of leadership we value and strive for. Under these Promises, we lead with respect and appreciation, actively, and focusing on targets. Integration of the Promises into everyday work still requires further discussion: in particular, what is expected from superiors needs to be communicated to them clearly. Leadership development is always a two-way process. Input from personnel is also important in order to maintain well-functioning interaction and a positive atmosphere.

Each of the more than twenty LocalTapiola companies has its own unique characteristics and challenges. Leadership might be challenged by issues such as satisfaction and coping, or by how to guarantee the retention and availability of personnel. Leadership must be able to see the big picture and all the elements it comprises. It is for us, the managers and leaders, to recognise the value of every person’s work, which sometimes seems to be forgotten in the complex structure of our group.

Trust and continuous learning are becoming increasingly important as we are moving decision-making closer to the customer interface, or when we encounter more and more young people in our work communities who have novel expectations for work community interaction. The leadership capabilities of direct superiors, in particular, must be supported actively. In addition, we need to ensure occupational well-being and the prerequisites of working, such as the functioning of systems.

Leadership and the challenges it faces will change shape over time. LocalTapiola Group too must be able to live in the present and change with the times. The Group’s Leadership Promises are an excellent step in the right direction to develop our leadership culture.

**Minna Metsälä**  
Managing Director, LocalTapiola Pirkanmaa

**Veli Rajakangas**  
Managing Director, LocalTapiola Pohjoinen



## Competences and renewal

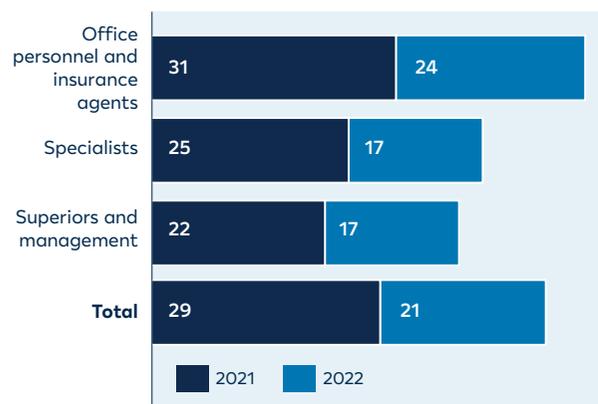
We encourage our personnel to embrace continuous learning. We provide a **range of opportunities for competence development**, including training events, coaching programmes and online courses that are available to all personnel groups and intermediaries. In the ongoing strategy period, our focus is on digital and data literacy, cooperation skills, networking and leadership.

Exploitation of new technologies in multichannel customer work and in new developments calls for our entire personnel to master the right **digital skills**. LocalTapiola employees work in networks, which emphasises the significance of cooperation skills. In leadership development, we stress coaching.

By various means such as competence tests, we guarantee that all personnel groups satisfy the relevant legal competence level. At intervals of two years, those working in sales complete competence tests in term life insurance, investment and saving. Additionally, those covered by the Insurance Distribution Directive (IDD) take the applicable non-life insurance competence tests.

The Group companies' work community development plans address the competence development needs of the various personnel groups, they discuss how to anticipate changes in competences, and they define the necessary measures. During 2022, LocalTapiola **personnel spent an average of 21 hours on training**.

### Training hours by employee category 2021–2022



## Development of sustainability competences

Improvement of sustainability competences is one of the fundamental sustainability development areas. Employee sustainability competences are supported by the online course on the LocalTapiola Code of Conduct. Starting from 2023, all employees are required to complete the course each year.

In 2022, **3,740** people, or 91.4 per cent of personnel, took the Code of Conduct course. This figure includes salaried staff as well as intermediaries.

In January 2023, we published a new online training package to all personnel, which provides general information about sustainability in the financial sector and at LocalTapiola.

### Completion figures for Code of Conduct online course, 2021–2022, %



*We specified the calculation and reporting of the completion figures for the Code of Conduct online course in 2022. The 2022 figures now include those who completed the Swedish-language course.*

## Success reviews, and transitions

We support the continuous competence development of our personnel through success reviews and personal learnings plans. Held twice a year, the **success reviews cover all personnel**, and they stress the development of competences and the setting of clear performance and development targets. In autumn 2022, competence and performance assessment was included in the review process.

In transitions, we support our personnel through coaching. In the event of organisational transitions, for example, our HR experts, partners and occupational health care specialists organise coaching events for personnel. When we are forced to reduce the number of personnel, we also offer those affected a redeployment service.

## Supporting occupational well-being and working capacity

We strive to prevent workload induced detriment, sick leaves, absences due to accidents, and premature retirement. Our aim is to **enhance the anticipation of working capacity risks and to reduce these risks**. We support superiors and focus on dealing with situations where working capacity is affected.

Multilocational work, self-management, management of personal career patterns, and a constant need for renewal burden personnel and superiors alike. The LocalTapiola Working

Capacity Management Strategic Steering Group is tasked with continuously improving our personnel's prerequisites of working.

## Occupational health and occupational 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 extensive **occupational health care services cover all employees**.

In 2022, the objectives of occupational health care co-operation were the following: working capacity risk management, reinforcing co-operation between superiors and HR management, timely health care, and high customer satisfaction. In 2023–2025, this activity will have the following priorities: strengthening of superiors' competencies to address working capacity issues, identification and alleviation of the psychosocial and physical stress factors to which employees are exposed, and reduction of sick leaves and employee turnover.

We monitor the quality and effectiveness of occupational health care activity, and how well the common goals are achieved, in the strategic steering group established jointly by LocalTapiola and Mehiläinen, as well as in company-specific steering groups. These groups convene 1–2 times a year.

Our personnel can take advantage of Mehiläinen's Digital Clinic occupational health care service, and various digital training packages by the occupational health care unit for promoting lifestyle change and mental well-being. Open

round the clock, the chat provides a supportive environment where people can discuss their concerns. Designed for superiors, the Esihenkilö-Chat offers quick help in issues related to supervisory work. Through the LähiSparri activity, people can access five low-threshold discussion sessions to support their coping. Comprehensive insurance cover, expanded to protect leisure time, also guarantees quick access to treatment in the event of an accident.

At LocalTapiola, **induction is a pillar on which safe and healthy work rests**. Everyone working at LocalTapiola undergoes induction that reviews the necessary occupational health and safety principles and procedures. In addition, we provide regular guidance on issues such as ergonomics and an opportunity to take advantage of the services of an occupational physiotherapist, also in telework.



Through the LähiSparri activity, people can access five low-threshold discussion sessions to support their coping.

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**. In 2022, we updated the Group's instructions on how to deal with situations of inappropriate treatment and harassment, reviewing them with our personnel.

We have made all occupational health and safety instructions available to personnel on our internal website, and 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.

Occupational health care co-operation and occupational health and safety activities are closely interrelated. Our occupational health and safety committees discuss the company-specific occupational health and safety action plans on an annual basis. The 2022 objective for occupational health and safety activities was to develop occupational safety expertise and occupational well-being competences in multilocational work. We will continue working on this theme in 2023. In particular, we focus on sharing best practices and enabling recovery during the workday, as well as on the importance of good ergonomics.

In addition to the employee survey, evolution of the number of occupational accidents is an indicator we use to measure our success in occupational health and safety work. The 2022 employee survey shows that 82 per cent (2021: 82) of staff were satisfied or very satisfied with the employer's occupational well-being related efforts.



**82%**

of personnel were satisfied or very satisfied with the employer's occupational well-being related efforts in 2022

## Absences due to illness and occupational accidents

In 2022, fuelled by COVID-19 and flue related absences, total absences due to illness increased to 4.09 per cent. There were **fewer** prolonged absences of more than 30 days and mental health related absences as compared to the previous year. Furthermore, there were also fewer absences from musculoskeletal reasons.

During the year, 49 occupational accidents were recorded, of which 22 occurred on the commute. The year 2022 recorded two serious occupational accidents (accidents leading to an absence of more than 30 days).

Slips and falls were the most common accident types (40 per cent). The type of other accidents is unknown. The Lost-Time Injury Frequency Rate (LTI 4), that is the number of occupational accidents as compared to the total number of hours worked, was 0.62.

	2020	2021	2022
Absences due to illness	3.2	3.4	<b>4.09</b>
<b>Number of occupational accidents</b>			
Accidents at work, 0–3 days of absence	17	12	<b>23</b>
Accidents at work, 4 days of absence or more	1	1	<b>4</b>
Commuting accidents	29	23	<b>22</b>
Work-related serious accidents	0	0	<b>2</b>
Occupational accidents leading to death	0	0	<b>0</b>
<b>Occupational accidents, total</b>	<b>47</b>	<b>36</b>	<b>49</b>
<b>Lost-Time Injury Frequency Rate*</b>			
Lost-Time Injury Frequency Rate, LTI 4**	0.16	0.16	<b>0.62</b>
Serious injury frequency rate	0	0	<b>0</b>

*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. Commuting accidents 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 commuting accidents 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.*

## Coherent policy on working capacity management

At LocalTapiola, the **Pidä huolta (Take care) policy is an important tool in our working capacity management.** It helps us prevent factors that have an adverse effect on working capacity, as well as sick leaves and the prolongation of sick leaves. This model ensures compliance with a coherent working capacity management policy across the Group.

Our superiors have in their use an electronic tool which provides support for individual cases where working capacity is at risk. A total of 1,609 (in 2021: 1,425) tasks were completed in EsimiesKompassi in 2022 to support working capacity. In situations where working capacity is affected, superiors are also supported by the Working Capacity Director and those responsible for HR issues at the company.

In working capacity management, we have identified responding to mental health problems as one of the areas that need development. In 2022, our focus was on increased cognitive workload, and we will continue to work on this theme also in 2023.

In 2022, together with Mehiläinen and Elo Mutual Pension Insurance Company, we provided superiors with extensive **working capacity management coaching.** These superiors' coaching events will continue in 2023 under the theme of substances and mental health. In the course of the year, we communicated actively to our personnel on self-management and mental well-being themes. In autumn, we organised a series of Mental Well-Being lectures for personnel, discussing cognitive ergonomics and self-management of work. Employees also have access to an application which encourages to take active breaks.

## Equality and diversity

The LocalTapiola equality and non-discrimination plan aims to make equality and non-discrimination natural and transparent elements of the Group's operating culture, human resources management, supervisory work, customer encounters and stakeholder cooperation.

**The equality and non-discrimination plan** forms part of the Group's staff development plan. The goals laid out in the plan take account of the areas identified for development in the Group's sustainability goals regarding the promotion of equality. Implementation of the measures set out in the plan is monitored in regular co-operation annually and on a company-specific basis.

In 2022, we developed and provided to the Group's HR network a number of statistical tools that companies can use to examine various HR key figures broken down by gender. This change supports the companies' capabilities to systematically and coherently assess the development of equality.

### Promotion of diversity

At LocalTapiola, the promotion of diversity is one of the fundamental sustainability development areas, and a theme in the human resources strategy that was renewed in autumn 2022. LocalTapiola is committed to promoting diversity also in its Code of Conduct. We want our personnel to thrive **in diverse work communities that operate on a responsible and sustainable basis.** We seek solutions to remedy those policies which currently leave the experience of personnel inclusion wanting.

LocalTapiola has in place a harmonised recruitment process that is based on the appreciative treatment of every candidate, and on a careful selection process. We always strive to recruit the right people who are a great fit for the vacancy at hand.



Last autumn, LocalTapiola participated in the #GirlsTakeover initiative by Plan International, with 15-year-old high school student **Eedit Ojala** standing in for CEO Juha Koponen for a day.

In 2022, LocalTapiola accepted the **Most humane workplaces** in Finland challenge by **Live Foundation.** We are committed to promoting diversity across our work communities, to publishing our own actions and to challenging one other company. One of the measures that we will be taking is the renewal and publication of our updated Employer Value Propositions in 2023.

Last autumn, LocalTapiola participated in the **#GirlsTakeover initiative by Plan International,** with 15-year-old high school student **Eedit Ojala** standing in for CEO Juha Koponen for a day. In 2022, this initiative, organised as part of the celebration of the UN's International Day of the Girl, was held under the theme Girls and the economy. The initiative provided LocalTapiola with an opportunity to engage in discussion on the structural equality challenges that the financial sector is facing, and to facilitate debate on the many voices speaking in the financial sector. Read Eedit's thoughts about the takeover day on page 54.



## Girls can achieve anything

In September, for one day, I stood in for LocalTapiola CEO Juha Koponen. The takeover was part of Plan International's #GirlsTakeover initiative, which had Girls and the economy as its theme.

The takeover was a wonderful opportunity to have an impact on some of the things that are important to me. I was received really well, and everyone listened to my ideas with a genuine ear. One of the most memorable moments was when I addressed a speech to the Group's Management Group.

I think that improving equal opportunities at the workplace is paramount. Everyone deserves to be treated in the same way. Workplaces can still make more progress with equality. Dismantling harmful stereotypes and gender roles is something to which everyone should contribute.

To all girls, I want to say this: you can do anything! I hope everyone has an opportunity to shine, regardless of their gender. In leadership positions in the financial sector, women are in the minority, which can make identification difficult. Nevertheless, all genders are required for every post. Only then is it possible to adopt decisions that genuinely concern everyone.

The takeover day was a fantastic experience. I am grateful for the opportunity I had to express my views on the economy and on equality. I now know more about LocalTapiola, and I also developed a deeper interest in the financial sector!

### Eedit Ojala

High school student, Ilmajoki

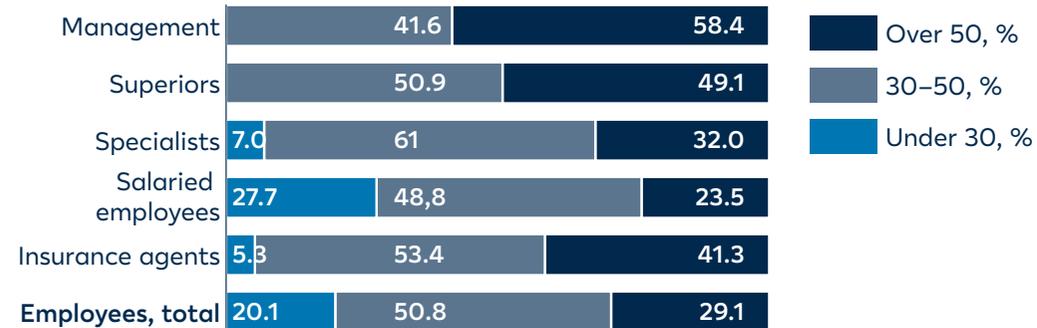
**Read more** about [#GirlsTakeover 2022](#) by Plan International (in Finnish).



## Employee gender distribution 2022



## Employee age distribution 2022



# Procurement and the supply chain

LocalTapiola's procurement activity and supply chain management are guided by the Group's **Code of Conduct and Partner Code of Conduct**. Our supply chain comprises large national operators and businesses that operate on a regional and local basis. Our strength in supply chain management lies in local presence: we know the operators that provide services to our owner-customers.

## Procurement

Our most important procurements concern the goods and services we purchase for our own use, as well as ICT procurement. The annual volume of the goods and services we procure stands at some **EUR 115 million**, and for ICT procurement this is **EUR 137 million**.

We procure goods and services not only under centrally managed nationwide contracts but also locally at the regional companies. 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 the goods and services procured, the majority is from Finnish suppliers, and local-level turnover accounts for more than one half of all claims incurred. In 2022, we introduced a new contract life cycle management system, which facilitates the management and control of the Group's procurement contracts.

ICT procurement is 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 apply the partner-selection sustainability criteria. During 2022, LocalTapiola Group's own Partner Code of Conduct was also extended to cover how ICT partners are selected. 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 2022.

## A sustainable supply chain

**Much of the supply chain that serves LocalTapiola's claims business relies on local partnerships.** Of our supply chain of thousands of service providers, approximately 50 operate nationwide, and the rest are local partners to the LocalTapiola regional companies. A partner officers' network is in charge of leading our partnership activity.

We keep developing our supply chain together with our partners, aiming to build claims processes that enable our customers to transact with the most responsible and sustainable partners in their sector. **The claims handling process has a major impact on how customers experience our services.** We strive to continuously improve the quality of the supply chain by focusing services increasingly on our best partners.

In our supply chain, the majority of expenditure consists of compensation paid to providers of claims related services. The volume of our claims business is some EUR 800 million annually. In 2022, **EUR 816.2** million was paid in non-life insurance claims. A substantial amount of this sum was paid to the service providers part of the supply chain. The value of invoicing of the 20 biggest service providers totalled approximately EUR 150 million in 2022. Major healthcare operators, repair shop chains, car dealerships, hospital districts, large damage renovation firms and big

towing businesses are among our largest service providers.

We give preference to the partners in our supply chain that operate on the most sustainable basis, also recommending them to our customers. The starting points for sustainability in the LocalTapiola supply chain are described in the Group's Partner Code of Conduct, published in 2021. The Code was well received by partners at the discussions and contract negotiations held during 2022. In 2022, we introduced a new contract system, which increases transparency while facilitating the examination of sustainability issues during contract negotiations.

## 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 effects which our business has on the environment and our society.

**Read more** about our Partner Code of Conduct on the [LocalTapiola website](#).

# Data protection and data security

Careful, safe and appropriate processing of personal data is an essential element of LocalTapiola's business. In the processing of personal data, we adhere to the applicable legislation that governs data protection and regulates insurance and investment operations. Our employees are bound by a legal requirement of data confidentiality. We process data subjects' personal data only to the extent necessary, training 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 events, and communicate to employees in the intranet. We ensure that our personnel are familiar with the applicable regulatory obligations and know how to act in compliance with them.

**LocalTapiola Group's data protection policy**, approved by the Boards of Directors of all companies, sets out our data protection principles and procedures. In addition to personnel, the data protection policy also concerns our partners that process any personal data which LocalTapiola holds.

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

The LocalTapiola **Data Protection Officer oversees compliance with data protection regulation** within the Group. The Data Protection Officer actively highlights any shortcomings they detect, assisting personnel to comply with the obligations laid down in the data protection provisions.

In 2022, we detected a total of **1,296 incidents** classified as personal data breaches under the European Union's General Data Protection Regulation. Most of these cases were due to individual human error, with no risk assessed to have been caused to any data subjects. In **187 cases** we submitted a report to the Data Protection Ombudsman.

Some LocalTapiola-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 these cases. We transfer personal data outside the EU or EEA countries only to partners whose viability we have verified.

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

## Data security implements data protection

Data security plays a major role in the **practical implementation of data protection**. It is also becoming a competitive advantage for businesses. At LocalTapiola, data security is a vital element of management, leadership, risk

management, sustainability and corporate security. The Group's cyber strategy, as well as the data protection policy and the data security principles that supplement it, lay down the data security objectives and responsibilities and the methods to implement data security.

In 2022, we published a new LocalTapiola **cyber security strategy for 2022–2026**. The LocalTapiola cyber security mission states that we protect our brand, business and personnel against cyber threats. Our vision is to stand out as a cyber secure player in the financial sector in Finland. Protection of customer data and business data is one of the key priorities in this strategy.



The LocalTapiola cyber security mission states that we protect our brand, business and personnel against cyber threats.



Data security protects data as well as the systems and services we use to produce services for our customers. In service development, we ensure compliance with the principles of data protection by design and by default, employing the sector's best practices to protect data. We audit or otherwise inspect our partners which process personal data, and the systems they use. We make sure that access to and disclosure, erasure or other processing of personal data all take place in an appropriate manner.

Regulation of the sector and of the production of digital services is constantly increasing. We are active in monitoring how regulation affects our business. LocalTapiola has ongoing several development projects to improve our services, aligning them with the regulation in force from time to time.

Data security plays a key role in LocalTapiola's advocacy and sustainability. Constantly developing the policies we employ, we seek new practices in order to be able to maintain our owner-customers' and stakeholders' trust also in the future.

We want to highlight data security with a positive touch. LocalTapiola's **Bug Bounty program, Hack Day events and co-operation 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.

## Data security training

The phishing undertaken by online criminals poses a major threat to data security. Ensuring that employees' data security awareness is maintained continuously is one of the key ways to protect the data we hold.

- In 2022, we continued our **series of mini training courses** on data security.
- Our personnel **welcomed positively** this reform carried out last year. Sent directly to your email, these short mini training courses help keep the message of data security fresh in people's minds throughout the year, boosting competences.
- During 2022, **87 per cent** (some 3,400 people) of those taking the course completed at least 80 per cent of the data security mini courses (2021: 93 per cent and 3,500 people).

## Mutual corporate governance

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 policyholder-owned mutual companies. Additionally, at the LocalTapiola Group regional companies and at LocalTapiola Life, the owners also include the companies' guarantee capital owners, that is, the Group's other insurance companies. In accordance with the principles of mutuality and the provisions of the Articles of Association, we use economic surplus primarily to develop

products and services and to preserve a level of solvency that safeguards operations.

The **highest decision-making organ at the LocalTapiola insurance companies is the General Meeting**, at which owners can exercise their speaking and voting rights. The General Meeting elects the members of the Supervisory Board and the auditors, and it 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 include the companies' 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 administration for which the Board of Directors and the Managing Director are responsible. It is for the Supervisory Board to elect members to the companies' Boards of Directors 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 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 activities of the Boards of Directors, CEO and Managing Directors, and it drafts the business and the decision proposals examined 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 are required to ensure that the companies are managed professionally and in compliance with sound and prudent business practices and the principles of reliable governance. The work of the LocalTapiola Group companies' Boards of Directors emphasises developing services for owner-customers, as well as focusing on investment issues and risk management.

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 Boards of Directors elect the members of the Audit and Risk Management Committee from the Boards of Directors of LocalTapiola General and LocalTapiola Life, two members from each Board. The Committee is tasked with assisting the company Boards of Directors with their statutory duties and with the matters provided for in the rules of procedure regarding the companies' and LocalTapiola Group's finances, accounts, solvency, risk management, auditing, internal control and internal audit.

The Human Resources and Compensation Committee, a joint committee between LocalTapiola General's and LocalTapiola Life's Boards of Directors, is composed of the Committee Chair, which duty is discharged by the Chair of LocalTapiola General's Board of Directors, and 2–4 other Board members who are independent of LocalTapiola

Group, some of whom are elected from among the members of LocalTapiola General's, and some from among the members of LocalTapiola Life's, Board of Directors. The Committee is tasked with assisting LocalTapiola General's and LocalTapiola Life's Board of Directors in the examination of personnel and remuneration related matters.

The key tasks of these administrative bodies, together with their procedural rules, are recorded in the relevant rules of procedure. At every meeting, any conflicts of interest are identified and recorded in the minutes before conducting the business on the meeting agenda. The Chair of LocalTapiola General's and LocalTapiola Life's Board of Directors is also the CEO of entire LocalTapiola Group. In their role, the CEO reports to the Cooperation Committee of the Supervisory Boards.

**In 2022, we introduced a management register,** which enables not only the monitoring of how the management composition develops but also the setting of related targets. The aim of this register is also the better utilisation of the management members' competences.

To see who the members of LocalTapiola [General's Board of Directors](#) (in Finnish), LocalTapiola [Life's Board of Directors](#) (in Finnish) and the board committees are, please visit the LocalTapiola website.

**Read more** about our system of governance in [LocalTapiola General](#) (in Finnish) and [LocalTapiola Life's](#) (in Finnish) governance statement.

## Remuneration

At LocalTapiola, remuneration is based on the management's and personnel's salary and remuneration policies and remuneration criteria, approved by the Supervisory Boards and Boards of Directors. The content of these policies is assessed and, where necessary, specified on an annual basis. Any changes are approved in the same administrative bodies as the original policy. The administrative bodies confirm the remuneration criteria for the next calendar year annually in advance.

At the Group, LocalTapiola General oversees compliance with the provisions governing the remuneration scheme. In addition to the Insurance Companies Act, the Act on Credit Institutions, the Investment Services Act and the Act on Alternative Investment Funds Managers, the remuneration principles comply with the regulations and recommendations of the Financial Supervisory Authority, taking into account the mutual status of the LocalTapiola Group companies.

The aim of the principles and criteria that govern the LocalTapiola remuneration scheme is to ensure that remuneration is in accordance with the Group's and the companies' strategies, goals and values. Remuneration must be aligned with the Group's long-term interests, and it is to be in harmony with the Group's good and effective risk management. Remuneration should not encourage risk-taking that is above the sustainable risk level of the group or the company concerned.

**Read more** about remuneration in our [Remuneration statement](#) (in Finnish) and the [Remuneration report](#) (in Finnish).

# Solvency, and risk management

The basic position in prudential management is our commitment to owner-customers and other stakeholders. There must be enough solvency capital to cover the expected and unexpected losses which are in the insureds' interests.

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 companies' Boards of Directors regularly monitor solvency indicators, such as the amount of solvency capital and the performance of and risks to the investment business.

Prudential 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, as the Group's parent company, compiles a Group-level ORSA each year. Where necessary, the companies' Boards of Directors will take steps to bolster solvency.

## Risk management safeguards customers and our business

Our risk management activity has as its objective to maintain the financial security of owner-customers, and to support us in achieving our operational goals. Risk management is guided by the **risk management policy**, approved by the Boards of Directors of the Group companies,

which describes the general principles, concepts, main areas and processes, as well as 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 in the context of the annual planning process. We map the relevant risks and the likelihood and significance for their materialisation. We include the necessary risk management measures in the annual plans of the various functions. As for risks that relate to new products, we manage them using a separate deployment proposal, approved by the Board of Directors or the Group's Management Group. In this formalised proposal, we evaluate aspects such as product deployment risks and the impacts that a product will have on solvency and profitability.

The companies' Boards of Directors bear the overall responsibility for organising risk and prudential 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. On a regular basis, the Boards also monitor the status of risk management and the development of key risks. The joint Audit and Risk Management Committee assists LocalTapiola General's and LocalTapiola Life's Board of Directors.

All companies report on their risk management and prudential management to the Boards of Directors at regular intervals. The purpose is to support the Boards with the regular monitoring and assessment of the adequacy and efficiency of our system of governance. This examination

also includes assessment of the resources available to the risk management function.

The Financial Supervisory Authority, which supervises LocalTapiola Group, in a decision it issued on 6 June 2022, imposed a EUR 125,000 fine on LocalTapiola Asset Management for failures with respect to the reporting of transactions. This fine is based on an inspection that the Financial Supervisory Authority carried out on transaction reporting, and the failures concern the years 2018–2020. Transaction reporting entails that investment firms are required to report to the Financial Supervisory Authority the securities transactions they carry out for their customers. The transaction reporting procedures and controls that LocalTapiola Asset Management employed were incorrect and inadequate. After the failures emerged, LocalTapiola Asset Management took swift corrective action. The failures did not result in any harm to the company's customers.

## Sustainability risk management as part of operational risk management

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, the value of a liability, or the company's income or reputation. Sustainability risks materialise through the existing risk categories.

In 2022, as part of operational risk mapping, we **mapped the Group companies' sustainability risks and determined the necessary risk management measures**, reporting the mapping results to

the Group's Risk Management Committee and all Group companies. The Group-level mapping identified the following key sustainability risks: transition risks to which the investment business is exposed when transitioning to a carbon-neutral economy; physical risks and damage to property; disaster risk; data security risks and data protection risks; and data use risk.

**The investment-business transition risks follow from transitioning to a carbon-neutral economy.**

The LocalTapiola insurance companies have a significant amount of investments in sectors potentially exposed to climate risks and, in particular, to transition risks. The Group's asset management companies have integrated sustainability factors into their investment processes with due consideration to the unique characteristics of each asset class or investment model. This means, among other things, that sustainability factors are addressed ahead of securities selection and fund selection, and that the allocation effects of climate risks are modelled in scenario analyses. There is regular monitoring of the investment sustainability factors and their development. The integration of ESG factors into the investment process, and related reporting, are being continuously developed.

Even though the physical effects of climate change are assumed to materialise in a more moderate form in Finland than in many other countries, **claims that arise from natural phenomena are increasing the claims expenditure of non-life insurers**, and there will be upward pressure on premiums over the long term. In particular, climate change affects forest insurance and buildings insurance, as flood and storm risks are anticipated to magnify in the future.

In 2022, we developed how, in their Own Risk and Solvency Assessment (ORSA reports), the companies and the Group process sustainability factors and risks and how they analyse the impacts of climate change. Especially, we assessed the qualitative relevance of climate change risks for the Group's business operations. In our examination of the investment transition risk, in addition to carrying out an analysis of qualitative relevance, we investigated the investment category-specific quantitative exposure to transition risks, on a sectoral breakdown basis. For the insurance business, our focus was on physical risks, in respect of which we performed a climate change qualitative relevance analysis of the LocalTapiola Group insurance lines that have the highest premiums written.

LocalTapiola is also exposed to risks if it fails to organise its activities as required by legislation and regulation. 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.

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, have already and can in the future become more relevant to business. 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.

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 our operational risk mapping. Personnel risk includes the management of competences in a rapidly changing operating environment. We manage personnel risks by employee surveys, work atmosphere surveys, training plans, competence tests and 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 by measures that combat the grey economy.

To read more about risk management at LocalTapiola Group and about our key risks, see the [risk management notes to the financial statements on page 87](#).



## 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**. The Local-Tapiola Group Code of Conduct describes our anti-corruption and anti-bribery policy.

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 the 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, as well as reporting on any irregularities.

The Group has in use a whistleblowing channel to report internal abuses and other grievances, as well as related suspicions. **This whistleblowing channel makes anonymous reporting possible**. Suspicions of abuse surface in connection with the work carried out by superiors or in the context of regular monitoring, such as that conducted by

internal audit. Internal audit examines 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 terrorist financing

We combat the grey economy and close down the space in which organised crime operates. We are committed to preventing money laundering and 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 asset freeze decisions.

Our training events ensure that everyone working at LocalTapiola knows the applicable legal obligations and internal guidelines. All personnel complete online courses on the prevention of money laundering and terrorist financing at least once. Those employees whose duties require them to be familiar with the provisions governing the prevention of money laundering and 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 against 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.



# Reporting principles and the GRI

# Reporting principles and the GRI

LocalTapiola Group provides annual reporting on sustainability. Our reporting is in accordance with the Global Reporting Initiative standard. Our Sustainability Report contains universal GRI data, as well as topic-specific content that is material to LocalTapiola.

The 2022 Sustainability Report is the first report for which LocalTapiola General's Board of Directors has examined and approved the report content and the material sustainability topics. In future, this process will be followed annually. The 2022 Sustainability Report is based on the Group's sustainability goals for the 2022–2026 strategy period, and on the results of the materiality assessment carried out in autumn 2022. In the 2022 Sustainability Report, content is externally assured. Read more about the materiality assessment on page 13 and on assurance on page 88.

LocalTapiola Group's sustainability reporting covers the following companies: LocalTapiola General, 19 regional mutual non-life insurance companies (p. 6), LocalTapiola Life, LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management, LocalTapiola Alternative Investment Funds, LocalTapiola Finance, and LocalTapiola Services.

LocalTapiola-owned Seligson & Co Fund Management Company is for the most part excluded from the GRI indicators used in this Sustainability Report. Calculation of the Group's carbon footprint, which does cover Seligson & Co, is an exception.

Some of Seligson's personnel figures are published in the section 'GRI indicators' as a separate entity, p. 70. For the time being, Seligson is not consolidated into the Group's HR figures. In this regard, the limitation applied in this Sustainability Report deviates from the scope of the Group's consolidated financial statements and report of the Board of Directors.

The personnel figures in the Sustainability Report cover employees, unless otherwise indicated. The personnel figures are provided according to the number of persons.

In this Sustainability Report, in the tables that contain numerical figures, the totals and percentages may not necessarily tally with the absolute figures, owing to rounding.

**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 employs the **GRI Universal Standards from 2021** (GRI 1–3) and the Topic Standards from 2016. Any deviations are given in the Omissions and additional 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 partly under the G4 Financial Services Sector Disclosures document.

Compliance with the **Principles for Sustainable Insurance** is reported as part of the Sustainability Report, p. 66.

The Sustainability Report will be published as a PDF file on the LocalTapiola Group website in April 2023, at the same time with the financial statements and report of the Board of Directors for LocalTapiola General's 2022 financial period. The language versions (Swedish and English) of the Sustainability Report will be published in the summer at the latest.

## More information and contact details

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# Management of sustainability goals and material topics

Sustainability goals	Material topics	Policies and commitments
<p><b>The most impactful partner in preventing evolving risks</b></p> <p>We are the most trusted partner in loss prevention and risk management</p> <p>We develop to become the recognised leader in managing evolving and new risks</p> <p>We develop impactful and proactive treatment chains</p> <p>We make use of and produce data responsibly together with partners</p>	<p>Loss prevention</p> <p>Generation of customer benefit</p> <p>Data and data security</p>	<p>Group strategy, Owner Intent</p> <p>Sustainability goals 2022–2026</p> <p>Code of Conduct, Partner Code of Conduct</p> <p>Good insurance practice and general insurance business principles</p> <p>Principles for Sustainable Insurance, PSI</p> <p>Underwriting policy, risk management policy</p> <p>Data protection policy, data security policy</p> <p>Principles for processing customer feedback, principles for access rights management</p> <p>Customer value propositions regarding mental health disorders and insurance</p>
<p><b>New services for sustainable insurance and claims</b></p> <p>Owner-customers benefit from the most sustainable lifelong security services in the sector</p> <p>We set sustainability goals for our entire offering and claims handling process</p> <p>We create new products and services that foster sustainable development</p> <p>We promote the circular economy in our claims handling</p>	<p>Generation of customer benefit</p> <p>Sustainability of insurance and claims services</p> <p>Partnerships and procurement</p> <p>Circular economy</p>	<p>Group strategy, Owner Intent</p> <p>Sustainability goals 2022–2026</p> <p>Code of Conduct, Partner Code of Conduct</p> <p>Good insurance practice and general insurance business principles</p> <p>Principles for Sustainable Insurance, PSI</p> <p>Product management policy, claims policy</p>
<p><b>Leading the way in responsible investment</b></p> <p>We integrate the ESG dimension into all asset classes in compliance with the best practices in the sector</p> <p>We are the best Finnish asset manager in responsible investment</p> <p>We are the most responsible real estate asset manager in Finland</p> <p>We promote the regional vitality of Finland through investment and financing</p>	<p>Sustainable and responsible investment business</p> <p>Generation of customer benefit</p> <p>Local presence and regional vitality</p> <p>Biodiversity loss</p>	<p>Group strategy, Owner Intent</p> <p>Sustainability goals 2022–2026</p> <p>Code of Conduct, Partner Code of Conduct</p> <p>Principles for Responsible Investment, PRI</p> <p>Principles for Sustainable Insurance, PSI</p> <p>Net Zero Asset Managers,* Net Zero Carbon Buildings**</p> <p>ICGN network membership, Finsif membership, CDP, Climate Action 100+*</p> <p>Automotive industry Green Deal***</p>

Sustainability goals	Material topics	Policies and commitments
<p><b>Finnish solutions for climate change adaptation and mitigation</b></p> <p>Regional partner in climate change adaptation</p> <p>Strong partner in the green transition</p> <p>Carbon-neutral LocalTapiola 2025</p> <p>Net-zero CO<sub>2</sub> emissions from insurance in 2050</p> <p>Net-zero CO<sub>2</sub> emissions from the Group's investment portfolios in 2050</p>	<p>Climate change</p> <p>Sustainability of insurance and claims services</p> <p>Sustainable and responsible investment business</p> <p>Partnerships and procurement</p>	<p>Group strategy, Owner Intent</p> <p>Sustainability goals 2022–2026</p> <p>Code of Conduct, Partner Code of Conduct</p> <p>Net Zero Asset Managers,* Net Zero Carbon Buildings**</p> <p>CDP*</p>
<p><b>A strong foundation for sustainability</b></p> <p>Highly skilled, thriving personnel</p> <p>Non-discriminatory customer encounters</p> <p>Sustainability goals in remuneration</p> <p>Impactful partnerships and donations</p> <p>Mutual corporate governance</p>	<p>Competence and well-being of personnel</p> <p>Labour rights and equity</p> <p>Mutual corporate governance and skilled management</p> <p>Partnerships and procurement</p> <p>Stakeholder engagement and transparent activities</p>	<p>Group strategy, Owner Intent</p> <p>Sustainability goals 2022–2026</p> <p>Code of Conduct, Partner Code of Conduct</p> <p>Human resource strategy, Leadership Promises</p> <p>Principles for multilocational work</p> <p>Equality and non-discrimination plan</p> <p>Occupational health and safety action plans</p> <p>Remuneration scheme and policy, Remuneration statement</p> <p>Security policy</p> <p>Sponsorship principles</p>

\* LocalTapiola Asset Management

\*\* LocalTapiola Real Estate Asset Management

\*\*\* LocalTapiola Finance

# Principles for Sustainable Insurance

LocalTapiola signed the UN's [Principles for Sustainable Insurance](#) in 2020, following a decision by the Group's Management Group. Supporting the implementation of the UN's Sustainable Development Goals and the goals of the Paris Agreement, the Principles highlight the role that

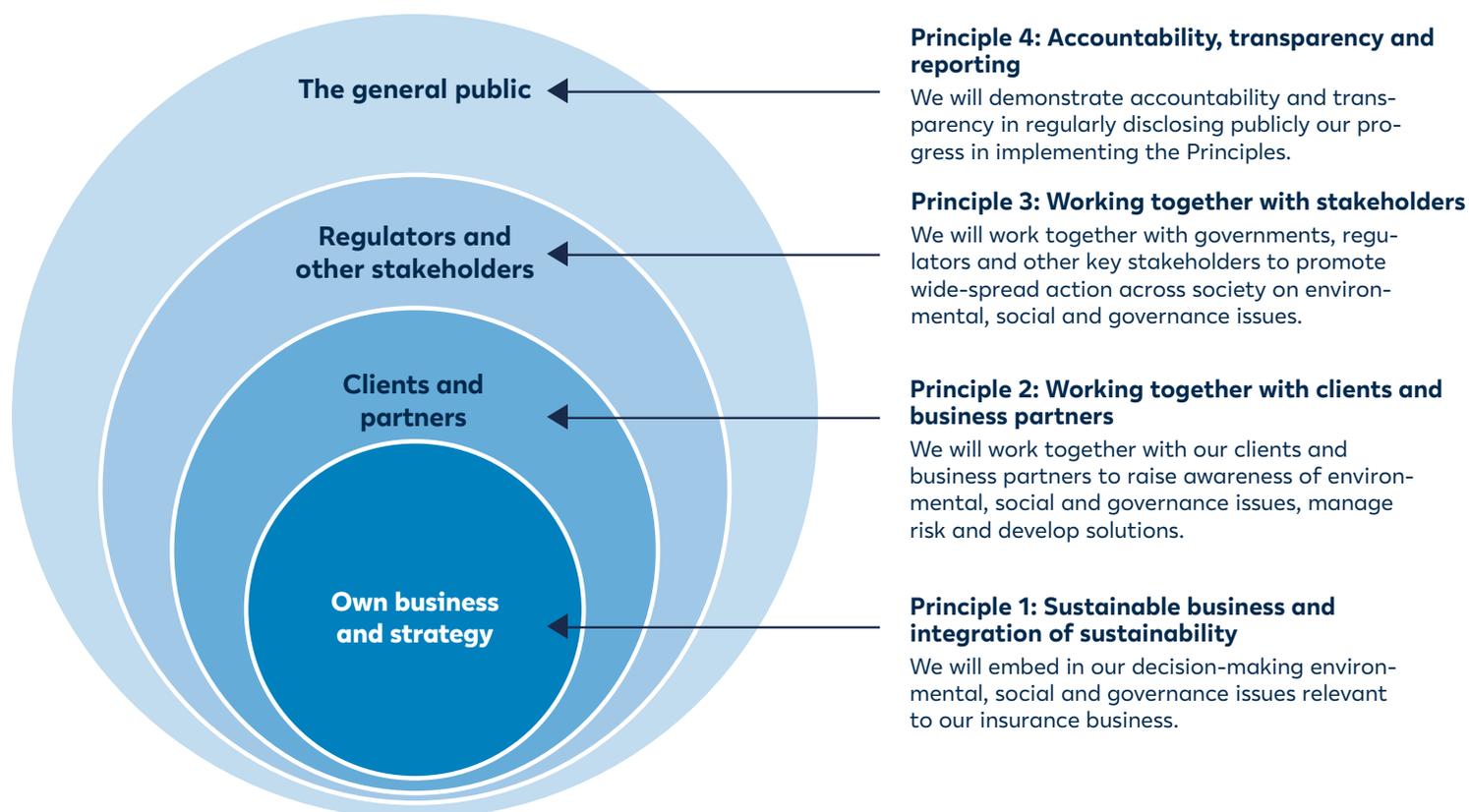
the insurance sector plays as a risk management expert, risk-bearer and investor. The Principles guide LocalTapiola to develop business sustainability in a target-oriented manner, with due consideration of stakeholder expectations.

The Principles for Sustainable Insurance are implemented as part of the implementation of the Group's sustainability goals and the development of stakeholder engagement. Additionally, the Principles are addressed in LocalTapiola's

sustainability objectives that implement the regulation of sustainable finance. In the Group's Sustainability Report, we provide annual reporting on compliance with the Principles.

Communication on the Principles for Sustainable Insurance is provided to personnel on our internal website and in the sustainability online training course. To external stakeholders, communication on the adoption of the commitment has taken place in LocalTapiola's external channels.

## Four Principles for Sustainable Insurance



## Compliance with the Principles for Sustainable Insurance at LocalTapiola

Principle	Content	Measures by LocalTapiola, or similar
<b>Principle 1: Sustainable business and integration of sustainability</b>	We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.	In February, LocalTapiola General's Board of Directors approved the Group's sustainability goals for the 2022–2026 strategy period. These goals link sustainability strongly with our core businesses, insurance and investment. The Group's senior management and Board of Directors monitor the progress made with the goals on a regular basis. In 2022, we developed our sustainability management model. The Sustainability Steering Group was launched, and the management sustainability working group reached maturity. Read more about the Group's sustainability goals and sustainability management, p. 15.
<b>Principle 2: Working together with clients and business partners</b>	We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.	The year 2022 saw us draw up, together with our owner-customers, the Owner Intent, which guides everything we as a Group do. As well as long-term sustainable business, these policy guidelines stress a customer first approach and the need to increase the customer benefit we provide. Customers are involved in the development of LocalTapiola's business in many ways. Approximately 700 of our owner-customers participate in decision-making and the strategy process on the Group companies' Supervisory Boards and Boards of Directors. In 2022, we launched a customer community through which, on a digital participation platform, customers can respond to a host of tasks, surveys and voting campaigns. During 2022, we expanded the co-operation with our claims partners. Promotion of the circular economy and increased reuse of spare parts is our common goal.
<b>Principle 3: Working together with stakeholders</b>	We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.	In 2022, we conducted co-operation particularly with safety and security operators, public authorities and organisations. Our loss prevention co-operation focused on areas including the improvement of fire safety and occupational safety. In terms of the evolving and new risks that we encounter in our operating environment, the priorities we have identified include climate risks, cyber risks and mental health risks. In the course of the year, we established co-operation with the Finnish Meteorological Institute, MIELI Mental Health Finland and other operators, while also engaging in wide-ranging co-operation with our international partners. For example, under Eurapco, an alliance of eight mutual insurance companies, we join forces to seek new solutions for developing insurance sustainability. In 2022, the LocalTapiola Group companies provided a total of EUR 2.6 million in support to non-profit institutions.
<b>Principle 4: Accountability, transparency and reporting</b>	We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.	On an annual basis, LocalTapiola publishes a Group-level Sustainability Report, prepared under the international Global Reporting Initiative (GRI) standard. In 2022, we carried out for the Group a sustainability materiality assessment in compliance with the GRI standard and embodying the principle of double materiality laid down for the upcoming EU sustainability reporting framework. Read more about the materiality assessment, p. 13. As part of the Group's sustainability reporting, we annually report on compliance with the UN's Principles for Sustainable Insurance.

# TCFD climate risks

In line with the TCFD's (Task Force on Climate-related Financial Disclosures) recommendations, the table here illustrates the **current state of our climate risk management** and how the LocalTapiola strategy and goals take account of climate risks. Climate risks are examined at Group level and, in addition, the right-hand side column highlights some examples from the Group's asset management companies.

Sector	LocalTapiola Group	Company-specific examples
Governance	<p>LocalTapiola General's Board of Directors has overall responsibility within the Group for the organisation of risk management. The Board of Directors monitors climate risks as part of the Group's risk management and sustainability risk package. LocalTapiola General's Board of Directors processes the Group's Own Risk and Solvency Assessment, which includes an assessment of climate change risks. LocalTapiola General's Board of Directors monitors the progress made with the Group's sustainability goals, including the Group's climate goals, twice a year.</p> <p>LocalTapiola General's Board of Directors exercises authority over the strategic policy guidelines as regards sustainability, and over the key regulatory matters. The Group's Management Group is tasked with formulating the other major Group-level policy guidelines and decisions. The Sustainability Steering Group steers sustainability development and implementation of the sustainability goals, as well as ensuring proper anticipation of the applicable regulatory requirements. Climate goals are monitored as part of sustainability management and oversight.</p>	<p>Sustainability examination is included in the annual wheel confirmed by LocalTapiola Asset Management's Board of Directors. The Board of Directors examines climate risks once a year or more frequently. LocalTapiola Asset Management's Board of Directors annually approves the risk management plan, which discusses the potential risks from climate change and from the other sustainability risks to which the company may be exposed, as well as determining the risk appetite with respect to sustainability risks. LocalTapiola Asset Management's Board of Directors confirms the principles for sustainable investment and corporate governance. Climate goals and assessment of climate risks in the investment business are included in the principles governing sustainability in the investment business. Asset Management's Management Group is in charge of integration and development of sustainable investment.</p> <p>LocalTapiola Real Estate Asset Management's Board of Directors confirms the principles for sustainable real estate investment. Assessment of climate risks and impacts is included in the principles for sustainable real estate investment.</p>
Strategy	<p>In the Group's strategy, sustainability goals and Code of Conduct, and as a signatory to the UN's Principles for Sustainable Insurance, LocalTapiola Group is committed to climate change mitigation and the promotion of climate change adaptation. The Group's strategy is illustrated in more detail on page 8, the sustainability goals on page 15 and the Principles for Sustainable Insurance on page 67. To read more about our Code of Conduct, visit <a href="#">LocalTapiola's website</a>.</p> <p>LocalTapiola's insurance business is assessed to be affected by impacts that are especially due to climate change related physical risks. The transition risks brought about by climate change are also assessed to exercise an impact on the insurance business, particularly through political and legal risks.</p>	<p>LocalTapiola Asset Management's principles for sustainable investment guide both portfolio management and the asset management's investment business. LocalTapiola Asset Management includes environmental, social and governance (ESG) factors as part of the investment process. The effect of climate change on investments is examined in the short, mid and long term. For the most part, the short-term examination focuses on scrutinising the business operations and measures undertaken by individual companies, covering a time span of five years from the present moment. The mid-term examination takes account of changes over a time horizon of 5–10 years, whereas the long-term examination concerns a timeframe of more than 10 years.</p>

Sector	LocalTapiola Group	Company-specific examples
<b>Risk management</b>	<p>At LocalTapiola, risk management is guided by the risk management policy, approved by the Boards of Directors of the Group companies. Climate risks are an element in the risk management processes carried out on a regular basis, and these risks are assessed as part of the package of sustainability risks. Sustainability risks are mapped as part of the Group's risk mapping and Own Risk and Solvency Assessment. Determination of the Group companies' sustainability risks and risk management measures is a component in the operational risk mapping and the companies' Own Risk and Solvency Assessments. LocalTapiola takes account of climate change risks and opportunities in its risk management, insurance product and service development and the assessment of investment options.</p> <p>The following climate change risks are estimated to become more central in the insurance business:</p> <p><b>Transition risks:</b> Insuring technology that supports transitioning to a carbon-neutral economy. Insuring new technology may entail unknown risks, which might make it more difficult to provide risk-based pricing for some subject matters of insurance, but which may also create new business. Changes in the sustainability regulation that affect the insurance business may trigger a need for changes. Climate change might bring about growing liability risks, for example in the event that there is an increase in the number of climate change related court cases.</p> <p><b>Physical risks:</b> Increasing acute physical risks, such as weather extremes, are expected to lead to more damage to property and, consequently, to a higher volume of claims. This might be reflected into a growth in claims expenditure, which can also have implications for the profitability of non-life insurance.</p>	<p>In the sustainability analysis of investee entities, in a manner that is appropriate for each asset class or investment model, LocalTapiola Asset Management includes an assessment of the adverse sustainability impacts that are material in terms of the investment decision concerned. How investments are exposed to the sectors that are the most critical in terms of LocalTapiola Asset Management's investment portfolios is assessed by taking advantage of suitable modelling tools (inter alia, PACTA).</p> <p>Climate risks (transition and physical risks) are the sustainability risks which LocalTapiola Real Estate Asset Management addresses in the sustainability analysis carried out ahead of real estate investment decisions. The potential effects that climate change may have on the real estate stock administered by Real Estate Asset Management have been identified and addressed since 2020 as part of the annually updated risk management plan.</p>
<b>Goals and indicators</b>	<p>Climate change occupies a central role in the sustainability goals set out for the LocalTapiola 2022–2026 strategy period. We have set as a goal to provide Finnish solutions for climate change adaptation and mitigation. This goal encompasses five subgoals that relate to our core businesses and direct carbon neutrality.</p> <p>We strive for direct carbon neutrality (Scope 1 and 2) by the year 2025 or sooner. We will achieve a reduction of 37% in Scope 1 emissions, while reducing Scope 2 emissions by 60%, by 2025 from the 2021 level. The carbon footprint (tCO<sub>2</sub>) is the indicator we use to measure progress. Our carbon neutrality goals are illustrated in more detail in this Sustainability Report on page 42.</p>	<p>Asset Management Group aims to achieve net zero emissions from assets under management by 2050 or sooner, with an interim target set for the year 2030. The carbon footprint, calculated semi-annually in accordance with the TCFD's recommendations, is the indicator that LocalTapiola Asset Management uses to measure the environmental impacts arising from the investment portfolios it administers. Additionally, on a sectoral basis, the company provides reporting on the carbon footprint of equity investment portfolios. On a semi-annual basis, LocalTapiola Asset Management calculates the carbon footprints of LocalTapiola General's and LocalTapiola Life's direct investments, as well as the carbon footprints of the LocalTapiola funds that are based on direct equity and corporate bond investments.</p> <p>Annually, in line with the GHG protocol, LocalTapiola Real Estate Asset Management calculates the emissions intensity of the energy consumption of the investment real estate it administers. From the start of 2022, Real Estate Asset Management has been systematically calculating the life-cycle emissions from all new construction projects and from the most notable renovation projects, in compliance with a guideline published by the Ministry of the Environment.</p>

# GRI indicators

## GRI 2-7 Employees; GRI 2-8 Workers who are not employees; GRI 2-30 Collective bargaining agreements

In 2022, LocalTapiola Group employed a total of **3,707 employees**. In addition, **387 insurance intermediaries** and franchisors worked in an agency relationship to the Group (2021: 392). There were **144** summer workers in 2022 (2021: 133). The figures on employees given under the ‘GRI indicators’ section only cover employees with an employment relationship.

We comply with the collective bargaining agreement for the insurance sector and the collective bargaining agreement for the financial sector. They cover **more than 92 per cent** of the Group’s personnel. With respect to people not covered by any collective bargaining agreements, the practice we employ is that which the Company applies to those of its employees who work under an employment relationship.

### GRI 2-7 Employees

	2020			2021			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Total*</b>	1,203	2,365	3,568	1,244	2,415	3,659	1,259	2,448	<b>3,707</b>
Temporary	118	237	355	130	210	340	153	199	<b>352</b>
Permanent	1,085	2,127	3,212	1,114	2,204	3,318	1,106	2,247	<b>3,353</b>
Non-guaranteed hours employees	75	116	191	78	120	198	109	124	<b>233</b>
Part-time**	17	183	200	13	167	180	21	163	<b>184</b>
Full-time	1,111	2,066	3,177	1,153	2,128	3,281	1,129	2,161	<b>3,290</b>

\* The figures reflect the situation at the end of the reporting period as at 31 December 2020, 31 December 2021 and 31 December 2022. The figures cover employees. The figures are calculated according to the number of persons.

\*\* Part-time employees mean 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.

## Seligson & Co Fund Management Company’s personnel in 2022

In 2022, all Seligson & Co Fund Management Company employees worked under an employment relationship with the company. No employees were on zero-hour contracts. The number of workers who are not employees was fewer than five. The results concerning fewer than five people are excluded from the table. In 2022, 100 per cent of the employees were covered by a collective bargaining agreement.

<b>Employees, total</b>	<b>33</b>
Female	13
Male	20
Temporary	≤5
Full-time	28
Part-time	5
Under 30 years old	7
30–50 years old	18
Over 50 years old	8

## GRI 2-7 New employee hires and employee turnover

2022	Number of staff	Contracts terminated, numerical	Total exit rate, %	Voluntary exit rate, numerical	Voluntary exit rate, %	New hires, numerical	Total entry rate, %
Male	1,107	123	11.1	86	7.8	127	11.5
Female	2,247	275	12.2	156	6.9	229	10.2
Under 30 years old	475	75	15.8	50	10.5	90	18.9
30–50 years old	1,820	208	11.4	124	6.8	208	11.4
Over 50 years old	1,059	115	10.9	68	6.4	58	5.5

2021	Number of staff	Contracts terminated, numerical	Total exit rate, %	Voluntary exit rate, numerical	Voluntary exit rate, %	New hires, numerical	Total entry rate, %
Male	1,115	155	13.9	77	6.9	129	11.6
Female	2,204	228	10.3	139	6.3	197	8.9
Under 30 years old	488	75	15.4	45	9.2	100	20.5
30–50 years old	1,781	206	11.6	108	6.1	185	10.4
Over 50 years old	1,050	102	9.7	63	6.0	41	3.9

\* The figures cover permanent employees, and their total voluntary exit rate in 2022 was 7.2 per cent. 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

### Year 2022

Employee category	Female, %	Male, %	Under 30 years old, %	30–50 years old, %	Over 50 years old, %
Management	30.6	69.4	0.0	41.6	58.4
Superiors	46.4	53.6	0.0	50.9	49.1
Specialists	59.4	40.6	7.0	61.0	32.0
Salaried employees	82.6	17.4	27.7	48.8	23.5
Insurance agents	30.1	69.9	5.3	53.4	41.3
<b>Employees, total</b>	<b>66.0</b>	<b>34.0</b>	<b>20.1</b>	<b>50.8</b>	<b>29.1</b>
<b>Members of governance bodies</b>	<b>35.7</b>	<b>64.3</b>	<b>1.3</b>	<b>28.1</b>	<b>70.7</b>

### Year 2021

Employee category	Female, %	Male, %	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
Salaried employees	82.3	17.7	29.1	47.0	23.9
Insurance agents	32.6	67.4	5.0	52.9	42.1
<b>Employees, total</b>	<b>66.0</b>	<b>34.0</b>	<b>20.5</b>	<b>50.4</b>	<b>29.1</b>
<b>Members of governance bodies</b>	<b>34.3</b>	<b>65.7</b>	<b>0.9</b>	<b>26.2</b>	<b>72.8</b>

## GRI 405-2 Ratio of basic salary and remuneration of women to men, %\*

Employee category	2021	2022
Specialists	88.0	89.5
Superiors	87.4	86.5
Insurance agents	96.7	94.0
Middle management	95.3	88.8
Salaried employee	113.4	114.0
Senior management**	79.6	81.3

\* The figures illustrate the proportion in percentage of the salary received by women to the salary received by men. The figures include the salary paid in cash and fringe benefits.

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

The calculation method was changed for the 2022 Sustainability Report. The new calculation method better reflects the salaries paid for employment relationships that were in force for only a part of the year. The figures for 2021 and for 2022 are calculated under the new calculation method.

**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 CO<sub>2</sub> emissions (tCO<sub>2</sub>e) for 2020–2022, as well as the key calculation observations and the sources of emission factors. This limitation of the calculation of the carbon footprint is based on operational control. All figures are rounded to the nearest hundred.

	2020, tCO <sub>2</sub> e	2021, tCO <sub>2</sub> e*	2022, tCO <sub>2</sub> e	Observations	Source of emission factor
<b>GRI 305-1</b>					
<b>Scope 1: Direct (Scope 1) GHG emissions</b>					
Fuels	200	200	<b>100</b>	Calculation was specified in 2022.	Car manufacturers, Defra 2022, Statistics Finland 2022
Self-generation of energy **	0	0	<b>0</b>		Statistics Finland 2022
Refrigerant leaks	0		<b>0**</b>	Data not available for 2021.	IPCC (AR5) 2018
<b>Scope 1, total</b>	200	200	<b>100</b>		
<b>GRI 305-2</b>					
<b>Scope 2: Energy indirect (Scope 2) GHG emissions</b>					
Electricity, market-based	100	100	<b>100</b>		Energy companies
Electricity, location-based	800	800	<b>700</b>		Statistics Finland 2022
Heat, market-based	800	900	<b>800</b>	Calculation was specified in 2022.	Municipality-specific emission factors from heat companies
Heat, location-based	700	900	<b>900</b>		Statistics Finland 2022
District cooling, market-based	0	0	<b>0</b>		Helen Oy
District cooling, location-based	0**	0**	<b>0**</b>		Estimate of average emissions from district cooling in Finland
<b>Scope 2 market-based, total</b>	900	1,000	<b>900</b>		
<b>Scope 2 location-based, total</b>	1,500	1,700	<b>1,600</b>		

	2020, tCO <sub>2</sub> e	2021, tCO <sub>2</sub> e*	2022, tCO <sub>2</sub> e	Observations	Source of emission factor
<b>GRI 305-3</b>					
<b>Scope 3: Other indirect (Scope 3) GHG emissions</b>					
Category 1: Purchased goods and services	13,900	14,600	<b>16,800</b>		Finnish Environment Institute 2013, 2019
Category 2: Capital goods	49,300	46,600	<b>25,100</b>	Includes car purchases and investments in new construction and repair construction projects.	Finnish Climate Change Panel 2021, Finnish Environment Institute 2013; for construction, project-specific calculations
Category 5: Waste generated in operations**	0	0	<b>0</b>	Waste volumes calculated from the head office. For the regional companies, the waste volume generated by the head office proportioned to the number of personnel at each regional company.	EPA 2021, Finnish Environment Institute 2011
Category 6: Business travel	600	600	<b>900</b>	Covers kilometre-reimbursed travel, overnight hotel accommodation, flights and train journeys.	Defra, EPA, VR, Finnish Environment Institute, Statistics Finland
Category 7: Employee commuting	1,600	2,100	<b>2,500</b>	Also includes emissions from telework.	Defra 2019, 2022; Statistics Finland 2020
Category 13: Downstream leased assets	9,000	11,800	<b>12,700</b>	Specific energy consumption is based on site-specific data.	Calculations by LocalTapiola Real Estate Asset Management, Statistics Finland 2022, IPCC 2018, Helen
Category 15: Investments	115,200	113,900	<b>70,500</b>	Indirect emissions from LocalTapiola's own equity investments and corporate bond investments.	Emissions reported by the investee entities and LocalTapiola Asset Management's calculations
<b>Scope 3, total</b>	<b>189,600</b>	<b>189,600</b>	<b>128,500</b>		
<b>Emissions, total</b>					
Market-based	190,700	190,800	<b>129,500</b>		
Location-based	191,300	191,500	<b>130,200</b>		

\* Starting from 2021, the calculation includes Seligson & Co Fund Management Company.

\*\* Calculated emissions are equal to 0 tCO<sub>2</sub>e even though some emissions were generated, as the figures shown in the table are rounded to the nearest hundred.

**CRE1 Building energy intensity; CRE2 Building water intensity; CRE3 Greenhouse gas emissions intensity from buildings; CRE4 Greenhouse gas emissions intensity from new construction and redevelopment activity**

<b>Comparable investment real estate, total (100 sites)</b>	<b>2021</b>	<b>2022</b>	<b>Change, %</b>
Heat, kWh/m <sup>2</sup>	99.4	91.2	-8
Electricity, kWh/m <sup>2</sup>	46.8	46.7	-0.3
District cooling, kWh/m <sup>2</sup>	12.6	12.8	1
Water, l/m <sup>2</sup>	616.3	638.4	4
Carbon dioxide, CO <sub>2</sub> , kg/m <sup>2</sup> *	15.9	14.3	-10

<b>Comparable investment real estate, residential (67 sites)</b>	<b>2021</b>	<b>2022</b>	<b>Change, %</b>
Heat, kWh/m <sup>2</sup>	80.0	73.1	-9
Electricity, kWh/m <sup>2</sup>	13.4	13.2	-1
Water, l/m <sup>2</sup>	1,033.1	1,019.7	-1
Carbon dioxide, CO <sub>2</sub> , kg/m <sup>2</sup> *	10.9	9.4	-14

<b>Comparable investment real estate, commercial (33 sites)</b>	<b>2021</b>	<b>2022</b>	<b>Change, %</b>
Heat, kWh/m <sup>2</sup>	114.9	105.7	-8
Electricity, kWh/m <sup>2</sup>	73.7	74.5	1
District cooling, kWh/m <sup>2</sup>	22.7	23.0	1
Water, l/m <sup>2</sup>	282.2	332.8	18
Carbon dioxide, CO <sub>2</sub> , kg/m <sup>2</sup> *	20.0	18.3	-8

\* Starting from the 2021 Sustainability Report, we have employed GHG protocol compliant emission calculation, and the emissions intensity of investment real estate is reported under other indirect GHG emissions (Scope 3, category 13). In addition to energy consumption, the emissions intensity shown in the table also includes emissions from refrigerant leaks and from fuel consumption.

This calculation employs non-normalised heat consumption. The table illustrates only comparable sites for 2021 and for 2022. A comparable site is any site which, in the year of reporting, is in normal use and for which the full consumption data are available. Furthermore, these sites must have been in normal use in the year that precedes the year of reporting. The percentage of comparable investment real estate varies from one year to another with changes in the real estate portfolio, for example when sites are bought or sold. In the comparison of the specific consumption figures, the surface area employed is the gross surface area of the sites (surface area data retrieved from Real Estate Asset Management's real estate data system).

The 2022 **greenhouse gas emissions intensity from new construction and repair construction projects** was: 0.34 (emissions/€ invested, kg CO<sub>2</sub>).

## GRI 306-3 Waste generated

### Waste generated at investment real estate administered by LocalTapiola Real Estate Asset Management in 2022, t

	Residential	Commercial	Residential and commercial, total
<b>Recovery as energy</b>	<b>796</b>	<b>728</b>	<b>1,523</b>
<b>Recycling as material</b>	<b>398</b>	<b>647</b>	<b>1,045</b>
Organic waste	161	205	365
Paper	34	26	60
Cardboard	99	339	437
Glass	44	33	77
Metal	22	20	42
Plastic	39	20	59
Other waste	0	4	4
<b>Hazardous waste</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Other waste</b>	<b>0</b>	<b>94</b>	<b>94</b>
<b>All, total</b>	<b>1,194</b>	<b>1,475</b>	<b>2,669</b>

We report waste volumes for the investment real estate administered by LocalTapiola Real Estate Asset Management. Data coverage approximately 59% of sites in 2022. For commercial premises, the waste volumes are saved in the systems of our waste management partners, Lassila & Tikanoja and Remeo. For residential sites, waste volumes within 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 sites.

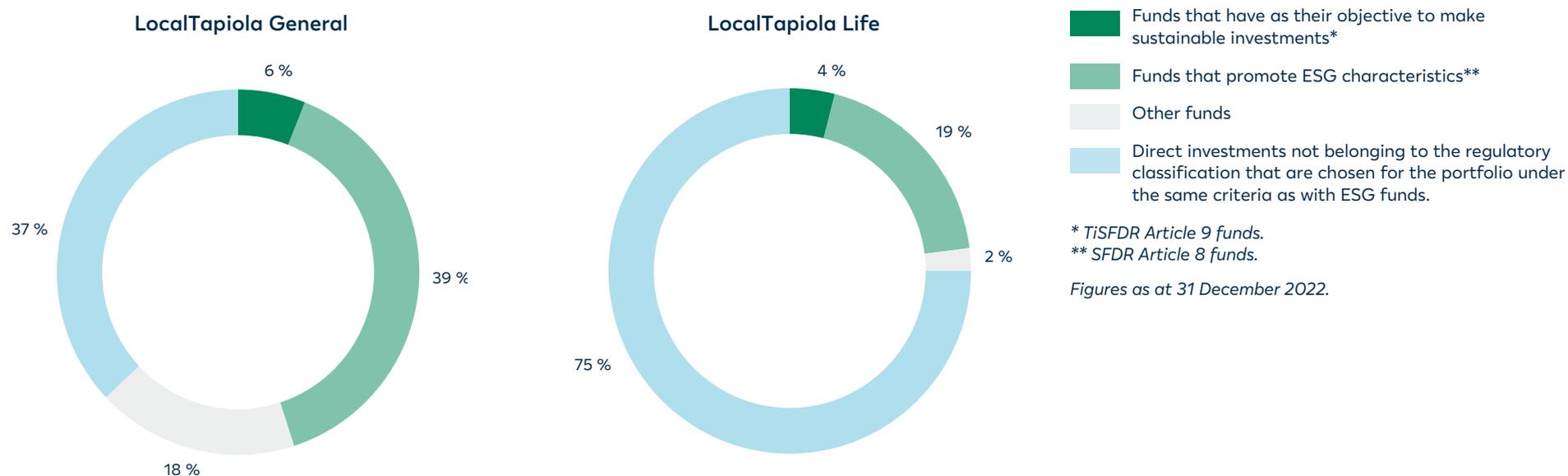
**FS10 Percentage and number of companies held in the institution’s portfolio with which the reporting organization has interacted on environmental or social issues, 2022**

	Equity investments			Corporate bond investments		
	Contacts, numerical*	Companies in portfolio, numerical	Share, %	Contacts*	Issuers in portfolio, numerical	Share, %
LocalTapiola General	10	53	19	37	74	50
LocalTapiola Life	22	75	29	50	90	56
<b>LocalTapiola Asset Management, funds**</b>	51	224	23	144	279	52

\* Includes meetings with companies.

\*\* Does not include the LocalTapiola Developed Asia, LocalTapiola Europe and USA Climate Index funds. In accordance with the chosen investment policy, no meetings are held with the underlying entities of these funds.

**SFDR-compliant investments in LocalTapiola General’s and Life’s investment portfolios**



## Voting at General Meetings in 2022

	Motions, numerical (voting slip)	Voted in favour, %	Voted against, %	No vote, %
<b>LocalTapiola General, non-Finnish General Meetings*</b>	<b>820</b>	<b>85</b>	<b>14</b>	<b>1</b>
Motions by Boards of Directors	770	86	14	1
Motions by shareholders	50	74	26	
<b>Finnish General Meetings, within asset management portfolio*</b>	<b>69</b>	<b>91</b>	<b>7</b>	<b>1</b>
<b>Finnish General Meetings, others</b>	<b>37</b>	<b>100</b>		
<hr/>				
<b>LocalTapiola Life, non-Finnish General Meetings*</b>	<b>1,258</b>	<b>86</b>	<b>14</b>	
Motions by Boards of Directors	1,201	87	13	
Motions by shareholders	57	65	35	
<b>Finnish General Meetings, within asset management portfolio*</b>	<b>120</b>	<b>93</b>	<b>7</b>	<b>1</b>
<b>Finnish General Meetings, others</b>	<b>11</b>	<b>100</b>		
<hr/>				
<b>LocalTapiola Asset Management, authorised by asset management customers (incl. funds) at non-Finnish General Meetings</b>	<b>17,779</b>			
Motions by Boards of Directors	16,971	85	14	1
Motions by shareholders	808	72	24	4
<b>LocalTapiola Asset Management, authorised by asset management customers (incl. funds) at Finnish General Meetings</b>	<b>382</b>	<b>92</b>	<b>7</b>	<b>1</b>

\* Also included in the figures for 'LocalTapiola Asset Management, authorised by asset management customers'

Due to rounding, totals and percentages may not add up to the absolute figures. Voting at non-Finnish General Meetings carried out through the 'Proxy voting' service.

# GRI Content Index

LT General RBD & FS 2022 = LocalTapiola General Mutual Insurance Company's Report of the Board of Directors and financial statements for 2022

LT Group Solvency 2022 = Report on solvency and financial position 2022

**Statement of use:** LocalTapiola Group reports the information cited in this GRI Content Index for the 1 January–31 December 2022 reporting period with reference to the GRI Standards.

**GRI 1 used:** GRI 1, Foundation 2021

Disclosure	GRI content	Location	Omissions and additional information
<b>GENERAL DISCLOSURES</b>			
<b>Organisation and reporting practices</b>			
2-1	Organizational Details	LocalTapiola Group in brief, p. 6 Location of nationwide companies (c.): Espoo	
2-2	Entities included in the organization's sustainability reporting	Reporting principles and the GRI, p. 63	
2-3	Reporting period, frequency and contact point	Reporting principles and the GRI, p. 63	
2-4	Restatements of information	The calculation method for the ratio of basic salary and remuneration of women to men was changed (GRI 405-2). The new calculation method better reflects the salaries paid for employment relationships that were in force for only a part of the year. The figures for 2021 are calculated under the new calculation method.	
2-5	External assurance	Reporting principles and the GRI, p. 63 Independent Assurance Statement, p. 88	
<b>Activities and employees</b>			
2-6	Activities, value chain and other business relationships	LocalTapiola Group in brief, p. 6 Procurement and the supply chain, p. 55	
2-7	Employees	Highly skilled, thriving personnel, p. 47 GRI indicators, p. 70	
2-8	Workers who are not employees	Highly skilled, thriving personnel, p. 47 GRI indicators, p. 70	

Disclosure	GRI content	Location	Omissions and additional information
<b>Governance</b>			
2-9	Governance structure and composition	Mutual corporate governance, p. 57 <a href="#">LocalTapiola General Mutual Insurance Company's governance statement</a> (in Finnish) <a href="#">LocalTapiola Mutual Life Insurance Company's governance statement</a> (in Finnish)	No disclosure on the highest governance body's committees responsible for overseeing decision-making on economic, environmental, and social topics (b.). No disclosure on the composition of the highest governance body and its committees by membership of under-represented social groups (c. vi). The 2022 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2023 on the LocalTapiola website.
2-10	Nomination and selection of the highest governance body	<a href="#">LocalTapiola General Mutual Insurance Company's governance statement</a> (in Finnish) <a href="#">LocalTapiola Mutual Life Insurance Company's governance statement</a> (in Finnish)	The 2022 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2023 on the LocalTapiola website.
2-11	Chair of the highest governance body	Mutual corporate governance, p. 57 <a href="#">LocalTapiola General Mutual Insurance Company's governance statement</a> (in Finnish) <a href="#">LocalTapiola Mutual Life Insurance Company's governance statement</a> (in Finnish)	The 2022 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2023 on the LocalTapiola website.
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability at LocalTapiola, p. 13 Solvency, and risk management, p. 59	No disclosure on the role of the highest governance body in overseeing the organization's due diligence process (b.) or in reviewing the effectiveness of the organization's processes (c.). Data not available. The role of the highest governance body not defined.
2-13	Delegation of responsibility for managing impacts	Sustainability management, p. 18 Mutual corporate governance, p. 57	Incomplete data. The organization has delegated responsibility for the implementation and monitoring of sustainability. As such, the highest governance body has not delegated responsibility precisely for managing the organization's impacts on the economy, environment, and people (a.), and no dedicated process has been determined for this management (b.).
2-14	Role of the highest governance body in sustainability reporting	Material sustainability topics, p. 13 Reporting principles and the GRI, p. 63	

Disclosure	GRI content	Location	Omissions and additional information
2-15	Conflicts of interest	Mutual corporate governance, p. 57	No disclosure on whether conflicts of interest are disclosed to stakeholders (b.).
2-16	Communication of critical concerns		Data not available. The concept of critical concern or the process for communicating them to the highest governance body has not been defined.
2-17	Collective knowledge of the highest governance body	Sustainability management, p. 18	
2-18	Evaluation of the performance of the highest governance body		Data not available. The highest governance body's performance with the management of impacts is not specifically evaluated.
2-19	Remuneration policies	Remuneration, p. 58 <a href="#">LocalTapiola General Mutual Insurance Company's governance statement</a> (in Finnish) <a href="#">LocalTapiola Mutual Life Insurance Company's governance statement</a> (in Finnish) <a href="#">Remuneration statement</a> (in Finnish), and <a href="#">Remuneration report</a> (in Finnish)	No disclosure on how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people (b.). The 2022 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2023 on the LocalTapiola website. The LocalTapiola 2022 Remuneration statement and the Remuneration report will be published in April 2023 on the LocalTapiola website.
2-20	Process to determine remuneration	Remuneration, p. 58 <a href="#">LocalTapiola General Mutual Insurance Company's governance statement</a> (in Finnish) <a href="#">LocalTapiola Mutual Life Insurance Company's governance statement</a> (in Finnish) <a href="#">Remuneration statement</a> (in Finnish), and <a href="#">Remuneration report</a> (in Finnish)	The 2022 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2023 on the LocalTapiola website. No disclosure on how the views of stakeholders or other consultants regarding remuneration are sought and taken into consideration (a. ii. and iii., and b.).
2-21	Annual total compensation ratio		Incomplete data. The data will be added to the LocalTapiola 2022 Remuneration statement. This statement will be published in April 2023 on the LocalTapiola website.
<b>Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	Review by the CEO, p. 3	

Disclosure	GRI content	Location	Omissions and additional information
2-23	Policy commitments	Corporate responsibility commitments, 19 Principles for Sustainable Insurance, p. 66 Sustainability in investment business, p. 31 Principles guiding sustainable investment, p. 32 Management of sustainability goals and material topics, p. 64	<p>This Sustainability Report takes account of the following commitments: PSI, PRI, NZAM and NZCB. LocalTapiola does not have any commitments that are related to due diligence, the precautionary principle or intergovernmental instruments.</p> <p>Tapiola Asset Management and Tapiola Real Estate Asset Management, which preceded the LocalTapiola asset management companies, adopted the Principles for Responsible Investment (PRI) in 2010, following decisions by the company Boards of Directors operating at the time. Seligson &amp; Co Fund Management Company adopted the Principles in 2012, following a decision by the company Board of Directors. In 2021, LocalTapiola Asset Management's Management Group decided to join the NZAM initiative, and LocalTapiola Real Estate Asset Management's Management Group decided to join the NZCB initiative.</p> <p>In its Code of Conduct, LocalTapiola is committed to respecting human rights. The human rights perspective is taken into account in the PRI and corporate social responsibility considerations more broadly in the PSI. At LocalTapiola, non-discriminatory customer encounters and the promotion of non-discrimination, and guaranteeing that the labour rights of personnel are upheld, give concrete expression to human rights. No disclosure on the internationally recognized human rights that LocalTapiola's commitments cover (b. i.).</p>
2-24	Embedding policy commitments	Corporate responsibility commitments, p. 19 Principles for Sustainable Insurance, p. 66 Solvency, and risk management, p. 59 Management of sustainability goals and material topics, p. 64	<p>This Sustainability Report takes account of the following commitments: PSI, PRI, NZAM and NZCB. LocalTapiola does not have any commitments that are related to due diligence, the precautionary principle or intergovernmental instruments.</p>
2-25	Processes to remediate negative impacts	Anti-corruption and anti-bribery efforts, p. 61	<p>No disclosure on the commitments or other processes by which negative impacts are remedied (a. and c.).</p> <p>No disclosure on how stakeholders are involved in the design and development of grievance mechanisms (d.) or on the tracking of the effectiveness of the grievance mechanisms (e.).</p>
2-26	Mechanisms for seeking advice and raising concerns	Anti-corruption and anti-bribery efforts, p. 61	
2-27	Compliance with laws and regulations	Solvency, and risk management, p. 59	

Disclosure	GRI content	Location	Omissions and additional information
2-28	Membership associations	Public affairs and protection of interests, p. 19	
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Stakeholder engagement, p. 18	
2-30	Collective bargaining agreements	GRI indicators, p. 70	
<b>GRI 3: Material Topics</b>			
3-1	Process to determine material topics	Material sustainability topics, p. 13	
3-2	List of material topics	Material sustainability topics, p. 13	

<b>TOPIC-SPECIFIC CONTENT</b>			
<b>Economic value</b>			
3-3	Management of material topics	Direct economic value generated and distributed 2022, p. 12 Management of sustainability goals and material topics, p. 64 Key figures for 2022, p. 4 <a href="#">LocalTapiola Group's financial statement presentation 2022</a>	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
201-1	Direct economic value generated and distributed	Direct economic value generated and distributed 2022, p. 12	
<b>Anti-corruption</b>			
3-3	Management of material topics	Anti-corruption and anti-bribery efforts, p. 61 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
205-2	Communication and training about anti-corruption policies and procedures	Competences and renewal, p. 50 Anti-corruption and anti-bribery efforts, p. 61	Not reported for governance (a and d) or business partners (c).
205-3	Confirmed incidents of corruption and actions taken	No incidents in 2022.	
<b>Energy and emissions</b>			
3-3	Management of material topics	Impacts of climate change, p. 39 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
302-1	Energy consumption within the organization	Energy consumption of and emissions from buildings, p. 43	

Disclosure	GRI content	Location	Omissions and additional information
302-4	Reduction of energy consumption	Energy consumption of and emissions from buildings, p. 43	
305-1	Direct (Scope 1) GHG emissions	Impacts of climate change, p. 41 GRI indicators, p. 73	
305-2	Energy indirect (Scope 2) GHG emissions	Impacts of climate change, p. 41 GRI indicators, p. 73	
305-3	Other indirect (Scope 3) GHG emissions	Impacts of climate change, p. 41 GRI indicators, p. 73	
305-5	Reduction of GHG emissions	Impacts of climate change, p. 42	
CRE1	Building energy intensity	Energy consumption of and emissions from buildings, p. 43 GRI indicators, p. 75	GRI G4: Construction and real estate
CRE2	Building water intensity	Energy consumption of and emissions from buildings, p. 43 GRI indicators, p. 75	GRI G4: Construction and real estate
CRE3	Greenhouse gas emissions intensity from buildings	Energy consumption of and emissions from buildings, p. 43 GRI indicators, p. 75	GRI G4: Construction and real estate. Emissions intensity calculation covers Scope 3 category 13 emissions.
CRE 4	Greenhouse gas emissions intensity from new construction and redevelopment activity	GRI indicators, p. 75	GRI G4: Construction and real estate
<b>Water consumption</b>			
3-3	Management of material topics	Energy consumption of and emissions from buildings, p. 43 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
303-5	Water consumption	Energy consumption of and emissions from buildings, p. 43 GRI indicators, p. 75	Disclosed for investment real estate. No disclosure for areas with water stress (b.) or for water storage (c).
<b>Waste generated</b>			
3-3	Management of material topics	Energy consumption of and emissions from buildings, p. 43 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
306-3	Waste generated	GRI indicators, p. 76	Disclosed for investment real estate. No data available for own offices.

Disclosure	GRI content	Location	Omissions and additional information
<b>Investment business</b>			
3-3	Management of material topics	Sustainability in investment business, p. 31 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	GRI indicators, p. 77	GRI G4: Financial Services
<b>Employment relationships</b>			
3-3	Management of material topics	Recruitment at LocalTapiola, p. 48 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
401-1	New employee hires and employee turnover	Recruitment at LocalTapiola, p. 48 GRI indicators, p. 71	
<b>Occupational health and safety</b>			
3-3	Management of material topics	Supporting occupational well-being and working capacity, p. 51 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
403-1	Occupational health and safety management system	Supporting occupational well-being and working capacity, p. 51	GRI 2018
403-3	Occupational health services	Supporting occupational well-being and working capacity, p. 51	GRI 2018
403-4	Worker participation, consultation, and communication on occupational health and safety	Supporting occupational well-being and working capacity, p. 51	GRI 2018
403-5	Worker training on occupational health and safety	Supporting occupational well-being and working capacity, p. 51	GRI 2018
403-6	Promotion of worker health	Supporting occupational well-being and working capacity, p. 51	GRI 2018
403-9	Work-related injuries	Supporting occupational well-being and working capacity, p. 51	GRI 2018. No disclosure except for employees (b). No disclosure on hazards that pose a risk of high-consequence injury (c and d).

Disclosure	GRI content	Location	Omissions and additional information
<b>Training and education</b>			
3-3	Management of material topics	Competences and renewal, p. 50 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
404-1	Average hours of training per year per employee	Competences and renewal, p. 50	Not disclosed by gender (i). Data not available.
404-2	Programs for upgrading employee skills and transition assistance programs	Competences and renewal, p. 50	
404-3	Percentage of employees receiving regular performance and career development reviews	Competences and renewal, p. 50	
<b>Diversity and equal opportunity</b>			
3-3	Management of material topics	Equality and diversity, p. 53 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
405-1	Diversity of governance bodies and employees	Promotion of diversity, p. 53 GRI indicators, p. 72	
405-2	Ratio of basic salary and remuneration of women to men	GRI indicators, p. 72	
<b>Data protection and data security</b>			
3-3	Management of material topics	Data protection and data security, p. 56 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data protection and data security, p. 56	Disclosure not provided on complaints received categorised by outside party and by regulatory body (a).
<b>IN-HOUSE INDICATORS</b>			
<b>Evolving risks</b>			
3-3	Management of material topics	Evolving risks, and loss prevention, p. 22 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
In-house indicator	Cyber security maturity level	Cyber operating environment in transformation, p. 23	

Disclosure	GRI content	Location	Omissions and additional information
<b>Loss prevention</b>			
3-3	Management of material topics	Evolving risks, and loss prevention, p. 22 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
In-house indicator	Loss prevention	Loss prevention, p. 25	Verbal description. We are developing the numerical measurement of this topic.
In-house indicator	Hero Training, persons trained/year	Loss prevention, p. 25	
<b>Services for sustainable insurance and claims</b>			
3-3	Management of material topics	Sustainable insurance and claims, p. 28 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
In-house indicator	Development of the percentage of the reuse of spare parts in vehicle repairs, % per year	Sustainable claims services, p. 29	
<b>Investment business</b>			
3-3	Management of material topics	Sustainability in investment business, p. 31 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
In-house indicator	Voting at General Meetings	Sustainability in investment business, p. 31 GRI indicators, p. 77	
In-house indicator	SFDR Article 8 and 9 investment assets	Sustainability in investment business, p. 31 GRI indicators, p. 77	
<b>Data protection and data security</b>			
3-3	Management of material topics	Data protection and data security, p. 56 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
In-house indicator	Data security training for personnel	Data protection and data security, p. 56	
<b>Employee experience</b>			
3-3	Management of material topics	Highly skilled, thriving personnel, p. 47 Management of sustainability goals and material topics, p. 64	No specific disclosure on impacts on human rights (part of item a.). No disclosure on how engagement with stakeholders has informed the management of material topics (f.).
In-house indicator	Employee experience (ROIHU)	Highly skilled, thriving personnel, p. 48	

# 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 the sustainability disclosures reported in the LocalTapiola 2022 Sustainability Report (hereinafter 'Sustainability Disclosures') for the year that ended on 31 December 2022.

## Management's responsibility

The LocalTapiola management is responsible for preparing and presenting the Sustainability Disclosures and the claims made in them in compliance with the relevant reporting criteria, that is the GRI Sustainability Reporting Standards. The management is also responsible for determining the sustainable development goals in respect of performance and reporting, including identification of the stakeholders and the material perspectives, and for establishing and maintaining the managerial and internal control systems from which the operational data reported are derived.

## Our responsibility

Our responsibility is to perform a limited assurance engagement and to express an independent conclusion on the basis of that engagement. We have performed the limited assurance

engagement on the 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 Sustainability Disclosures are free from material misstatement.

KPMG Oy Ab applies the International Standard on Quality Management 1 (ISQM 1), under which audit firms are required to design, implement and operate a system of quality management, including policies and approaches concerning compliance with the relevant ethical requirements, professional standards and applicable requirements that are based on regulations.

We have ensured compliance with the requirements for independence laid down in the International Code of Ethics for Professional Accountants (including International Independence Standards), 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 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 Sustainability Disclosures;
- Assessing the application of the reporting principles laid down in the GRI Sustainability Reporting Standards to present the Sustainability Disclosures;
- Assessing the data management processes, data systems and practical arrangements employed for the purpose of collecting and consolidating the Sustainability Disclosures;
- Reviewing the disclosed Sustainability Disclosures, and assessing the quality of the data and the definition of the calculation limits; and
- Testing the accuracy and completeness of the 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 measures we have taken and the evidence we have obtained, nothing has come to our attention that would allow the presumption to be made that the Sustainability Disclosures subject to this assurance engagement would not, in all material respects, be properly prepared in accordance with the GRI Sustainability Reporting Standards.

Helsinki, 11 April 2023

KPMG Oy Ab

Timo Nummi  
Partner, Authorised  
Public Accountant

Tomas Otterström  
Partner, Advisory



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