



# Sustainability Report 2023

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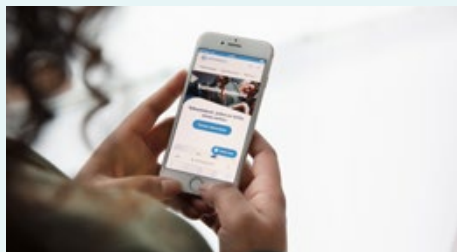
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## Review by the CEO

# The sustainability programme implements LocalTapiola's sustainability goals

The year 2023 prompted Finns to prepare for the worst. With risks and uncertainties dominating the debate, fiscal sustainability and the sustainability of people's own finances were among the issues receiving particular attention. LocalTapiola's mission is to provide Finns with accurate and adequate cover for their health, finances and property. In 2023, our customers were especially interested in **protecting their health and finances**.

Although in Finland we were spared large-scale natural disturbances in 2023, the catastrophes around the world also influence us. Weather extremes, such as the mass fires in Greece, have increased the price of reinsurance. Domestically, claims for flood, storm and insect losses have grown in number, and they are estimated to become more common with progressing climate change.

The green transition and intensification of weather extremes are challenging LocalTapiola and the entire insurance sector to develop **our products and services**. The electrification of transport, for instance, is changing the insuring of vehicles. We need to assess the risks associated with new forms of energy and how we see them as investments. What is more, we are facing new types of claims, including for leaks and fires that are due to incorrect installation of solar panels.

In terms of responsible investment, the year gone by witnessed new – occasionally critical – tones. Not all corporations graded high for their sustainability have managed to succeed in a changed market, which has cast doubt on efforts to market sustainable investments as fetching higher yields. This debate is welcome: companies wishing to increase their value must base the value increase on a sustainable core business. As a responsible investor, we at LocalTapiola want to engage our investments through corporate governance. In terms of choosing new investments, we make active, responsible choices.

In 2023, we accelerated the integration of sustainability at LocalTapiola into our companies' daily work by consolidating our sustainability goals in a more accessible form, the **LocalTapiola sustainability programme**. The programme lays down the group's common sustainability goals and key actions up until 2026.

We want to step up the **impact of our loss prevention work**. New risks associated with climate, mental health and the cyber environment, in particular, are challenging us to develop our product and service offering. To be able to address sustainability concerns in the provision of insurance and in the settlement of claims, we are obliged to make choices. Over the course of the current strategy period, to support our sustainability work, we will be developing policies for responsible

customer and risk selection and for partnerships. As for our position as a responsible investor, we want to strengthen it further.

The concerns Finns have about the future are, in many ways, justified. The war in Ukraine has transformed the security situation in Europe for good. In the world's happiest country, weakening financial skills, differentiated regional developments, a sharp atmosphere for debate and concerns over the future of safety nets and services weigh on the minds of Finns. **Constructive action for a sustainable future** by nations, corporations, communities and individuals alike is the best antidote to these concerns. LocalTapiola's commitment to this work is unwavering.

### Juha Koponen

CEO, Chair of the Boards of Directors



# Key figures for 2023

**1.8 MM**



customers

**EUR 3.2 MM**

in donations to the promotion of security and well-being

**3,809**



lifelong security specialists

**76.3/100**

score in the ROIHU employee survey\*

## Non-life insurance

premiums written  
EUR **1,434.6** million

claims incurred EUR **864.9** million

## Life insurance

premiums written EUR **333.4** million

claims incurred EUR **354.2** million

Gross assets under management\*\*  
EUR **28.9** billion



\* The ROIHU survey measures employee experience, that is to say, how highly LocalTapiola Group is rated as an employer. The 2023 score clearly exceeds the normative benchmark for Finnish white-collar employees (2023: 69.7).

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

# 2023 highlights



## The LocalTapiola sustainability programme

The group's Management Group adopted the **LocalTapiola sustainability programme 2022–2026** in September. The sustainability programme consolidates our sustainability goals, published in 2022, in a more accessible form, and defines the key actions to achieve these goals.



## Impactful donations

In 2023, the group companies provided a total of **EUR 3.2 million** in support to various entities. We donated EUR 459,000 to initiatives that support mental well-being and to providers of low-threshold preventive services. EUR 445,000 was the sum we provided to projects improving the safety of everyday life in local communities and sparsely populated areas, and to safeguarding voluntary rescue activity.



## Leadership Promises – a foundation of common values

In spring we launched the **LocalTapiola Leadership Promises**. These Promises represent a common promise made by all superiors about what we understand to be the building blocks of good management and leadership. For us, good management and leadership are means to further improve our employee experience and to foster a positive corporate culture.



## Recognition for responsible asset management

In 2023, an SFR survey targeting institutional investors **rewarded LocalTapiola Asset Management** for the sixth consecutive year now. LocalTapiola Asset Management was commended with the Responsible Investment Award in the Challenger category, as well as with a Gold Award for quality.

# LocalTapiola Group in brief

Owned by nearly 1.8 million customers, LocalTapiola Group's 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 products and services protect health, finances and property.

Serving private, farm, entrepreneur, corporate and institutional customers, we provide voluntary and statutory non-life insurance to cover people, 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 the LocalTapiola Group conglomerate 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)
- Finnish P&C Insurance Ltd
- 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

The group's asset management companies and fund management companies form LocalTapiola Asset Management Group (Asset Management Group), with LocalTapiola Asset Management as its parent company. As a result of the organisational restructuring that was carried out in 2023, beginning from the start of 2024, LocalTapiola Asset Management has three subsidiaries: LocalTapiola Real Estate Asset Management, LocalTapiola Alternative Investment Funds, and Seligson & Co Fund Management Company.

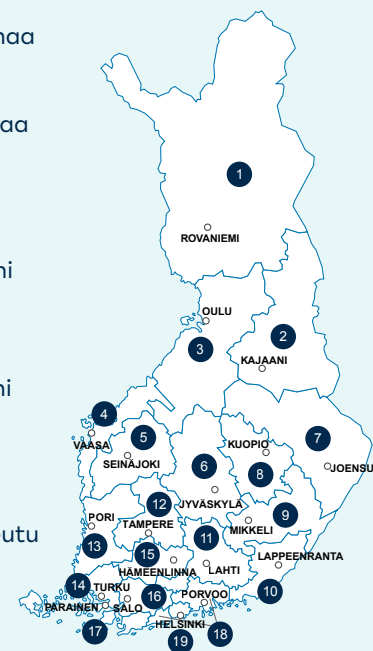
In 2023, LocalTapiola purchased a **70% majority holding in Finnish P&C Insurance Ltd**. Better known as POP Vakuutus, the company produces insurance under the POP brand and the Säästöpankki brand. POP Vakuutus is a LocalTapiola subsidiary operating under its own brand, and it further strengthens the group's multichannel service, expanding our range of online services.

We have local presence in all parts of Finland, operating more than 170 offices across the country. In 2023, the Group employed **3,809 staff**, of whom approximately one half at the regional companies. LocalTapiola's strong local presence is manifest in our regional companies, which know the local conditions and can offer customers the best local services. These companies are vital players in the local business life, as well as being major employers, taxpayers and generators of prosperity.

LocalTapiola's supply chain comprises large national partners and businesses that operate on a regional basis. Partners play a key role in the production of our services and in customer encounters. A significant percentage of the group's procurement is from Finnish suppliers and service providers. In pension insurance, Elo Mutual Pension Insurance Company is LocalTapiola's partner of choice. From the start of 2024, Terveystalo is our new main nationwide health partner, replacing Mehiläinen. From our partner S Group, owner-customers get S Bonus on insurance premiums.

## The LocalTapiola regional companies

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



# Operating environment and strategy

**W**e assess and anticipate the **changes taking place in the operating environment as part of our strategy work.** We identify the impacts that global trends have both on us and on our owner-customers' life and business.

The world in which our owner-customers live is currently experiencing a turmoil. Russia's war of aggression has permanently transformed the security situation in Europe, with polarisation between democracies and authoritarian regimes increasing. Finland has transitioned to become an integral part of the Western alliance. More intense polarisation may rock investment markets strongly.

As a prominent financial-sector enterprise and insurer, LocalTapiola can strengthen Finnish social security and improve the safety of 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. As a customer-owned corporate group, LocalTapiola develops its services based on customer needs. The digital transformation is here to stay, and major contributions are being made to foster service development. Data security considerations are increasing their importance.

## An ageing population

As the Finnish population continues to age and concentrate in growth centres, a higher number of our owner-customers are in an advanced age than before, with fewer of them under school age. Labour shortages are decelerating economic growth, while fiscal savings threaten to undermine the foundations of the welfare state, increasing inequality.

## The international operating environment

LocalTapiola's operating environment and owner-customers are becoming ever more international. Expectations for multilingual services are increasing, also in Finland. Regulation by the European Union has a considerable impact on financial-sector enterprises.

## Sustainability and responsibility

Demands for sustainability and responsibility are growing. Customers and other stakeholders expect pragmatic sustainability actions. Increasingly, people think that businesses should do their part to tackle social challenges. Mitigation of and adaptation to climate change and biodiversity loss will impact on our operating environment in the short and in the long term.



# The goals of the lifelong security strategy

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

For us, lifelong security means **insurance cover that protects people's health, finances and property, 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 before they occur, we are also there to assist if something goes wrong, 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 competitiveness in the future. We review the strategy annually. The goals for the ongoing strategy period were confirmed in summer 2021. The strategy and the strategy goals are evaluated on an ongoing basis.

## The five goals of the LocalTapiola strategy for 2022–2026



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



A strong culture of lifelong security expertise and cooperation



Growth of customer benefit and business



Efficient procedures



Effectively sustainable across Finland





# Owner-customers' interest is at the core of mutual corporate governance

Owner-customers' right to impact is a key principle for a customer-owned mutual like LocalTapiola Group. On the Supervisory Boards and Boards of Directors, approximately 650 owner-customers take decisions and participate in the strategy process. To allow the voices of owner-customers to be heard, we at LocalTapiola keep constantly developing mutual corporate governance and active ownership.

The interests of LocalTapiola's owner-customers, and the Owner Intent, which guides how we do business, are at the core of mutual corporate governance. In governance, our task is to oversee that our owners' wishes and the values and the strategy we at LocalTapiola have defined are lived out in everything the group does. Successful implementation of mutual corporate governance requires that the governance bodies have clearly-defined roles, tasks and responsibilities. In a multifaceted organisation, the importance of cooperation and transparency is paramount – both for the LocalTapiola companies and at group level.

In a mutual group, decision-making can be complicated and time-consuming. For patient and long-term operational development, we need great communication and the involvement of all parties. LocalTapiola will do well to continue to place special emphasis on clarifying the group's decision-making process.

The business LocalTapiola performs is heavily regulated, which puts specific weight on smooth mutual corporate governance. In governance, the policies should be seamless, and the administrative bodies need to ensure strong collective competence, wide representativeness, and the rotation of members as laid down in the rules. One individual should not wear too many hats at the same time.

As for the Owner Intent goals adopted in 2022, there is good momentum on their implementation. As well as bilingualism, LocalTapiola's key advantages include a network that covers entire Finland and the ability to address regional specificities. To further strengthen our internal sense of the principle

of mutuality and the effectiveness of our governance process, we should sometimes examine our corporate group with outsider eyes. United we stand stronger than the individual parts we are made of.

## **Annika Laine-Kronberg**

Chair of the Supervisory Board of LocalTapiola Pohjanmaa, Chair of the Chairs of the regional companies' Supervisory Boards



## Values and operating principles

LocalTapiola Group embraces the values of **benevolence, courage and passion**. We want the best for our customers, colleagues 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 mutual corporate governance, which is based on the legislation governing the insurance and financial 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.

Our **Code of Conduct** sets out the practices to which we as a group are committed. It is for everyone working at LocalTapiola, and for every member of the governance bodies, 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

For our mutual group of companies, owner-customers' right to exercise decision-making power and to impact is a core principle. Approximately **650 of our owner-customers** take decisions and participate in the strategy process on the group companies' Supervisory Boards and Boards of Directors.

Owner-customers are also involved in developing LocalTapiola's products and services, helping us test new services and communication concepts across the design cycle. **A community of 800 customers** contributes regularly to the development of our services and products on a digital participation platform. In 2023, through 50 different exercises and by holding group discussions and user tests, we mapped how the customer community sees our products and services.

At the core of the LocalTapiola **strategy is good customer experience**, born of the way we treat our customers and each other. We want to stand out with genuinely caring service that is personal, local and digital. 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 force**. 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.

The LocalTapiola regional companies are owned by their local customers. Important employers, taxpayers and supporters of local entities, these companies know the **local conditions and players**, generating regional vitality through their activities.

The significance of local presence is apparent in customer communication and customer benefits, as well as in partnership cooperation and loss prevention. Our companies engage in collaboration with entities such as cooperatives, trade associations, security operators, educational institutions, sports clubs and NGOs.



Important employers, taxpayers and supporters of local entities, the LocalTapiola regional companies know the local conditions and players, generating regional vitality through their activities.

## Impactful donations and partnerships

Both nationally and regionally, LocalTapiola is a major donor. In 2023, the group companies provided a total of **EUR 3.2 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, which are relevant to customers and stakeholders, support achievement of our sustainability goals. In 2023, the themes were the following: safe everyday life, and rescue activity; sustainable and comfortable immediate environment; and promotion of mental well-being, and mental health.

In 2023, we donated **EUR 459,000** to initiatives that support mental well-being and to providers of low-threshold preventive services. **EUR 445,000** was the sum we provided to projects improving the safety of everyday life in local communities and sparsely populated areas, and to safeguarding voluntary rescue activity.

Our long-standing partners include the Finnish Red Cross, the Finnish National Rescue Association, and the Finnish Swimming Teaching and Lifesaving Federation. In 2023, we initiated cooperation with Junior Achievement (JA) Finland to improve the financial literacy of children and young people.



EUR **3.2** million

in donations to charitable bodies

EUR **459,000**

to initiatives that support mental well-being'

EUR **445,000**

to projects improving the safety of everyday life

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. In 2023, we provided support for target-oriented sporting activities of children and young people and for the hobby opportunities of children and young people with a disability, donating **EUR 100,000** to the Olympic Fund's 'Hetki on nyt!' fundraising campaign and to the Paralympic Fund's 'Maailman arvokkain pelipaita' fundraising campaign.



## Good financial literacy strengthens young people's perspective of a better future

In the past five years, there has been a major shift in how young people view working life. In 2018, as much as 82 per cent of young people looked forward to transitioning to working life, whereas in 2023 this figure had dropped to 51 per cent. According to a Junior Achievement (JA) Finland report mapping young people's attitudes to working life, financial literacy and entrepreneurship, a similar trend can be seen in how confident young people are to find their own place in working life.

This growing uncertainty is underpinned by concerns over the sufficiency of money. On top of this, negative talk about working life, and the workload under which their own parents struggle, raise concerns among young people. Many fear that their own resources simply will not be enough in professional life.

The financial and working-life skills young people learn at home vary. The financial education given at schools may narrow down the gap between young people, and may provide more equal opportunities for building their own future. Good financial literacy improves young people's well-being, providing reassurances for the future.

Together with LocalTapiola and our other partners in the financial sector, we can ensure that children and young people will learn important financial and working-life skills on their school path. LocalTapiola is currently providing support for developing the NYT learning packages, bringing to them vital expertise and a genuine link to working life.

**Jenni Järvelä**, CEO, Junior Achievement (JA) Finland

**Read more about [JA Finland](#).**



## Direct economic value

The income that our business generates is distributed between customers, personnel, suppliers and society. This income we use for reducing the premiums 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, 2022–2023, EUR million

	2022	2023
<b>Income to LocalTapiola, total*</b>	<b>1,993.2</b>	<b>2,374.2</b>
<b>Economic value distributed</b>		
Claims paid to customers	1,145.5	1,205.3
Personnel costs	294.0	315.4
Purchases	252.9	343.6
Income tax	44.4	84.2
Donations	2.6	3.2
Financial expenses*	45.0	63.2
Operational and solvency development	208.9	359.5

\* The reporting of financial expenses was specified in 2023, and the data for the comparison year, 2022, were adjusted to align them with the year of reporting.

## The 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. Indirect taxes include the insurance premium tax and the value added 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 to be remitted on wages and salaries, and the withholding tax on claims paid, include taxes collected by LocalTapiola as the payer, to be remitted to the State.

The sale 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.

### LocalTapiola Group's taxes and tax-like items, 2022–2023, EUR million

	2022	2023
<b>Direct taxes and tax-like payments</b>		
Income tax	44.4	84.2
Social security and pension contributions	55.4	61.2
Transfer tax	0.7	1.7
Real estate tax	4.8	5.2
<b>Indirect taxes and items deducted from premiums written</b>		
Insurance premium tax	235.7	254.6
Fire prevention charge	3.6	3.7
Road safety charge	2.1	3.1
Labour protection fee	2.5	2.7
Value added tax	7.8	10.3
<b>Indirect taxes treated as expense</b>		
Value added tax treated as expense	34.2	37.2
<b>Payments to be remitted</b>		
Withholding tax	118.4	126.3
TyEL contributions, unemployment insurance contributions (employee's share)	19.2	20.8
<b>Total</b>	<b>528.9</b>	<b>610.8</b>

# Sustainability at LocalTapiola

At LocalTapiola, sustainability work is guided by the **group strategy** and the **Owner Intent**. Our core businesses, insurance and investment, are the main instruments for our sustainability work. As an insurer, we strengthen the stability and safety of Finnish society. As a responsible investor, we leave our positive mark on the world.

For LocalTapiola, sustainability is an essential enabler of profitable and long-term business operations. Most importantly, our mission is to provide **adequate and reasonably priced insurance cover** also in a world of evolving risks. To improve our sustainability impact is one of the five objectives set out for LocalTapiola's 2022–2026 strategy period. We want to be a pioneer in impactful sustainability in our sector, across Finland.

## Sustainability programme goals

The LocalTapiola **sustainability programme 2022–2026** defines the group's common sustainability goals and key actions. Adopted by the group's Management Group in September, the sustainability programme consolidates our sustainability goals, published in 2022, in a more accessible form, giving concrete shape to the steps we need to take in the next few years to achieve these goals.

We want to step up the **impact of loss prevention**. New risks associated with climate, mental health and the cyber environment, in particular, challenge us to develop our products and services. We have done a good job when no harm happens, or when steps have been taken to anticipate it.

When we include the sustainability goals in the insurance mix, we need to make choices. In the ongoing strategy period, we will be developing **policies for responsible customer and risk selection and for our partnership activity**. These policies will reform both our insurance and claims operations.



The LocalTapiola sustainability programme 2022–2026 defines the group's common sustainability goals and key actions.

As a mutual group of companies, LocalTapiola has a heightened duty to invest customer assets responsibly and for the long term. We want to **strengthen our position as a responsible investor**. Our goal is to be the leading sustainable investment asset manager and real estate asset manager in Finland. We will also integrate the sustainability goals into the investment plans of our insurance companies.

We help our customers adapt to climate change. **We support climate change research, helping businesses reduce their emissions**. We aim to bring our financed and insurance-associated emissions to net zero by 2050 or sooner. All group companies are committed to achieving direct carbon neutrality by the end of 2025.

Our goals will not become reality unless they are part of the daily work of everyone working at LocalTapiola. That is why we will introduce **a sustainability component into personnel's and senior management's remuneration model**, and will enhance our employee sustainability competences. We ensure the strong involvement of our owner-customers by continuously developing mutual corporate governance and the smooth functioning of our corporate governance system.

# LocalTapiola's sustainability program 2022–2026

## Goals and key actions



Customer expectations

Sustainability regulation



### The most impactful partner in preventing evolving risks

We focus on climate, cyber and mental health risk management. We improve the level of our loss prevention work.



### New services for sustainable insurance and claims

We regenerate the business of insurance and claims, defining sustainability policies for customer and risk selection, as well as for partnerships.



### Sustainability at the core of investment

We enhance our position as a responsible investor. We integrate sustainability in all aspects of investment servicing.

### Finnish solutions for climate change adaptation and mitigation



We reduce our own emissions, and help customers adapt to climate change. We support climate change research, helping businesses reduce their emissions.

### A strong foundation for sustainability work



We link sustainability to senior management's and personnel's remuneration, and enhance our employee sustainability competences. We develop mutual corporate governance.

# Companies in a key role in implementing the LocalTapiola sustainability programme

The goals set out in the LocalTapiola sustainability programme provide a common framework for the sustainability work the group companies undertake. To achieve these goals will require from every company strong input and actions that have a genuine impact. We have done well when we've managed to prevent losses and to provide our customers with responsible services for insurance, claims and investment.

LocalTapiola General wants to be a sustainability pioneer in its sector, and a strong partner in the green transition for its customers. Increasingly, our operational decisions are linked to sustainability. In 2023, based on the group's sustainability programme, we drew up a roadmap that contains the key sustainability targets and actions for the next few years. During the year, our work was also guided by a desire to respond to a number of legislative reforms and tightening requirements.

At LocalTapiola General, we need to give more and more consideration to what type of enterprises we want to insure – and on what terms. In 2024, we will be formulating a customer selection guideline, which will change our customer acquisition and underwriting process.

At LocalTapiola Itä, compilation of a dedicated sustainability plan is a means to evaluate where they stand with sustainability today, and to enhance the impact of responsible business conduct. At this regional company, sustainability is strongly tied to operational development, with responsibility towards our customers at its core. Sustainability is transforming our insurance and claims services so that they can better meet the evolving needs customers and society have.

The regional company aims to make sustainability tangible for customers not only as actions that promote lifelong security but also in the form of concrete services. We need to communicate clearly on our responsible products and services, to provide transparent information about our impacts and to take active part in social debate locally.

Strategic sustainability work requires the LocalTapiola companies and staff to adopt new competencies. We seek to improve our staff's general sustainability competences and to identify the specific requirements linked to the various employee roles.

Target-oriented integration of sustainability in business and decision-making calls for the group companies to develop novel ways of thinking. We should consider the impacts our decisions have over an even longer timespan, and we need to be able to bring in new perspectives to how we examine new and familiar issues. Sustainability work is about constantly challenging and developing yourself.

**Hanna Hartikainen**  
Managing Director,  
LocalTapiola General

**Ilkka Herva**  
Managing Director, LocalTapiola Itä



# Material sustainability topics

The group's Management Group and the Board of Directors of LocalTapiola General confirmed the group's **material sustainability topics** in spring 2023. The materiality assessment was based on the principle of double materiality as defined under the Global Reporting Initiative (GRI) framework and the EU Corporate Sustainability Reporting Directive (CSRD). We analysed the impacts of the sustainability topics that are material to LocalTapiola from two perspectives: what are our impacts on society, and what are the financial impacts of the sustainability topics on our business operations.

In the materiality assessment, by way of a **comprehensive survey and interviews**, we mapped the views that our stakeholders have about LocalTapiola's sustainability impacts. Specialists from LocalTapiola were also involved in defining the material topics. The survey was sent out to customers, senior management and staff, as well as to a group representing partners, decision-makers and organisations. Representatives from senior management, governance bodies and our partners participated in the interviews.

The results of the materiality assessment align with the goals laid down in the LocalTapiola sustainability programme. Our stakeholders consider that LocalTapiola's most significant environmental and social impacts arise from loss prevention and responsible insurance and claims services, and from the generation of customer benefit.

## CSRD materiality assessment

Starting from the 2024 financial period, LocalTapiola Group will be publishing a CSRD report as part of the report of LocalTapiola General's Board of Directors. In autumn 2023, the CSRD project undertaken at LocalTapiola worked on the group's CSRD materiality assessment to render it compliant with the CSRD and the European Sustainability Reporting Standards (ESRS).

The results of the CSRD materiality assessment determine the material ESRS topics and the scope for the group's CSRD reporting. CSRD materiality will guide the structure and content of LocalTapiola's CSRD report.

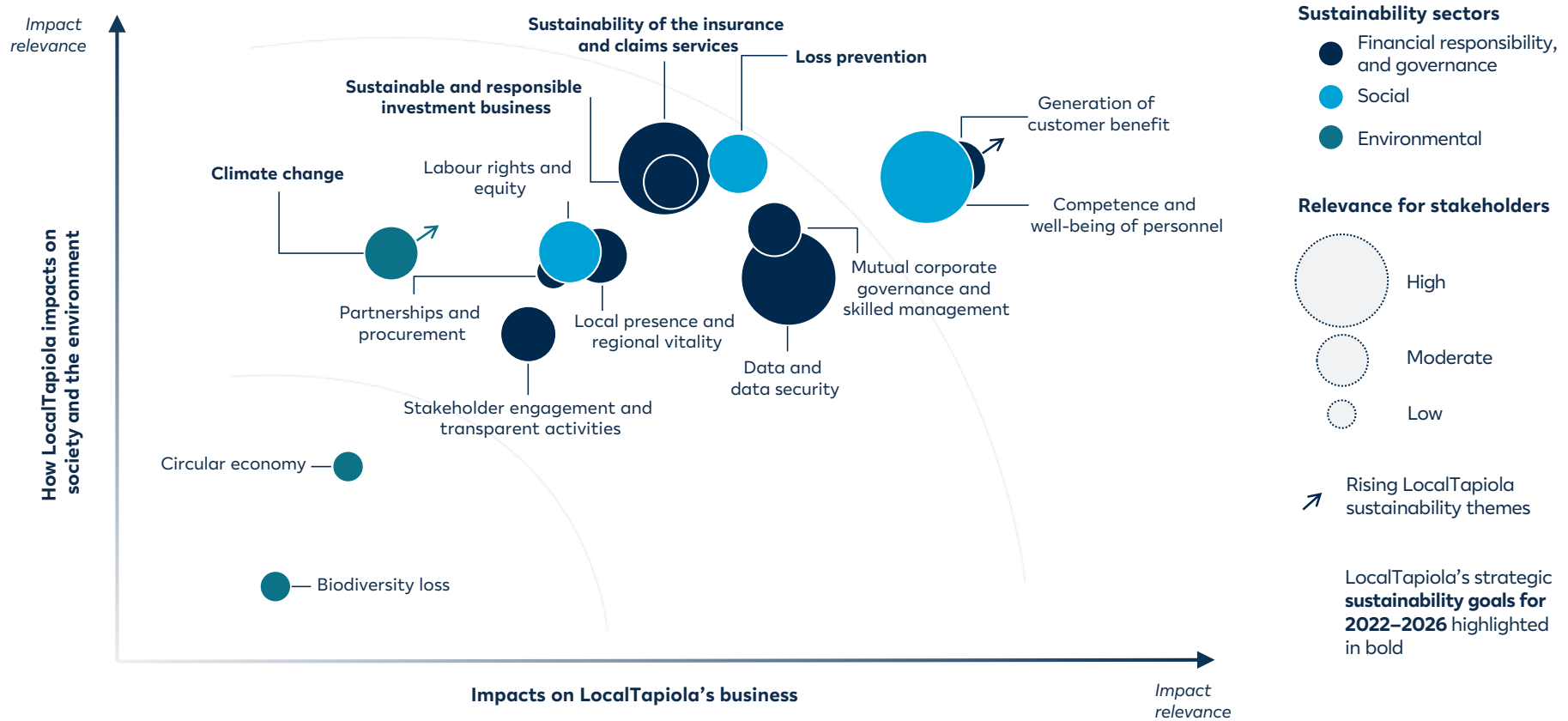
In the CSRD materiality assessment, we identified the sustainability impacts, risks and opportunities from and to LocalTapiola's business activities. In addition to our own activities, we also examined our value chain, identifying the environmental, social and governance related ESRS topics that are material to LocalTapiola Group.

LocalTapiola's CSRD materiality assessment was carried out under the methodology described in the CSRD and in the ESRS standards. The materiality assessment results were completed in March 2024, and LocalTapiola General's Board of Directors will examine them in June 2024.





# 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).

## Progress of the sustainability goals

Main goal	Subgoal	Progress in 2023	Status
<b>The most impactful partner in preventing evolving risks</b>	We are the most trusted partner in loss prevention and risk management	A plan for improving and developing the coordination of loss prevention work.	→
	We develop to become the recognised leader in managing evolving and new risks	Identifying and assessing the impacts, risks and opportunities of climate change mitigation and adaptation as part of the CSRD materiality assessment. A competence development programme on mental health issues focused on those working at the customer interface.	→
	We develop impactful and proactive treatment chains	Monitoring the impact of treatment chains together with partners.	→
	We make use of and produce data responsibly together with partners	Data utilisation cooperation with the rescue sector, public authorities and research institutions.	→
<b>New services for responsible insurance and claims</b>	Owner-customers benefit from the most sustainable lifelong security services in the sector	Communication on owner-customer themes, and development of customer benefits. LocalTapiola Life's term life insurance customer benefit.	→
	We set sustainability goals for our entire offering and claims handling process	Sustainability analysis of the insurance offering. Launching sustainability mapping for claims partnerships, and building an in-house mapping tool.	→
	We create new products and services that foster sustainable development	Investigating the opportunities of weather event insurance as part of the Piloting Innovative Insurance Solutions for Adaptation (PIISA) research project. Trials on mental well-being support services for employees of corporate customers. Abolishment of the waiting period for critical illness insurance, and renewing the terms and conditions for insurance of building projects. New online service for corporate customers.	→
	We promote the circular economy in our claims handling	Cooperation with claims partners, and piloting new approaches to increase the reuse of spare parts in vehicle repairs.	→
<b>Sustainability at the core of investment</b>	We integrate sustainability in our investment decision-making	Integration of sustainability in some of the asset classes of our insurance companies' own investments.	...
	We are a leading responsible investment asset manager in Finland	Responding to customer sustainability preferences: Investment products that address the ESG perspective and Net Zero goal. Broader engagement of companies through ISS ESG's engagement services. Drawing up a Biodiversity Roadmap for LocalTapiola Asset Management, and becoming a member of the TNFD Forum.	→

Ongoing → Not launched || Planned ...

Main goal	Subgoal	Progress in 2023	Status
	We are a leading responsible investment real estate asset manager in Finland	LocalTapiola Real Estate Asset Management's sustainability programme 2024–2028.	→
	We promote the regional vitality of Finland through investment and financing	Developing a sustainability tool and integrating it as part of the corporate-lending credit decision process (incomplete).	→
<b>Finnish solutions for climate change adaptation and mitigation</b>	Regional partner in climate change adaptation	Participating in the Finnish Meteorological Institute-coordinated Piloting Innovative Insurance Solutions for Adaptation (PIISA) project, which aims to promote climate change adaptation in Europe by developing insurance products and services. Supporting the Finnish Meteorological Institute project studying the impacts of weather extremes.	...
	Strong partner in the green transition	LocalTapiola General's sustainability roadmap.	...
	Carbon-neutral LocalTapiola 2025	The emissions reduction actions laid down in the group's carbon neutrality roadmap.	→
	Net-zero insurance-associated CO <sub>2</sub> emissions in 2050	Work to clarify the calculation of insurance-associated emissions.	...
	Net-zero CO <sub>2</sub> emissions from the group's investment portfolios in 2050		
<b>A strong foundation for sustainability work</b>	Highly skilled, thriving personnel	Mobilising the Leadership Promises in daily work, and compiling the Employee Promises. Measuring the Leadership Promise Index. The specific Sustainability Index in the ROIHU employee survey. Introductory training on sustainability for the entire staff, and advanced training for those working in claims. Updating the Code of Conduct online course.	→
	Non-discriminatory customer encounters	The tone of voice guide for written interaction with customers to improve the customer experience.	→
	Sustainability goals in remuneration	Drafting a sustainability indicator for remunerating senior management.	→
	Impactful partnerships and donations	Common themes for donations from the contingency reserves. Donations for mental well-being and for the safety of everyday life. Broader cooperation with Junior Achievement (JA) Finland.	→
	Mutual corporate governance	A new ROIHU satisfaction survey for governance bodies. A management register in use by the LocalTapiola companies.	→

Ongoing → Not launched || Planned ...

# Sustainability management

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

The group-level **Sustainability Steering Group** oversees sustainability development and implementation of the sustainability programme goals, and it ensures proper anticipation of the applicable regulatory requirements. Sustainability management is lent support by the regularly convening management's sustainability working group.

In their respective areas of responsibility, it is for the LocalTapiola companies and functions individually to implement the sustainability goals laid down in the sustainability programme. The Sustainability & Public Affairs function, operating under the group's Sustainability and Communication unit, is in charge of the overall coordination of sustainability.

Sustainability issues appear regularly on the agenda of senior managers' meetings, which lends support to enhancing sustainable development competences. In 2023, we published an introductory course on sustainability for the entire staff and, at the start of 2024, an advanced training module for those working in claims.

The sustainable finance regulation exercises an impact on how the sustainability effects of enterprises in the financial sector are assessed and reported. The initiatives that affect the LocalTapiola Group companies the most include the Corporate Sustainability Reporting Directive (CSRD); the Taxonomy Regulation; the Regulation on sustainability-related disclosures in the financial services sector; and the changes to the Solvency II Directive, which guides the prudential regulation and oversight of life and non-life insurers. At LocalTapiola, a specific CSRD project is in charge of implementing the Sustainability Reporting Directive.

We report the data required under the Sustainable Finance Taxonomy Regulation in the report of LocalTapiola General's Board of Directors. **To read more**, see [the report, p. 17](#) (in Finnish).

## Stakeholder engagement

LocalTapiola's most vital stakeholder group are our **owner-customers**. The other stakeholders identified as significant include the governance bodies, employees, strategic and other partners, service providers, public authorities and political decision-makers, cross-industry organisations and special interest groups, research institutes and educational institutions, NGOs, local communities and the media.

Engagement with customers, employees, governance bodies and partners 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 not only when it comes

to maintaining our business prerequisites and upholding our reputation, but also in local advocacy. In 2023, the themes we discussed with our stakeholders included climate change adaptation, mental health issues and loss prevention.

Owner-customers are heavily involved in our operational development. A community of 800 customers operating on a digital participation platform takes regular part in the evaluation of our services and products.

For the first time, the year 2023 saw us conduct a **ROIHU satisfaction survey** for members of the group's governance bodies, in addition to staff. In the survey, members of governance bodies evaluated issues such as performance of the Owner Intent goals. We use the survey to monitor mutual corporate governance annually.

In loss prevention, our key stakeholders include rescue operators, safety authorities, industrial federations and associations. In an effort to improve fire safety, we cooperate with the Finnish National Rescue Association and various rescue departments. Together with our fire safety partners, we also strive to exercise influence on legislation. Water safety is an area that we promote in cooperation with the Finnish Swimming Teaching and Lifesaving Federation, and together with automotive operators we work to enhance safe and environmentally friendly mobility.

In 2024, our stakeholder cooperation is focusing on the following themes: anticipation, loss prevention, data production and utilisation, safety, mobility and well-being. Over the year, LocalTapiola will cooperate with public authorities and the Finnish Defence Forces to improve the cybersecurity and cyber competences of enterprises and our society.

# Corporate responsibility commitments

LocalTapiola is committed to Finance Finland's **Responsible Financial Sector principles**. In the provision of insurance and settlement of claims, we also comply 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. Read more in the section 'Principles for Sustainable Insurance' on pages 71–72.

Asset Management Group is committed to the UN-supported [Principles for Responsible Investment](#) (PRI). The company-specific PRI commitments of LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management and Seligson & Co Fund Management Company were combined in the name of Asset Management Group in 2022. The Principles for Responsible Investment require companies to take account of environmental, social and governance factors in their investment decisions, and to report on the implementation of these factors.

In addition, Asset Management Group has joined the international [Net Zero Asset Managers](#) initiative supporting investing aligned with net zero emissions by 2050 or sooner. Upon joining,

asset managers set the first interim target, and they report annually on the progress made with the achievement of the target. In 2023, Asset Management Group carried out the reporting in connection with PRI reporting.

LocalTapiola Real Estate Asset Management signed the international [Net Zero Carbon Buildings](#) initiative aiming for operational and embodied carbon neutrality. 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, which aim to guide businesses 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](#) (in Finnish) 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.

## Public affairs and protection of interests

The LocalTapiola Group regional companies are present all over Finland, exercising an active influence in local communities. Our nationally operating group companies are strong Finnish investors and insurers, producing services of great social relevance that supplement the public social security system.

Our public affairs work has as its vision to be a **proactive and trust-building social force**. We strive to exercise influence on the regulation of the sector, so that we can pursue our main mission as a provider of comprehensive protection for our customers' life and business, and also stimulate regional vitality. In 2023, in cooperation with our partners, we focused on strengthening our societal voice in the themes we consider strategic.

At SuomiAreena in June, we took part in discussion sessions organised by Junior Achievement (JA) Finland about the **expectations young people have for working life**, and in August we attended the publication event for the JA report mapping young people's attitudes to working life, financial literacy and entrepreneurship. In 2023, we were the main cooperation partner for the **4UNI challenge organised by Helsinki Think Company**, a University of Helsinki entrepreneurial community, in which students try to solve various societal issues. Under the theme of 'Tomorrow's economy', the challenge had as its objective to stimulate debate about the importance of financial literacy and financial preparation for Finns.



In 2023, in cooperation with our partners, we focused on strengthening our societal voice in the themes we consider strategic.

All LocalTapiola staff whose duties include advocacy and the protection of interests are members of LocalTapiola's advocacy network. The advocacy network enhances dialogue with our societal stakeholders. During the year, we invited representatives from research institutions, special

interest groups and the trade union movement to gather together to discuss issues that are topical in our business environment right now.

In 2023, we took steps in preparation for the transparency register act. The act compels companies to report any systematic engagement they direct at Parliament and the ministries to the public register maintained by the National Audit Office of Finland.

During the year, we had active participation in the activities of cross-industry organisations, and we also engaged in dialogue with many official bodies, including the Financial Supervisory Authority, on the development and oversight 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.

## Membership associations

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

The group's CEO **Juha Koponen** served as Chair of the FFI's Board of Directors, and will continue as Vice Chair in 2024. LocalTapiola has broad representation on the various FFI boards and working groups.

Group Director **Jari Eklund** is a member of the Board of Directors of the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), and our experts sit on a number of the working groups operating under AMICE's auspices. 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. LocalTapiola senior management are also represented in the organs of other central organisations of the sector, including those of the Motor Insurers' Centre and the Workers' Compensation Center, as well as on the Board of the Finnish National Rescue Association.

We are an active partner in Eurapco, an alliance of eight European mutual insurance companies. From the start of 2024, CEO **Juha Koponen** is serving as the Chair of Eurapco's Board of Directors.

Additionally, LocalTapiola is also 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 is a participant in the activities of the Pellervo Coop Center-coordinated sustainability network of cooperative undertakings. 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. Finally, we are a member of the European Climate Leadership Coalition network.





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

# Evolving risks, and loss prevention

**A**s an insurer and a risk management specialist, LocalTapiola has an important role to play in **fostering the stability and safety of our society**. The proactive actions we take aim to prevent losses and improve people's health, well-being and financial preparation.

It is our mission to provide adequate and reasonably priced insurance cover also in a world of evolving risks. Succeeding in this protects not only our customers' life but also the continuity of our own business. In addition to changes we can predict, LocalTapiola needs to prepare for surprising and rapid challenges emerging in our operating environment. In terms of evolving risks, we lay particular stress on managing **climate risks, cyber risks and mental health risks**.



LocalTapiola's mission is to provide adequate and reasonably priced insurance cover also in a world of evolving risks. Succeeding in this protects not only our customers' life but also the continuity of our own business.

LocalTapiola's local expertise is highlighted in risk anticipation and loss prevention. Through loss prevention work, we can mitigate the environmental and economic consequences of losses and reduce human suffering. Through the provision of advice and communication, we increase awareness of risks and how to prepare for them. By making responsible partner choices,

we contribute to reducing risks and help combat the grey economy.

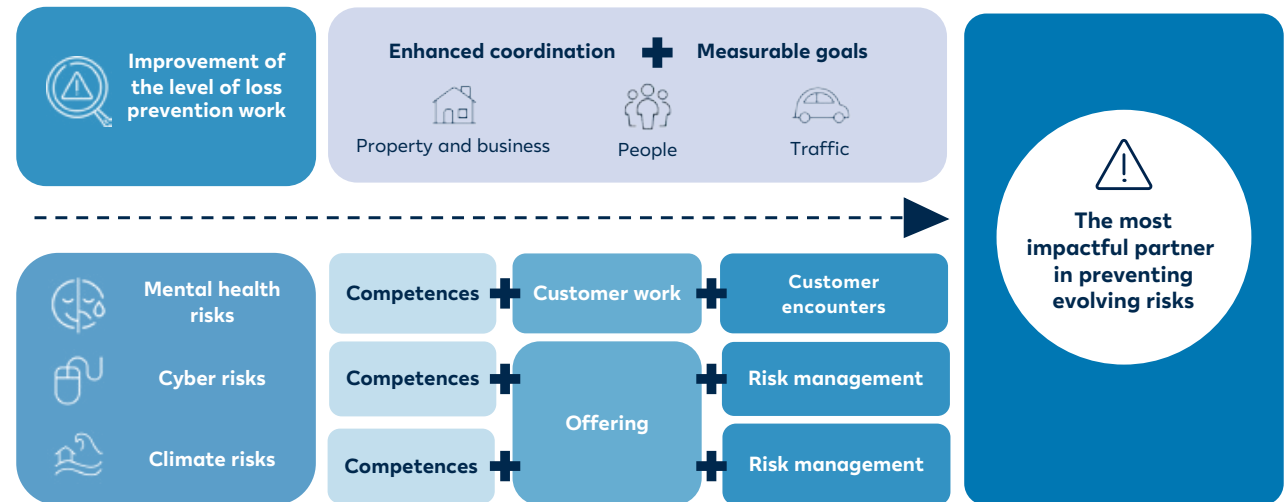
## Climate risks in insurance

Climate risks are having a significant impact on LocalTapiola's business and customers, as well as on the entire financial sector. Continued climate change puts greater emphasis on our core mission, to protect the property, finances and health of customers. We are in a position to

enhance our customers' climate-risk preparedness and their ability to recover from losses caused by weather extremes.

There is wide awareness of climate change risks, but sufficient information is not available yet about their scope, severity and actual long-term effects. The changes brought about by the green transition, and the new types of risk introduced by novel technologies, challenge us as an insurer to seek solutions for preventing losses and safeguarding the economic equilibrium of people, communities and society, also in the future.

## Improvement of the level of loss prevention work and resolving new risks





Climate change mitigation is absolutely necessary to reduce climate change induced loss and damage. Climate change **increases the likelihood of weather extremes and the severity of individual loss events**. Already today we cover claims caused by weather extremes, and their increasing frequency may reflect as higher claims expenditure in the future.

The climate work undertaken by insurers underscores climate change adaptation. Through actions that support adaptation, we can **mitigate the risks arising from climate change** and anticipate and reduce the harm they cause to society and our customers. With a view to avoiding water damage, we encourage our customers to ensure the appropriate removal of rainwater and stormwater from their land.

LocalTapiola takes account of climate change risks and opportunities in its risk management and insurance product and service development as well as in investment. Weather extremes make it more difficult to anticipate losses, but reinsurance enables the insuring of individual large risks. For us, reinsurance is a means to protect against major natural events such as storms.

In autumn 2023, as part of the CSRD materiality assessment, we identified and assessed climate change mitigation and adaptation related impacts, risks and opportunities from the perspective of our own business and value chain.

Read more about LocalTapiola's climate goals on p. 43, about where we stand with climate risk assessment on pp. 73–74, and about the CSRD materiality assessment on p. 17.

## Proactive cybersecurity work

Our digital environment needs increasingly effective protection against growing cyber threats. Globally, cybercrime is causing enormous financial losses every year. What's more, the **cyber environment in which our customers operate is shifting**: the tools enabled by artificial intelligence and machine learning increase cyber risks, as does the rise of teleworking.

LocalTapiola wants to be a **reliable cybersecurity partner and a cyber entity with a social impact**. Through proactive cybersecurity work, we step up the cyber protection of entrepreneurs, businesses and organisations.

Alongside technological safety, users of devices and systems play a decisive role in maintaining safety and security; it is human action that determines the actual level of cybersecurity. We ensure our own cybersecurity and help customers protect their activities, training our staff to identify cyber threats.

The LocalTapiola cybersecurity strategy sets out the **policies and goals for our cybersecurity work**. They determine how we manage risks to our business operations and digital services and how we ensure our capability to tackle cyber attacks. We measure the progress we make by assessing the cybersecurity maturity level. On a scale of 0–5, our baseline cybersecurity maturity level in 2022 was 2.8. In 2023, we exceeded our target (3.0), attaining a cybersecurity maturity level of 3.1.



LocalTapiola wants to be a reliable cybersecurity partner and a cyber entity with a social impact.

The cooperation with data security entities helps improve cybersecurity at LocalTapiola. From 2015 on, hackers taking part in our Bug Bounty program have scanned our online services for vulnerabilities, with hundreds fixed already. In 2023, the maximum reward for detecting an individual vulnerability was doubled to EUR 100,000, a notable sum on an international scale.



Cybersecurity maturity level in 2023  
(on a scale of 0–5)

**3.1**

Every year, LocalTapiola organises the Hack Day event, where hackers put LocalTapiola's data security to the test. In October 2023, the participating teams looked for data security risks in the LocalTapiola corporate customer online service and in Vaisala's meteorological weather stations. Artificial intelligence was one of the tools the hackers used for testing.

# Increasing climate risks are reshaping the insurance of agriculture and forests

The evolving risks brought about by climate change are impacting Finnish agriculture and forestry in many ways. These changes are also challenging LocalTapiola to rethink the insurance of agriculture and forests.

In Finland, intensified weather extremes, including individual spells of rain and periods of drought, increase the risk to harvest, although in agriculture the growing conditions are currently not showing any major signs of deteriorating in the long term. Increased electricity prices are amplifying the price risk in agriculture. Currently, the markets do not yet have effective mechanisms to manage the new risks. LocalTapiola is actively developing risk management tools to protect the life and business of customers.

In agriculture, global warming and extreme weather conditions are increasing insect and disease risk, causing uncertainty in terms of the future of Finnish forest management. Furthermore, stronger winds result in more damage to forests. A warming climate and an increasing length of the growing season necessitate breeding of tree seedlings and call for new forest management techniques.

Climate risks are impacting the insurance of agriculture and forestry. In future, there will be more claims for damage caused by weather extremes, with the related claim costs also rising. Already today we can witness that forests are affected by increased storm and insect losses. What we need is reliable Finnish data on the damage caused to forests and on related projections so that, on the reinsurance market, we are not left to rely solely on European data. The quality and availability of data influence the management and pricing of forest insurance risks.

As for agriculture, the deployment of new energy technology makes it necessary to insure new risks and to provide increasingly better risk management advice. At farms, biogas plants and solar panels have become more common, and incorrectly installed solar panels, for example, have already increased the

occurrence of fires. Agricultural weather risks are intensifying the need for new types of weather event insurance.

Those working in agriculture and forestry need insurance products that provide cover also against evolving risks. LocalTapiola can support customers by rethinking its insurance products and by improving the provision of risk management advice. In the long term, the sector needs to be able to adapt to the changes that climate change brings about. LocalTapiola is currently participating in the Finnish Meteorological Institute-coordinated Piloting Innovative Insurance Solutions for Adaptation project, which strives to promote climate change adaptation in Europe by developing insurance products and services.

Through social impact work and close cooperation with public authorities, LocalTapiola endeavours to play a part in maintaining the vitality of Finnish agriculture and forestry also in the future.

**Petri Pitkänen**  
Business Director,  
Agricultural and Forestry Business



# Mental health and insurance

In Finland, following the launch of the wellbeing services counties, the public healthcare system is facing a new reality. Mental health issues are becoming increasingly important both in the life of individual people and in our society, with the need for support growing further.

Today, mental health problems are a part of the life of an increasing number of Finns. With mental health challenges affecting people's **working capacity, health and financial situation**, LocalTapiola is committed to seeking solutions for insuring and supporting people with mental health disorders. LocalTapiola has an important mission to convey correct and accurate information about mental health disorders, and in taking account of the unique situation of every customer.

In 2022, we mapped how mental health disorders affect the obtaining of insurances, as a result of which we drew up **customer value propositions regarding mental health disorders and insurance**. We strive to ensure that our life and personal insurance decisions are always taken on an individual and appropriate basis.

Training our staff in mental health related competences as part of customer encounters, our aim is for 80 per cent of those working in customer-facing roles to have completed the competence development programme on mental health challenges by the end of 2024. Launched late in 2023, 384 employees (19 per cent) completed the first module of the two-phase training programme in November and December, with 270 employees (13.4 per cent) taking the second module.

## 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.



## Loss prevention

Proactive risk management and loss prevention are at the core of LocalTapiola's business-driven sustainability work. In 2023, we set as our goal to step up the impact and group-level coordination of our loss prevention work, particularly with regard to property, people and traffic related claims.

As part of the group's brand monitoring, we are monitoring the image Finns have of LocalTapiola as a **proactive insurer**. In our sustainability programme, we have set the goal of maintaining our first place in proactivity, which we achieved in 2023.

Our aim is to reduce the number of all losses, for even a small loss may have major financial consequences. In 2024, we will be specifying the measurable goals of our loss prevention work. We want to enhance the availability and quality of loss prevention data. Another goal we have is to improve our customers' **risk management and security competences**. We provide active communication on the means by which our customers can prevent losses: a total of **644** of LocalTapiola's loss prevention-themed messages were published across various media in 2023.

We have harnessed our specialist services and tools to help our workers' compensation customers prevent occupational accidents. With more than 100,000 occupational accidents occurring in Finland every year ([Finnish Workers' Compensation Center, occupational accident statistics](#)), loss prevention may play an important role in cutting the number of work absences

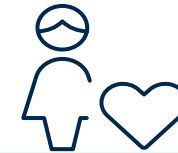
resulting from accidents and in reducing their financial impact. In particular, it would be easy to prevent slip accidents, which feature prominently in accident statistics.

For several years now, the **training of safety skills** has been an important part of LocalTapiola's proactive safety-promotion work. Every year, at our Hero Training events, we teach resuscitation skills to up to ten thousand Finns in cooperation with Punainen Risti Ensiaapu Oy (Red Cross First Aid). Starting in 2016, the number of Heroes we have trained is a whopping **150,000**. In 2023, at the Hero Training events organised for fifth-graders, we trained first-aid skills to a total of **8,709 pupils**. Likewise, our goal in 2024 is to train more than 8,000 pupils. In addition to schoolchildren, nearly 600 representatives from our cooperation partners took part in the first-aid training events in 2023.

In terms of preventing fire losses, the **fire safety of terraced houses** is a key area. In terraced houses, defects and construction errors in loft compartmentation pose a particular challenge. LocalTapiola carries out regional fire safety inspections with the aim of increasing safety awareness and promoting the repairing of compartmentation errors. A specialist from LocalTapiola has been appointed to the steering group of a project examining the functionality of loft compartmentation in terraced houses. This project is implemented in cooperation between the Finnish Association of Fire Officers and the partnership network of rescue departments.

In cooperation with automotive and motoring actors, we seek to improve road traffic safety and the attitude of road-users in Finland.

Traffic accident-related communication is a central element of the prevention work we do. We are also exploring opportunities to organise training that supports road traffic safety.



**644**

loss prevention-themed messages  
published across various media

**8,709**

Hero Training participants in 2023

The LocalTapiola regional companies are enablers of regional initiatives improving road and water traffic safety as well as fire safety. The companies are important providers of support to first-aid activity and voluntary first-aid and rescue activity, and in 2023 they carried out, in addition to their traditional fire extinguisher inspection campaigns, compartmentation inspection pilots with a view to improving the prevention of fires at terraced houses. They also completed a trial on a system that warns road users to look out for deer, and sent motorists text messages to alert them to winter driving conditions.

# Data sustainability

As a holder and user of confidential data, LocalTapiola needs to ensure **data security, the protection of privacy and the appropriate use of data**. We take great care to make sure that data are used transparently and in the interest of our customers and personnel.

With the aim of enhancing the **quality of claims data** and utilising data increasingly effectively in our business, we utilise our claims data for anticipating risks associated with many pressing and foreseeable phenomena. Data helps us target our measures to areas where the number of claims is the highest.

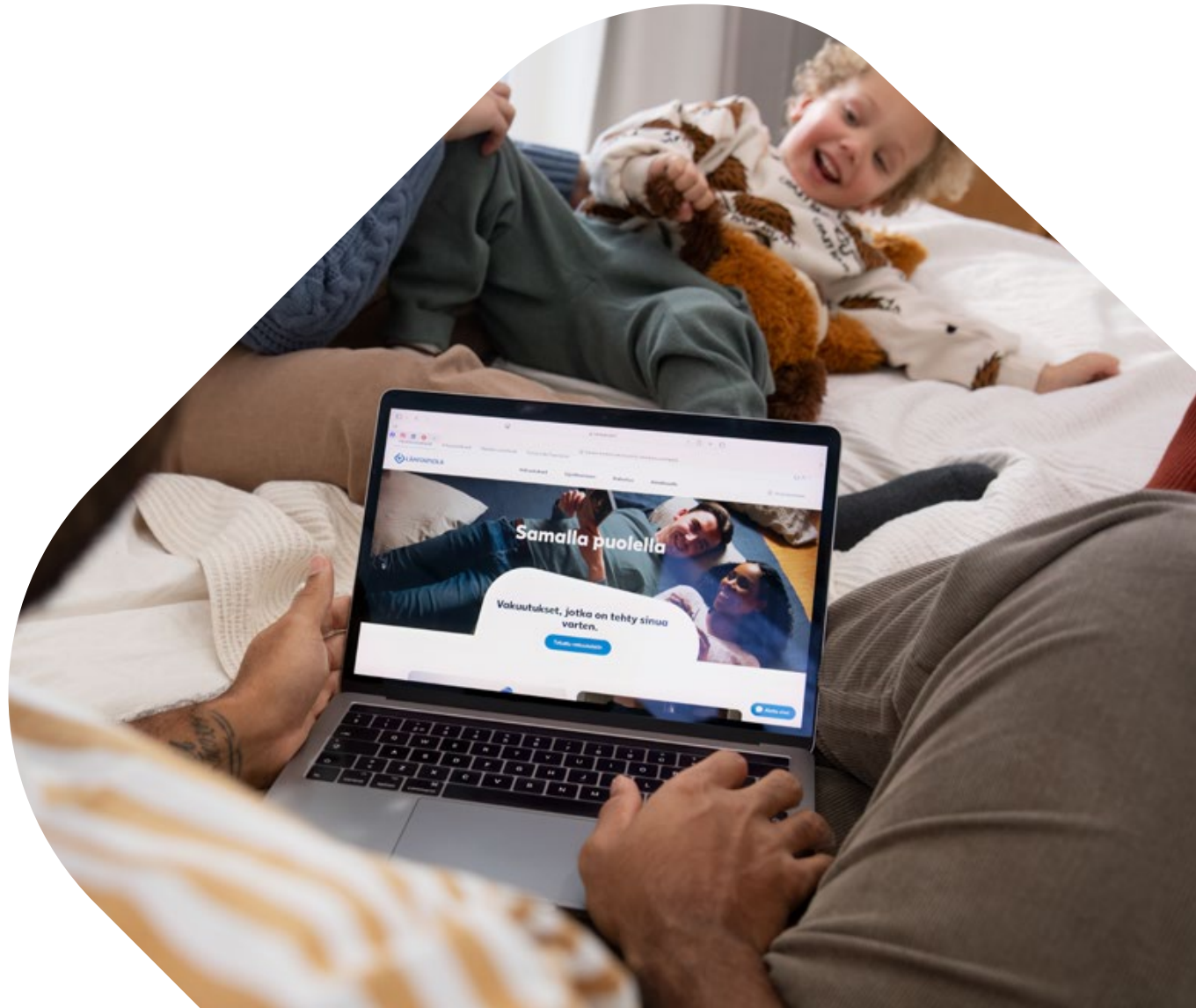
Our communication relies on data and data-derived, analysed facts. By utilising data, we identify emerging phenomena and trends, delivering any material observations we make based on our own data also to the relevant safety authorities and rescue departments.

In 2022, together with the Finnish National Rescue Association, we conducted a research project on stove fires, examining the fire claims made with LocalTapiola in 2017–2020. Drawing on LocalTapiola's data on claims and the statistics maintained by rescue departments, this study, published in 2023, illustrates the risks of grease fires, and it instructs how to prevent dangerous situations.

As a result of the more widespread use of data capital, data management is becoming increasingly important for us. Investing in the management of data will help establish

favourable conditions for more extensive utilisation of artificial intelligence across the business areas. Apart from loss prevention, LocalTapiola can take advantage of artificial intelligence in functions such as the settlement of claims. Artificial intelligence can be harnessed to deliver our customers means for anticipating risks and to provide quicker service on an increasingly individual basis in the event of a claim.

We are also seeking new opportunities for data utilisation in cooperation with our partners, and in 2023 we engaged in data related cooperation for example with rescue entities, public authorities and research institutions.





## **Sustainable insurance and claims**

# Sustainable insurance and claims

**S**ustainability is reshaping the business of insurance and claims. In the ongoing strategy period, we will be incorporating **sustainability policies in customer and risk selection and in our partnerships**. Additionally, we also need completely new products and product characteristics to respond to evolving customer needs and new risks in the future.

We ensure equal treatment of our owner-customers, making all insurance and claim settlement decisions in compliance with our terms and conditions. We train our staff to encounter different kinds of people and situations so as to ensure non-discriminatory and customer-driven service.



In the ongoing strategy period, we will be incorporating sustainability policies in customer and risk selection and in our partnerships.

Through partner choices and regular dialogue with partners, we can foster the **circular economy in the settlement of claims**, reduce the amount of waste generated, combat the grey economy and reduce in our value chain practices that are not environmentally friendly.

## Developing sustainable insurance

Sustainable insurance is founded on **risk mitigation, responsible partnerships and sustainable business solutions**. As outlined in the Local-Tapiola sustainability programme, our aim is to develop sustainable insurance and claims with due consideration to customer needs.

Weather extremes, growing as a result of climate change, are impacting the need for new insurance products. During 2023, we studied the **potential for new kinds of weather event insurance** and our farmer customers' interest in them. This type of event-based insurance pays a pre-agreed sum if the event against which cover is taken out materialises. The study was conducted as part of the Finnish Meteorological Institute-coordinated Piloting Innovative Insurance Solutions for Adaptation research project, in which LocalTapiola is participating together with 11 other European entities.

In the course of 2023, we kept developing our cyber insurance and health services. In cyber insurance, we focus on **anticipating and managing cyber risks**. We want to increase information about and the understanding of the cyber risks that companies are facing, and to help our customers prepare for cyber threats. During the year, we started the first trials on mental well-being support services for employees of our corporate customers.

We provide customers with low-threshold service in our Helppi applications. LemmikkiHelppi, for example, is available for use by customers who have taken out a veterinary expenses insurance policy. The digital service model allows for rapid specialist help and quick start of treatment.

In December 2023, we **abolished the waiting period for critical illness insurance**, which improves illness-related cover. The waiting period was abolished for those private and corporate customers that go through the normal underwriting process based on their health declaration.

In 2023, we supported the well-being and coping of our customers with free-of-charge well-being services alongside life insurance, critical illness insurance and disability insurance. LocalTapiola Smart Life Insurance combines the well-being services provided in HyvinvointiHelppi with financial protection. In 2023, we delivered well-being services as part of the Smart Life Insurance package.

In 2022, LocalTapiola Life introduced a **new benefit for term life insurance customers**, useful for existing and new customers alike. Existing customers get this benefit in the form of an increased sum insured or a discount on their premium, depending on their contract. For new customers, the benefit comes in the form of a reduced premium. In 2024, this customer benefit, where provided in the form of a reduced premium, is 25 per cent (2023: 20), and it is 35 per cent (2023: 25) if taken as an increased sum insured.

In property insurance, we are constantly assessing the coverage we provide and any possible needs for changes. In 2023, we for example upgraded the terms for insuring building projects by expanding the cover available for property. This change was motivated by LocalTapiola's own data and observations.

For our insurance customers living in detached and semi-detached houses, we have developed the **Leak Guard service**, which prevents and reduces the severity of water damage. This device, which detects leaks, prevents damage by shutting off the supply of water and by signalling an alarm. In 2023, the service was in use at eight LocalTapiola regional companies.

In December 2023, we published a new corporate customer online service, which allows more universal and customer-driven service. Our aim is to build easy and comprehensive digital self-services for all customer groups. Specialist service will also continue to be available in future.

LocalTapiola takes accessibility into account in all development processes and when building new functionalities. During 2023, we improved accessibility on the LocalTapiola website, in the online services for corporate and private customers, and in our mobile applications.

## Sustainable claims services

In the event of a claim, we are there to assist our customers, facilitating easy claims service. In cooperation with our claims partners, we enhance the customer experience and ensure an increasingly smooth provision of claims related service.

In line with the goal set out in the LocalTapiola sustainability programme, we will be specifying the **sustainability policies for the group's partnerships** in the course of the ongoing strategy period. We will continue developing the management of partnerships, which will define the principles under which partnerships are operated, streamline our common policies and step up the sustainability monitoring of partnerships.



We will be specifying the sustainability policies for the group's partnerships in the course of the ongoing strategy period.

LocalTapiola's partnership activity is guided by the group's Partner Code of Conduct, which we expect all our partners to follow. We encourage our partners to set goals for their own sustainability work. In 2024, we will be launching a new tool to map where our claim partners currently are in terms of their sustainability.

A fair claim settlement process is based on the equitable treatment of every customer. We make all our insurance and claims related decisions in the interest of the customer. Staff training and customer communication models ensure equal encounters across the different service channels.

With health partners, we are putting efforts to providing our customers with quick access to treatment in the event of an illness or accident. Smooth care pathways guarantee the rapid recovery of people's capacity to function. We have developed the functionality of care pathways by enhancing aspects such as reporting. High-quality reporting helps detect any care pathway bottlenecks, including delays with claim settlement or access to treatment.

Digital service channels and chat teleconsultations support quick access to treatment. The digital services of our health partners allow us to take services close to the customer also in sparsely populated areas. In 2024, we will continue efforts to improve the digital customer services.



## The circular economy in the claims function

In our claims function, we 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 that are similar to the original. Together with our partners, we set common goals for improving the rate of recycling, in 2023 using **25.4 per cent more reused spare parts** in vehicle repairs as compared to the year before.

During 2024, we will be focusing on improving the availability of quality reused spare parts so that our repair shop partners can utilise them more easily. Increasing the use of reused spare parts reduces the amount of waste by thousands of kilograms, cutting carbon dioxide emissions by hundreds of thousands of kilograms ([Svenska Miljöinstitutet, 2020](#), in Swedish). For this strategy period, our aim is to double the reuse of spare parts from the 2022 level.



For vehicle repairs, we have agreed to step up the repair rate and the reuse of spare parts.

The year 2023 saw us launch several pilots for increasing the use of reused spare parts in vehicle repairs. LocalTapiola Pirkanmaa undertook a trial with the Fusti Oy car dismantling company to sell salvaged passenger cars and vans for use as spare parts, with seven LocalTapiola regional companies to start a similar trial in the course of 2024. This new approach aims to enhance the local availability of reused spare parts and to shorten the time needed for damage repairs.





## **Sustainability in investment business**

# Sustainability in investment business

Investment plays an important role in the business LocalTapiola pursues. By providing investment and finance with a long-term focus, we **help our customers to increase their wealth and prepare for the future**, and to finance their business. At the same time, we also safeguard the solvency of the group's insurance companies and their ability to pay out claims to customers on time.

Responsible investment is a central goal of the LocalTapiola sustainability programme. We can exert a positive impact on the world around us by choosing investments that promote sustainability and by encouraging investee companies to take more sustainable decisions.

Transitioning to an emission-neutral economy is bringing about changes in regulation, policy-making and consumption habits. These changes are exposing investments to transition risks, with repercussions also for the LocalTapiola companies. The risk management policy and investment vehicle analyses are among the means by which the group companies are preparing for transition risks and risk management.

The LocalTapiola companies invest in a wide spectrum of asset classes on the global markets. At the end of 2023, the group's insurance companies had investment assets valued at some **EUR 9.6 billion**, with the gross assets under management by the Asset Management Group companies totalling **EUR 28.9 billion**.

By providing investment and finance with a long-term focus, we seek to deliver the best yield possible for customer assets, with a calculated level of risk. In the provision of investment, we address environmental, social and governance considerations, and strive to adapt to the evolving risks of our operating environment.

The group's insurance companies perform investment independently as well as purchasing asset management service from LocalTapiola Asset Management and Real Estate Asset Management. LocalTapiola General provides its customers with corporate lending and real estate financing, while LocalTapiola Finance offers motor vehicle and machinery finance.



Total value of Group insurance companies' investment assets: some

EUR **9.6** billion

EUR **28.9** billion

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

The group's insurance companies aim to integrate sustainability as part of their investment processes in line with the best practices in the sector, with due regard for the unique characteristics of the different classes of assets. All asset classes have implemented or are about to implement measures to take sustainability risks, including climate risks, into account in the investment process. After entry into force of the new CSRD requirements, LocalTapiola will report an increasing amount of data also in respect of its investment sustainability. Amendments to the Solvency II Directive, for instance, require reporting of the proportion of investments exposed to climate risks, starting from 2024.

The group's **asset management and fund management companies form Asset Management Group**, with LocalTapiola Asset Management as its parent company. As a result of the organisational restructuring that was carried out in 2023, beginning from the start of 2024, LocalTapiola Asset Management has had three subsidiaries: LocalTapiola Real Estate Asset Management, LocalTapiola Alternative Investment Funds, and Seligson & Co Fund Management Company.

In addition to the group's own investments, Asset Management Group administers external customers' funds. Providing customers with fund products and asset management services through its nationwide investment sales organisation, LocalTapiola Asset Management is responsible for the portfolio management in

respect of the LocalTapiola funds and the listed-market equity and fixed-income investments of LocalTapiola General, LocalTapiola Life and the group's regional companies. Furthermore, Asset Management acts as portfolio manager for the unit-linked insurance products that LocalTapiola Life offers its customers.

LocalTapiola Real Estate Asset Management administers the real estate investments of the group companies and the real estate funds provided to the group and to external investors. LocalTapiola Alternative Investment Funds manages 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 for the Seligson & Co funds.

Every year, the Scandinavian Financial Research (SFR) firm conducts a study among Finnish institutional investors examining the activities of asset managers. In 2023, LocalTapiola Asset Management was again commended with the **Responsible Investment Award** in the Challenger category as well as with a **Gold Award** for quality. This responsible investment recognition was awarded to LocalTapiola Asset Management for the sixth consecutive year now.

Every year, LocalTapiola Real Estate Asset Management takes part in the **Global Real Estate Sustainability Benchmark** (GRESB) review, in 2023 scoring **83 points out of one hundred and 4/5 stars** (2022: 80 points and 4 stars). Among the baseline group of seven, Real Estate Asset Management finished in second place. The company's score was clearly above the baseline group average (77). With a total of 2,084 entities

or funds from 75 countries participating in the review, LocalTapiola Real Estate Asset Management's strengths lie in governance and social issues, for which the company is awarded a near perfect score year after year.

## Principles guiding sustainable investments

At LocalTapiola, the organisation and supervision of the investment business is under the responsibility of the Investment Management Group, which also takes individual investment decisions. The group's insurance companies address sustainability factors in their investment business. [LocalTapiola General](#) (in Finnish) and [Life](#) (in Finnish) have in place separate corporate governance principles, and LocalTapiola Life also follows its own [sustainable investment principles](#) (in Finnish).

For a long time already, LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management have incorporated sustainability as part of their business. The companies take account of sustainability factors in their investment analysis and decisions and in their corporate governance policy. At Seligson & Co Fund Management Company, sustainability factors are addressed per fund, in compliance with the rules of each fund.

At Asset Management Group, sustainable investment development is the responsibility of a dedicated Sustainable Investment Steering Group, which drafts the group's sustainable

investment intent, principles and annual targets and guides the activities of the group's ESG working group. Asset Management Group has in place its own [principles for sustainable investment](#) (in Finnish) and a specific '[Climate and sustainable development](#)' (in Finnish) strategy. Where applicable, the principles for sustainable investment apply to all classes of assets, and part of portfolio managers' work is to ensure compliance with these principles.

LocalTapiola Asset Management Group is committed to the UN-supported **Principles for Responsible Investment** (PRI), reporting to the PRI for the first time as a group in summer 2023. Under the PRI, entities are required to take account of environmental, social and governance issues in their investment business, in the principles that define their activities and in their cooperation with stakeholders.

Asset Management Group has joined the **Net Zero Asset Managers** (NZAM) climate reduction initiative supporting investing aligned with net zero emissions by 2050 or sooner. In January 2023, LocalTapiola Asset Management launched its customers two Paris Agreement-compliant **sustainable equity index funds**. LocalTapiola Real Estate Asset Management has joined the international **Net Zero Carbon Buildings** (NZCB) initiative aiming for carbon neutrality in terms of operational and embodied emissions.

LocalTapiola Asset Management portfolio managers have been producing **in-house sustainability analysis** as part of their firm-specific investment analysis ever since 2008. They use the company's sustainability analysis tool for assessing the sustainability risks and opportunities of investments. In addition, this

assessment utilises both data that companies themselves report and data obtained through service providers on aspects including Taxonomy compliance and the sustainability goals.

In 2023, LocalTapiola Asset Management published its first-ever [escalation policy](#) (in Finnish), which describes the company's course of action in the event that an investment or the activities of a fund partner are affected by a potential or a suspected sustainability risk. Asset Management also updated its [corporate governance principles](#) (in Finnish) in the summer of 2023.

In terms of both portfolio investments and illiquid private equity and private debt investments, LocalTapiola Asset Management invests in funds provided by external fund partners. Asset Management requires that portfolio investment fund partners commit to the Principles for Responsible Investment and that they carry out comprehensive reporting. As for fund partners of private equity and private debt funds, the company requires that they commit to the PRI or that they have in place equivalent written responsible investment principles. To all of its fund partners, Asset Management assigns a sustainability rating, determined not only based on public data but also by utilising data obtained from sustainability surveys sent out to partners every year.



Asset Management Group has in place its own principles for sustainable investment and a specific 'Climate and sustainable development' strategy. Where applicable, the principles for sustainable investment apply to all classes of assets, and part of portfolio managers' work is to ensure compliance with these principles.

LocalTapiola Real Estate Asset Management wants to lead the way in responsible real estate investment in Finland. In the pursuit of sustainable investment, Real Estate Asset Management takes account of environmental, social and governance sustainability factors in a way that improves the return and risk profile of investments. In 2023, Real Estate Asset Management updated its [principles for sustainable real estate investment](#) (in Finnish), and **compiled a real estate investment sustainability programme**. In new-construction projects, the company employs a specific sustainable construction guideline.

In line with the goals of the Net Zero Carbon Buildings initiative, Real Estate Asset Management is committed to operational carbon neutrality by 2025 or sooner and net zero embodied carbon by 2030. Another target is to minimise life-cycle emissions by continuing to invest in the energy efficiency of buildings.

The Net Zero Carbon Buildings targets apply to real estate investment, the acquisition of new sites and the upkeep and development of existing sites. Starting from 2023, Real Estate Asset Management reports annually to the World Green Building Council on the progress it has made with the targets. All reported figures must be verified by a nationally or internationally approved method.

## Community Forest – forest ownership made easy

Founded in 2021, LocalTapiola Community Forest offers participating members a convenient way to own forest and to ensure sustainable and profitable use of their forest assets. Community Forest operates on a cooperative basis: members earn returns in proportion to their holding.

Open for membership across all parts of Finland, Community Forest pays its taxes to Finland, supporting regional entrepreneurial activity by providing work to local foresters. In 2023, the total Community Forest surface area increased to 7,356 hectares, generating an overall return of 8.4 per cent. Of this income, 3.6 per cent was distributed as surplus to the members.

The principal objective of Community Forest is to deliver financial returns, while also aiming to slow down the fragmentation of forest holdings into ever smaller units. Some forest areas included under Community Forest are under voluntary protection agreements. In 2022, a protected area measuring 64 hectares was established at Hirvensalmi, and in 2023 15 hectares of land was placed under protection in Kitee.

**Read more** about [LocalTapiola Community Forest](#) (in Finnish).

# Responsible investment helps respond to business environment risks and opportunities

After years of dedicated efforts, LocalTapiola now has long-standing experience of taking sustainability into account in the investment business. Commended for its responsible investment policies, LocalTapiola Asset Management administers a lion's share of the investment assets of the group's insurance companies. In line with the LocalTapiola sustainability programme, we want to further strengthen our position as a responsible investor, aiming comprehensively to incorporate sustainability perspectives to the insurance companies' own investment activity.

At the end of 2023, the LocalTapiola insurance companies had total investment assets worth EUR 9.6 billion. As a mutual corporate group, our owner-customers are strongly involved in the development of our business. Today, sustainability is an increasingly important value for our customers. We meet the expectations our customers have by integrating sustainability perspectives to the insurance companies' investment activity and by influencing – through investment – the changes taking place in our business environment.

Insurers are professionals of continuous and overall risk management. Every day we take decisions that entail risks and opportunities, from the perspective of both return expectations and social impact. For instance, the achievement of climate goals calls for insurers to exploit data increasingly efficiently in their pursuit of investments, as well as requiring scenario analyses of the changes happening in our business environment and that we develop our own sustainability skills.

Tightening regulation has a bearing on how the LocalTapiola insurance companies develop their responsible investment processes. The EU Corporate Sustainability Reporting Directive requires a better knowledge and transparent reporting of the environmental, social and governance impacts of the investment value chain. We need to be able to assess sustainability factors already when considering the decision to invest.

LocalTapiola insurance companies may have compensation liability towards owner-customers extending over many decades into the future, which is why risk management and asset liability management play a crucial role when taking the decision to invest. Furthermore, the changes taking place in our business environment influence our investment decisions. Our insurance companies need to anticipate the long-term impacts introduced for example by climate change and social phenomena, while at the same time ensuring the ability to pay out claims.

I trust that the added value generated by our patient investments, diversified across a wide spectrum of asset classes, will help LocalTapiola respond to the risks and opportunities of our evolving business environment.

## **Lauri Saraste**

Director, Investment Development, Sustainability and Regulation



## Regulatory impacts on investment

The key **sustainable finance regulatory initiatives** impacting LocalTapiola Group's investment business include the Taxonomy Regulation, the Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Reporting Directive (CSRD) and the Solvency II Directive.

The CSRD requires investment firms to collect and analyse new data and to examine their value chain more closely. Changes are being planned to the Solvency II Directive, which guides the prudential regulation and oversight of the LocalTapiola insurance companies, and these changes are expected to require a deeper consideration of sustainability factors in the group's activities and particularly in risk management.

The SFDR applies to LocalTapiola Asset Management, LocalTapiola Alternative Investment Funds, Seligson & Co Fund Management Company and LocalTapiola Life. The purpose of the periodic reporting undertaken pursuant to the SFDR is to enhance the transparency of the sustainability characteristics of financial products and to prevent greenwashing. In 2023, LocalTapiola Asset Management published the first SFDR periodic reports on how sustainability factors are promoted in the LocalTapiola funds and Life's investment portfolios. Seligson & Co Fund Management Company published periodic reports for four of its funds that promote sustainability factors.

In various asset classes, LocalTapiola Asset Management provides several investment solutions that promote sustainability characteristics. The product offering includes **four funds that have a sustainable investment objective**: LocalTapiola Sustainable Environment, LocalTapiola Sustainable Positive Impact Bond, LocalTapiola Europe Climate Index, and LocalTapiola USA Climate Index.

Furthermore, customers are offered one open fund investing in real estate that promotes environmental and social characteristics, including energy efficiency and accessibility. The LocalTapiola Investment Real Estate fund is managed by LocalTapiola Alternative Investment Funds.



In various asset classes, LocalTapiola Asset Management provides several investment solutions that promote sustainability characteristics. The product offering includes four funds that have a sustainable investment objective.

For LocalTapiola General's and Life's asset portfolio investments that promote sustainability factors or have sustainable investments as their objective, see p. 82.

## Active ownership

LocalTapiola General, LocalTapiola Life, the regional companies and LocalTapiola Asset Management have in place their dedicated **corporate governance principles** that guide their activities. In 2023, LocalTapiola Asset Management, authorised by the companies, represented LocalTapiola General at six General Meetings and LocalTapiola Life at 19 General Meetings. In addition, LocalTapiola General's own representative attended two General Meetings, and Life's representative attended one General Meeting.

LocalTapiola's Corporate Lending business takes sustainability into account in finance-related projects, requiring that its all new corporate-lending customers report on their sustainability work. Together with an external partner, the Corporate Lending unit is developing a sustainability tool to enable companies, regardless of their size, to report on where they stand with sustainability.

LocalTapiola Asset Management's most important active ownership policies include voting at General Meetings, organising meetings with the senior management of companies and with fund partners and engaging companies directly or together with other investors.

At General Meetings, Asset Management follows its voting policy, supplemented with sustainability viewpoints. The company for example only favours climate plans that align with the goals of the Paris Agreement. The world's largest greenhouse gas emitters, the **Climate Action 100+** companies, are required to have in place a green transition plan

as part of their strategy and the remuneration policy. In 2023, Asset Management represented its customers (including LocalTapiola funds) at a total of 20 Finnish General Meetings. For international General Meetings, a service provider's Proxy Voting service was used at 1,027 meetings.

During 2023, Asset Management portfolio managers attended **475 meetings with the senior management of companies**. A total of 56 of the meetings were held with companies in which Asset Management has invested its customer assets. Recurring themes in these discussions were the impact of the spike in interest rates and the effects of inflation, which moderated during the year, on businesses and their future prospects. Furthermore, the green transition and capitalising on artificial intelligence, and the opportunities and risks they bring about, were highlighted in most of the discussions.

At Seligson & Co Fund Management Company, corporate governance aims to achieve a higher level of corporate transparency, to promote equal treatment of shareholders and to improve a dividends policy that is sensitive to shareholder interests and the company's development needs.

## Collaborative engagements

Collaborative engagements and cooperation projects play an important role in the implementation of the sustainable development goals and the goals of the Paris Agreement. LocalTapiola Asset Management prioritises initiatives that are thematically linked to the investments in the company's portfolios or to systemic phenomena, including climate change and biodiversity loss, that have a wide-ranging effect on the investment environment.

In January 2023, Asset Management launched more wide-ranging engagement cooperation with a new service provider, ISS ESG. Asset Management is participating in a norms-based engagement initiative where selected companies have been found or are being suspected to have breached the principles of international human rights, labour right and environmental agreements or good governance practices. In addition, Asset Management has joined four thematic projects on the topics of biodiversity, water, gender equality, and a Net Zero climate project.

ISS ESG approaches the target companies by way of an investor letter that the participants have signed. After this, investors, under the direction of ISS ESG, seek to arrange engagement discussions with the target company, which investors are also welcome to attend. In 2023, Asset Management portfolio managers took part in 12 discussions.

In 2023, through the CDP, Asset Management was active in three engagement projects revolving around climate change reduction and CSRD reporting. For the sixth time now, the company participated in the **CDP Non Disclosure** campaign encouraging companies that produce significant environmental impacts to report on their operations from the perspective of one or several sustainability topics (climate change, forests, water security). In the **CDP Science-based Targets** campaign, investors push companies to set climate science-based emissions reduction targets. A third initiative, the **CDP EU Green Finance Accelerator**, encourages companies towards self-reporting of sustainability data already before the entry into force of the EU Corporate Sustainability Reporting Directive.

LocalTapiola Asset Management has been a signatory to the **Climate Action 100+** initiative since 2018. The target group of this initiative has expanded from the original 100 largest greenhouse gas emitters to cover more than 170 businesses. Owing to the investment restrictions that Asset Management applies, most of the firms on the list are not among the investments in which the LocalTapiola funds invest, yet we also want to engage these firms through the initiative.

In 2023, Asset Management portfolio managers familiarised themselves with biodiversity analysis methods and reporting frameworks, and they also started mapping the company's portfolio exposures. Asset Management is taking part in the **Biodiversity Loss from Waste and Pollution** engagement activity organised by FAIRR that has 12 meat producers and agrichemical companies on its target list.

As a member of the International Corporate Governance Network (ICGN), Asset Management encourages businesses to adopt the best practices of corporate governance.





## Carbon intensity of LocalTapiola General's and LocalTapiola Life's direct investments 2021–2023

On a semi-annual basis, LocalTapiola Asset Management calculates the carbon footprints for LocalTapiola General's and LocalTapiola Life's direct investments and for those LocalTapiola funds that are based on direct equity and corporate bond investments. This calculation is based 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](#) (in Finnish) 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 made in the portfolios from one underlying investment to another, and 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 fluctuation in portfolio-level calculations.

Listed equity investments	LocalTapiola Life				LocalTapiola Life			
	2021	2022	2023	Change 2022–2023	2021	2022	2023	Change 2022–2023
Data coverage, %	91	98	<b>98</b>	-1	92	99	<b>99</b>	-1
Carbon intensity, tCO <sub>2</sub> e*/MEUR	103	90	<b>78</b>	-12	106	89	<b>82</b>	-6

Listed corporate bond investments	LocalTapiola Life				LocalTapiola Life			
	2021	2022	2023	Change 2022–2023	2021	2022	2023	Change 2022–2023
Data coverage, %	72	96	<b>87</b>	-9	75	95	<b>88</b>	-7
Carbon intensity, tCO <sub>2</sub> e*/MEUR	199	98	<b>36</b>	-62	184	126	<b>82</b>	-43

\* 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 2021, 31 December 2022 and 31 December 2023. The changes in corporate bonds from 2021 to 2023 are explained mainly by the several direct corporate bonds with a high carbon intensity issuer that were sold from the portfolios.

Data coverage describes the percentage of emission-reporting companies in 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.

Portfolio-specific carbon intensity takes into account the greenhouse gas emissions from the assets owned or controlled by the portfolio's underlying investee companies and from the production of the electricity which the companies purchase (tCO<sub>2</sub>e). The calculation uses the latest figures available as reported by the companies concerned.



## **Impacts of climate change**

# Impacts of climate change

For LocalTapiola, climate change is a material sustainability topic not only because of our own direct climate effects, but also because of the impacts that climate change is anticipated to bring about in our operating environment. In the LocalTapiola sustainability programme, the group strategy, our Code of Conduct and as a signatory to the UN's Principles for Sustainable Insurance, we are committed to **climate change mitigation and to the promotion of climate change adaptation**.

We aim to reduce emissions both from our own activities and from our value chain. During 2023, we considered how to reduce insurance-associated emissions with regard to our value chain. In terms of climate change adaptation, we promote it through the improvement of our own products and services and by supporting climate research, enhancing our understanding of climate risks.



LocalTapiola is an enabler of a Finland Chamber of Commerce-implemented climate programme that supports the climate know-how of 200 Finnish SMEs. This programme started in January 2024.

On pages 73–74, by drawing on the TCFD (Task Force on Climate-related Financial Disclosures) framework, we illustrate our climate risks, where we currently stand with climate risk management and leadership and how LocalTapiola's group strategy and goals take account of climate risks.

We have joined the Finnish Meteorological Institute-coordinated Piloting Innovative Insurance Solutions for Adaptation (PIISA) research project, launched in 2023, which aims to promote climate change adaptation in Europe through insurance product and service development. The damage caused by weather extremes is often at a regional level, which emphasises the importance of knowing the local operating environment for the purposes of preparation.

LocalTapiola supports a **research project by the Finnish Meteorological Institute** which produces more accurate regional data on the effects of different weather extremes. Together with our partners, we also contribute to climate change mitigation. We are an enabler of a **Finland Chamber of Commerce-implemented climate programme** that supports the climate know-how of 200 Finnish SMEs. This programme started in January 2024.

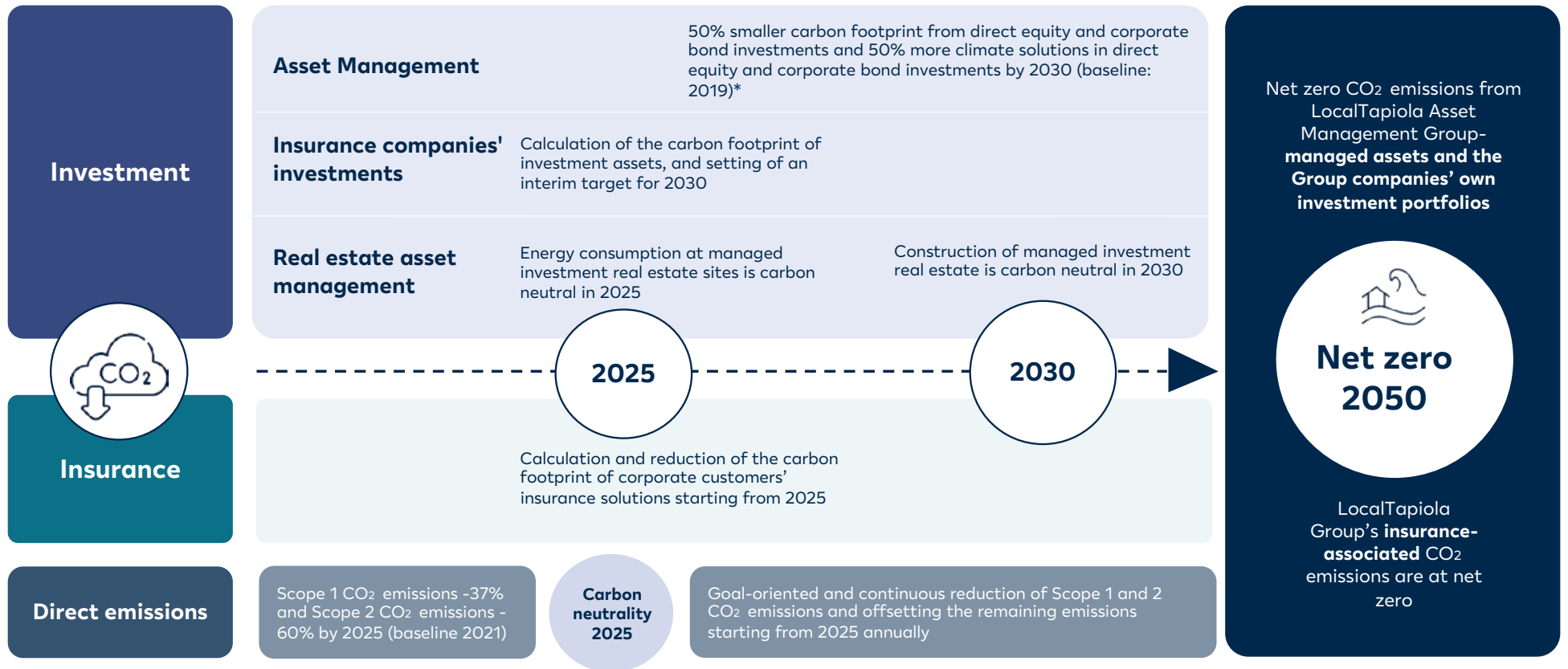
## LocalTapiola's climate goals

Climate change occupies a central role in the LocalTapiola sustainability programme for 2022–2026. 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.

### 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.

# LocalTapiola Group's insurance-associated and financed carbon dioxide emissions are at net zero in 2050



\* LocalTapiola Asset Management's goal is to manage 46% of AUM in line with the Net Zero Asset Managers goal by 2030.

# The Group's carbon footprint

We calculate LocalTapiola Group's carbon footprint in compliance with the international Greenhouse Gas Protocol (GHG), and monitor it each year. The calculation covers all group companies, including Finnish P&C Insurance Ltd (POP Vakuutus), which LocalTapiola purchased in 2023.

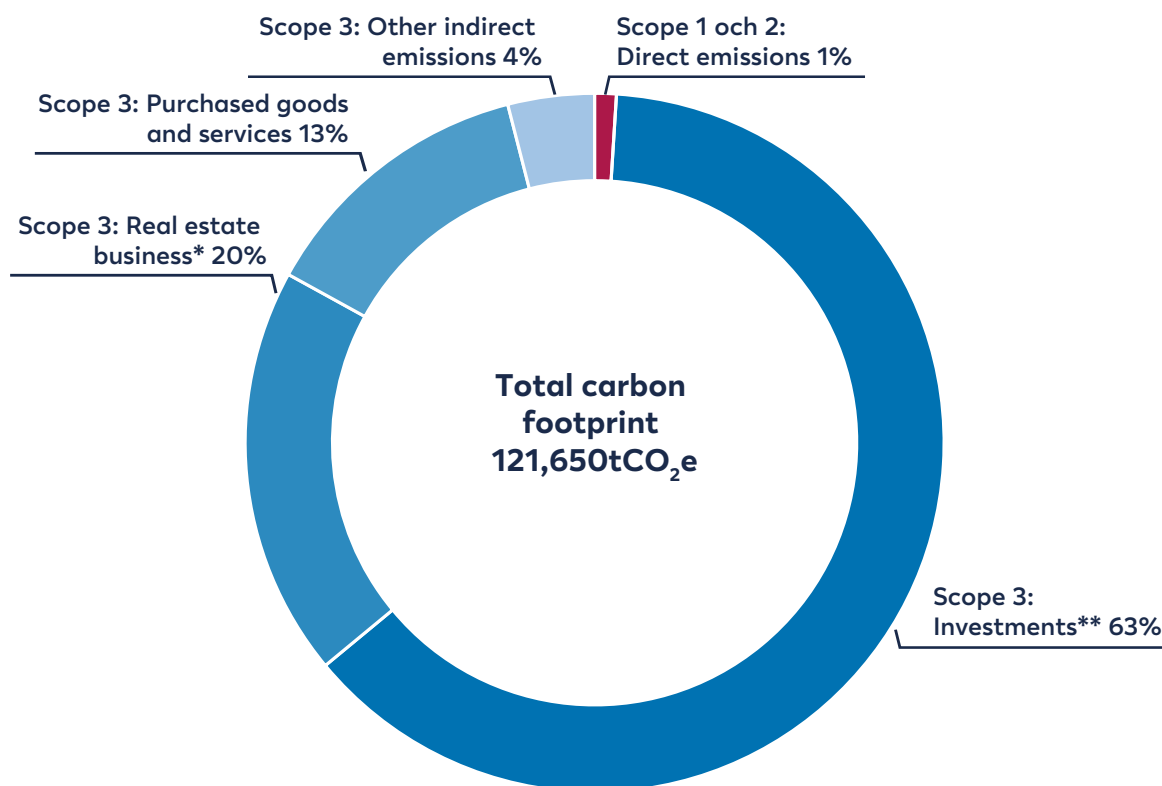
The carbon footprint takes account of our direct (Scope 1) and indirect (Scope 2) emissions, as well as LocalTapiola's other material indirect emissions (Scope 3). Our indirect emissions cover, for example, purchased goods and services, capital goods (inter alia, investments in new construction and repair construction projects), travel, operational emissions from leased-out real estate, and some of LocalTapiola's own investments.



Our most significant climate effects are from LocalTapiola's own investments (equity and corporate bond investments), purchased products and services, and operational emissions from leased-out investment real estate sites.

In 2023, the group's total emissions amounted to **121,650** tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Direct emissions (Scope 1) totalled **170** tCO<sub>2</sub>e, market-based energy indirect (Scope 2) emissions **670** tCO<sub>2</sub>e and other indirect emissions (Scope 3) **120,810** tCO<sub>2</sub>e. Our most significant climate effects are from LocalTapiola's own investments (equity and corporate bond investments), purchased products and services, and operational emissions from leased-out investment real estate sites.

## LocalTapiola Group's carbon footprint 2023



\* Includes investments in buildings, which account for 45% of the emissions from real estate investments, and operational emissions from leased-out real estate, which account for 55% of the emissions from real estate investments.

\*\* Includes indirect emissions from the LocalTapiola Asset Management-administered own equity and corporate bond investments for which greenhouse gas data is available.

**Total emissions dropped 8,010 tCO<sub>2</sub>e (-6 per cent)** over 2022. The reduction was particularly due to reduced new-construction and repair-construction emissions from real estate investment sites.

The most notable uncertainties with respect to this calculation concern the calculation undertaken on the basis of EUR amounts for repair construction projects (Scope 3, Category 2) as well as 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 our carbon footprint calculation, and how emissions have developed, on pp. 78–79.

## Emissions reduction

Our objective is to achieve **direct carbon neutrality** (Scope 1 and 2) by the end of 2025 or sooner. Emissions reduction is our most important way to achieve carbon neutrality. Our goal is to reduce direct carbon dioxide emissions (Scope 1), which are mainly due from company cars, by 37 per cent (-59 tCO<sub>2</sub>e) by 2025 from the 2021 level. In terms of the indirect carbon dioxide emissions (Scope 2) from the energy delivered to commercial buildings, we will achieve a 60 per cent reduction (-655 tCO<sub>2</sub>e) by 2025 from the 2021 level.

During 2023, we specified the calculation of Scope 1 and 2 emissions and the coverage of the Scope 1 goal, which is why the amounts of the targeted emissions reductions are greater than those disclosed in the 2022 Sustainability Report.

At LocalTapiola, our efforts to reduce Scope 1 and 2 emissions are guided by the **carbon neutrality roadmap**, which describes the measures the group needs to take to achieve direct (Scope 1 and 2) carbon neutrality by 2025. LocalTapiola's own offices are also covered by the LocalTapiola energy management system (ETJ+).



In 2023, the proportion of renewable energy sources in our electricity consumption was 90 per cent, and they accounted for 70 per cent of our heat consumption.

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 emissions include reducing energy consumption, transitioning to renewable electricity at all offices, and reducing the carbon dioxide emissions from company cars.

Our direct carbon dioxide emissions increased 13 per cent (20 tCO<sub>2</sub>e) over 2022. Compared to 2021, emissions increased 6 per cent (10 tCO<sub>2</sub>e). At our own office premises, energy consumption emissions decreased 25 per cent (220 tCO<sub>2</sub>e) over 2022, following the transitioning of our head office to carbon-neutral district heat and due to decreased heat and electricity consumption. Compared to 2021, energy consumption emissions decreased 39 per cent (420 tCO<sub>2</sub>e). In 2023, the proportion of renewable energy sources in our electricity consumption was 90 per cent, and they accounted for 70 per cent of our heat consumption.

Carbon footprint is the indicator we use annually to monitor the progress made with our direct carbon neutrality goal. In the course of the current strategy period, we will be specifying the 2030 emission goals 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 insurance-associated and financed emissions by 2050 or sooner. Read more about the climate goals we have set for managed investment assets on pp. 36–37.



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



## SMEs need support with climate work

Today, Finnish enterprises are taking climate action to improve their responsibility and to safeguard the profitability of their business. According to a 2023 survey by Chambers of Commerce, more than one third of companies and over 80 per cent of large enterprises have set an emissions reduction goal.

Corporate climate action emphasises practicability, such as energy solutions and the management of material and waste flows. Nearly 60 per cent of businesses estimate that climate action will generate economic benefit in the short or the long term.

The goals of large corporations are reflected to subcontractor SMEs, including transport companies and engineering workshops. The growing demands corporate customers have are one driver of climate action particularly at industrial companies.

At SMEs, climate action is often undermined by a lack of competence and of solutions suitable for business. What companies need is advice and training for example with their carbon footprint calculation and with the deployment of means to reduce emissions. In 2024, 200 SMEs will participate in the Finland Chamber of Commerce's Climate Programme. Implementation of the programme is made possible by support from LocalTapiola.

**Anne Vanhala**, Sustainability Advisor and **Teppo Säkkinen**, Industry and Climate Advisor, Finland Chamber of Commerce



## Real estate energy consumption and emissions

A vast proportion of LocalTapiola Group's real estate investment assets, and a large part of the real estate investments provided to the group and to external investors, are managed by LocalTapiola Real Estate Asset Management. At the investment real estate sites under its management, the company monitors energy consumption covering the consumption of heat, electricity, water and district cooling. Energy consumption monitoring is one of the elements of maintenance management of investment real estate sites.

In 2023, Real Estate Asset Management defined a dedicated real estate investment **sustainability programme and goals for 2024–2028**. The programme content reflects the double materiality assessment, according to which climate change mitigation and adaptation, work conditions and the treatment of workers in the value chain, and relations with suppliers and service providers are among the themes that are material for the real estate business.

As for electricity consumption, at a vast majority of the investment sites, LocalTapiola Real Estate Asset Management is 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.

By means of hourly consumption monitoring data, Real Estate Asset Management monitors the district heat, electricity and district cooling consumed at investment real estate sites. Water consumption data are available at least at a monthly level. During 2023, the use of Leak Guards and minute-based water consumption monitoring were expanded, so that at year-end they were operational at 58 investment properties. Real Estate Asset Management provides reporting on consumption levels and abnormal consumption on a monthly basis.

In 2023, the amount of electricity and heat consumed at investment real estate sites increased compared to 2022. This rise is mainly explained by the new sites acquired during the year and by the cold winter. In addition, electricity consumption data have been obtained for a small number of sites where the tenants personally purchase all the electricity consumed and for which consumption data were not previously available. 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 2023, Real Estate Asset Management defined a dedicated real estate investment sustainability programme and goals for 2024–2028.

As part of energy reporting, LocalTapiola Real Estate Asset Management is monitoring 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 real estate sites in 2023 was some 447 MWh, and at residential buildings this stood at some 180 MWh. Additionally, residential sites implemented water-saving measures that saved approximately 4,000 cubic metres of water.

In 2022, Real Estate Asset Management took part in Motiva's nationwide **Down a degree** campaign to prevent power shortages. The adjustment measures taken in buildings, such as fine-tuning the running hours of ventilation and lighting systems, were essentially kept unchanged during 2023.

At its investment real estate sites, Real Estate Asset Management is also monitoring **the volume and recycling rate of waste**, with waste data collected from the waste management companies that maintain the buildings. Real Estate Asset Management aims to step up the recycling and resource recovery rate of wastes. At investment real estate sites, the company strives to offer the most comprehensive waste sorting opportunities possible. Furthermore, the company is investing in the provision of information to tenants and residents, as well as improving the signage in the waste facilities. During 2023, the company adopted the Zerowaste service, which will in future allow centralised collection of data on wastes generated at the properties.

The data on waste volumes are presented in the section 'GRI indicators' on page 81.

## Real estate emissions

LocalTapiola Real Estate Asset Management is committed to achieving **operational and embodied carbon neutrality** by 2030 or sooner. For operational emissions, 2025 is the target year for the company's carbon neutrality. The emissions reduction goals give support to the goal of the Paris Agreement.

The majority of the emissions generated by Real Estate Asset Management are from the operational energy consumption of leased buildings, as well as from the construction of new developments and renovation of the existing stock. In 2023, calculated emissions totalled **13,300** and **10,900** tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). The data on new-construction emissions are reported in the section 'GRI indicators' on page 80.

In principle, Real Estate Asset Management calculates the life-cycle emissions from its all new-construction projects and from notable renovation projects in compliance with the guideline published by the Ministry of the Environment. The number and purposes of use of the sites constructed and, consequently, their emissions vary from year to year.

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 to provide tenants with information about the energy consumption of residential buildings and about the emissions it causes, as well as about water consumption and wastes. Real Estate Asset Management reported these data to tenants for the first time in 2023.

The coverage of energy data for the Real Estate Asset Management-administered investment real estate sites improved slightly in 2023, following the energy monitoring initiatives put in place during the year and due to improvement of the previously incomplete site data.





## Energy consumption of investment real estate sites and LocalTapiola's own offices 2021–2023

LocalTapiola Real Estate Asset Management-administered investment real estate sites (151 sites in 2023, 144 sites in 2022)*	2021	2022	2023
<b>Fuel consumption of reserve power units (nonrenewables), MWh</b>		<b>59</b>	<b>59</b>
Fossil fuels, %		100	100
Renewables, %		0	0
<b>Heat, MWh</b>	<b>76,000</b>	<b>87,000</b>	<b>89,000</b>
Fossil fuels, %	N/A	N/A	47
Nuclear power, %	N/A	N/A	0
Renewable energy, %	N/A	N/A	53
<b>Electricity, MWh</b>	<b>36,000</b>	<b>60,000</b>	<b>64,000</b>
Fossil fuels, %	N/A	N/A	0
Nuclear power, %	N/A	N/A	0
Renewable energy, %	N/A	N/A	100
<b>District cooling, MWh</b>	<b>7,800</b>	<b>9,600</b>	<b>6,300</b>
Fossil fuels, %	N/A	N/A	0
Nuclear power, %	N/A	N/A	0
Renewable energy, %	N/A	N/A	100
<b>Water, m<sup>3</sup></b>	<b>442,000</b>	<b>683,000</b>	<b>492,000</b>
<b>Carbon dioxide, CO<sub>2</sub>e, t</b>	<b>12,300</b>	<b>13,300**</b>	<b>13,300**</b>

\* In 2023, data coverage for electricity consumption was 93 per cent of the buildings, and for heat consumption it was 94 per cent and for water consumption 86 per cent. In addition, the electricity consumption figures exclude the solar panel generation for some of the sites, as generation data is not available for all the sites where panels have been installed.

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

LocalTapiola Group's own offices	2021	2022	2023
<b>Consumption of fuels, MWh***</b>	<b>35</b>	<b>120</b>	<b>60</b>
Fossil fuels, %	100	100	100
Renewables, %	0	0	0
<b>Heat, MWh</b>	<b>6,080</b>	<b>6,550</b>	<b>5,780</b>
Fossil fuels, %	N/A	N/A	30
Nuclear power, %	N/A	N/A	0
Renewable energy, %	N/A	N/A	70
<b>Electricity, MWh</b>	<b>6,130</b>	<b>5,910</b>	<b>5,640</b>
Fossil fuels, %	N/A	N/A	7
Nuclear power, %	N/A	N/A	2
Renewable energy, %	N/A	79	90
<b>District cooling, MWh</b>	<b>70</b>	<b>60</b>	<b>80</b>
<b>Energy consumption, total, MWh</b>	<b>12,315</b>	<b>12,640</b>	<b>11,560</b>
<b>Carbon dioxide, CO<sub>2</sub>e, t</b>	<b>1,120</b>	<b>930</b>	<b>680</b>

The figures for our own offices are rounded to the nearest ten. The section 'GRI indicators' on pages 78–79 describes in more detail the group's CO<sub>2</sub> emissions and how they have developed.

\*\*\* The 2021 consumption reflects the fuel used at LocalTapiola Group's own offices. Starting from 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 sites\* 2021–2023, %

	2021	2022	2023
Resource recovery rate	98	96	<b>98</b>
Recovery as energy	57	57	<b>52</b>
Recycling as material	41	39	<b>47</b>
Other processing	2	4	<b>2</b>

\* For 2023, a total of 107 investment real estate sites are reported, accounting for some 71 per cent of all sites. For 2022, a total of 85 sites are reported, accounting for some 59 per cent of all sites. For 2021, a total of 98 investment real estate sites are reported, with the data coverage at approximately 80 per cent. Paper collection data are incomplete, particularly for residential sites. For hazardous waste, no resource recovery rate is available.



## **Strong foundation for sustainability**

# Strong foundation for sustainability

To achieve its operational sustainability goals, LocalTapiola's sustainability work needs to rest on a strong foundation. In the LocalTapiola sustainability programme, we set goals for senior management's and personnel's remuneration, and for example for employee sustainability competences, partnerships and how we should develop mutual corporate governance.

We exercise an impact not only on our surrounding society and customers, but also on the life of the more than **3,800** people working at LocalTapiola across Finland. Taking a proactive approach to ensure staff's working capacity, we offer equal opportunities to develop competences. We ensure the achievement of equality and non-discrimination, and we also develop diversity leadership.

A significant proportion of the impacts from our supply chain is related to remedying the harm caused to our customers, and to claims-related procurement and the services provided by our partners. We require that our cooperation partners comply with the LocalTapiola Partner Code of 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. Mutual 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. Early in 2023, we adopted the new human resources strategy, which supports the achievement of the group's strategic goals.

In 2023, the group employed **3,809 staff**, some 50% of whom work at regional companies around Finland. In addition to employees, a total of **377** insurance intermediaries and franchisors sold LocalTapiola insurances as agents in 2023. In this Sustainability Report, employees/personnel/staff all refer to persons who work under the terms of an employment contract, unless otherwise indicated.

In 2023, we continued to pursue target-oriented development of our management culture and corporate culture, and we also **introduced the LocalTapiola Leadership Promises**. These Promises represent a common promise made by all superiors about what we understand to be the building blocks of good management and leadership. For us, good management and leadership are means to further improve our employee experience and to foster a positive corporate culture.

In spring 2023, our staff responded to a survey measuring how well the Leadership Promises have been implemented, and in autumn we measured the implementation of the Leadership

Promises in the ROIHU employee survey. In both measurements, the results were extremely good. The group's Leadership Promise Index developed favourably from the baseline level of **82.1/100** in the spring to **83.1** in the autumn. The Leadership Promise Index measurement is tailored for LocalTapiola by the research company Eezy Flow Oy.

In autumn 2023, following on from the Leadership Promises, we worked on a set of **Employee Promises**, which concern everyone working at LocalTapiola. We make a promise to ourselves, each other and our customers: I shoulder responsibility, develop, respect and dare. During 2024, we will consolidate these Employee Promises as part of the HR management policies, and will define an Employee Promise Index for measuring how our culture of cooperation develops.

### Human resources strategy priorities

#### Employee attraction and retention

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

#### Human-technology union

We identify and carry out boldly all future role change needs. 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 Leadership Promises.

## Employee experience remains high

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 2023, the survey was completed by 3,243 LocalTapiola staff, or 90.4 per cent of personnel.

The PeoplePower index, which describes the employee experience at LocalTapiola, in 2023 was at a **good AA+ level**, in spite of the group companies' average score decreasing from the previous year to 76.3 (2022: 77.8). The group's score clearly exceeds the normative benchmark for Finnish white-collar employees (2023: 69.7). Our strengths include the management of own work, the work carried out by direct superiors, efficiency and flexibility, while the efficiency of decision-making and the availability of the information necessary for work are the areas we need to develop.



# 90,4 %

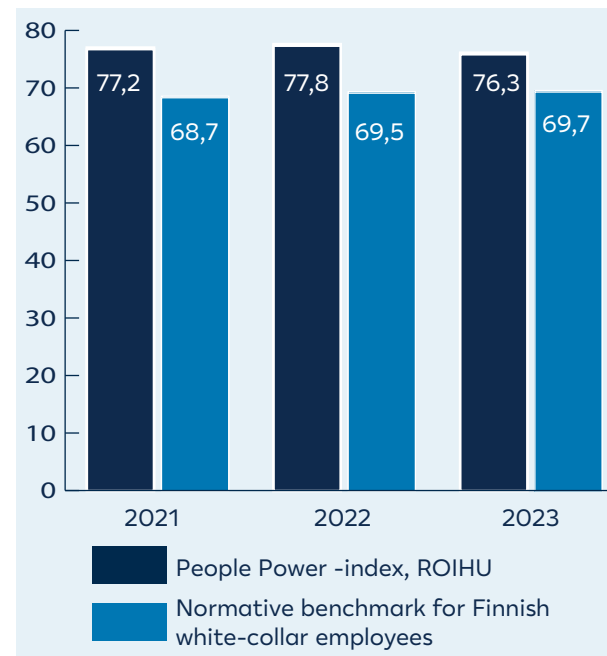
of employees completed the ROIHU employee survey

In autumn we added the employee survey with questions charting experiences the staff have of work community diversity and participation

possibilities. The survey questions that deal with diversity, inclusion, equality and well-being make up a **specific Sustainability Index**. The score of the first Sustainability Index increased to 77.3.

In 2024, LocalTapiola was again acknowledged as one of **Finland's most inspiring workplaces**. Awarded by Eezy Flow, this recognition is given to organisations that achieve exceptionally good results in their employee survey. LocalTapiola has ranked among the most inspiring companies in the large corporations category for five consecutive years now.

### ROIHU employee survey score 2021–2023



Starting from 2023, intermediaries are not among the respondents of the ROIHU employee survey.

## Recruitment at LocalTapiola

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

Our recruitment process is based on the appreciative treatment of candidates, and on a careful selection process. We ensure equal treatment and the selection of the best candidates for job openings by making use of occupational personality assessments and other tests that support the selection process. We communicate with applicants during the application process, and after it, without undue delay.

In 2023, the group had **371** vacancies, for which we received a total of **9,400** applications. Over the year, we hired **549** persons, with the voluntary exit rate of permanent employees at 5.2 per cent. We monitor the results of exit surveys on a quarterly basis.

In 2023, LocalTapiola employed a total of **150** summer workers. A survey sent to the summer workers indicates that nearly 85 per cent of the respondents considered that their work tasks were extremely meaningful, while 88 per cent felt that we at LocalTapiola act by our values, and nearly 84 per cent found their job to be meaningful. As many as 93 per cent of the summer workers who completed the survey would recommend LocalTapiola as an employer. In particular, the summer workers commended the great spirit of pulling together, an encouraging atmosphere, comprehensive induction and good employee benefits.

# We build a positive corporate culture through good management and leadership

High-quality management and leadership have a considerable impact on well-being at work. Launched at LocalTapiola in 2023, the Leadership Promises harmonise the exercise of management, thus contributing to our corporate culture and employee experience.

At LocalTapiola, we lead with respect, actively, and focusing on targets. Mobilising the Leadership Promises for daily work routines has been a methodical journey that has transformed our management culture, allowing superiors to stop for a moment to reflect on their leadership and to share good leadership practices for daily work. Adoption of the Leadership Promises, together with self-reflection and the feedback from team members, cultivate LocalTapiola superiors to become even better leaders.

In our Leadership Promises, we have undertaken to create a climate in which all can work together; to respect diversity; to ensure that we treat each other fairly; to be present, listen and discuss with respect; to trust people, taking and giving responsibility; to create an open culture of feedback, and to cherish well-being together.

In spring, we measured the Leadership Promises for the first time. The results for the baseline situation were extremely good: the group's Leadership Promise Index was 82.1 (on a scale of 0–100). In autumn, as part of our ROIHU employee survey, we measured how successful we have been with implementing the Leadership Promises. The results remained strong, and for some areas they improved superbly. The positive attitude of superiors towards finding solutions and the support they give to learning and growth were assessed more favourably by the staff. The group's Leadership Promise Index developed positively to 83.1.

As a continuum of the Leadership Promises, we are developing the workplace skills of the entire staff. We have created a set of group-level Employee Promises, with the aim of further strengthening our culture of cooperation in line with LocalTapiola's strategic objective. The Employee

Promises, which apply to everyone working at LocalTapiola, will be a key component of our corporate culture. In 2024, we will be consolidating the Promises as part of our HR management policies, and will define an Employee Promise Index for measuring our culture of cooperation.

The Leadership and Employee Promises form a foundation of person-driven values for how we treat each other as people. When we act by these Promises, we can improve our employee experience and well-being at work, and can support competence development and the employer brand.

**Susa Nikula**  
Director, People & Culture



# Competences and renewal

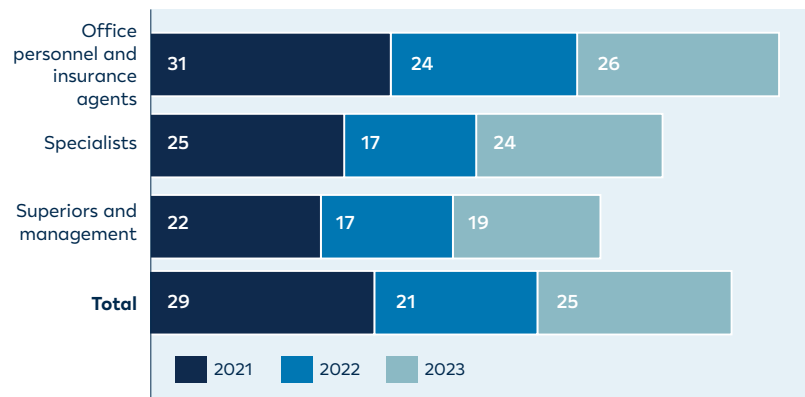
Encouraging our personnel to embrace **continuous learning**, we provide versatile opportunities for developing competences. They include training events, coaching programmes and online courses that are available to all personnel groups and intermediaries. In the ongoing strategy period, our focus is on digital and data literacy, cooperation skills, networking and leadership.

Exploitation of new technologies in multichannel customer work and in new developments requires raising the digital skills of personnel. In 2024, the development of digital skills is one of our main competence development priorities.

By various means such as competence tests, we guarantee that all personnel groups satisfy the legally required competence level. At two-year intervals, sales personnel take competence tests on the subjects of term life insurance, investment and saving. Those covered by the Insurance Distribution Directive (IDD) take the applicable non-life insurance competence tests.

During 2023, the LocalTapiola staff spent an average of **25 hours on training**. In the staff development plan, the group companies determine the competence development needs and measures for the different employee categories.

## Training hours by employee category 2021–2023

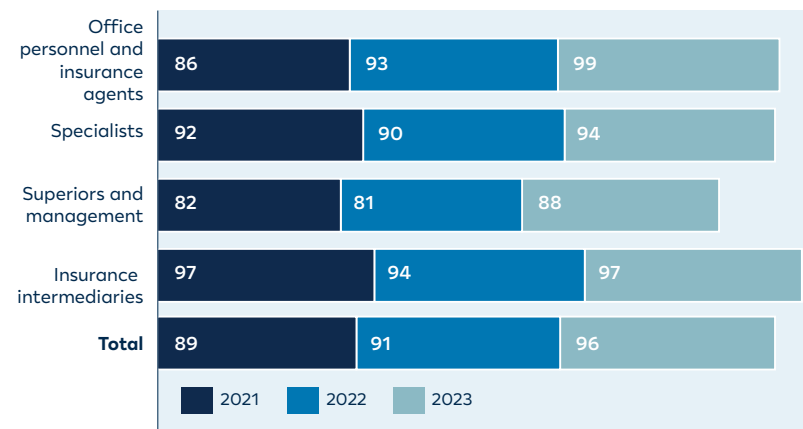


# Development of sustainability competences

The development of sustainability competences is one of the goals set out in the LocalTapiola sustainability programme. Employee sustainability competences are supported by the online course on the LocalTapiola Code of Conduct. Starting from 2023, this course has been mandatory for all staff. In 2023, **4,028** people, or 96.2 per cent of personnel, completed the course. As well as salaried staff, this figure includes intermediaries.

In 2023, we published a new basic training package on sustainability for our personnel, which provides general information about sustainability in the financial sector and at LocalTapiola. Taken on a voluntary basis, this training was completed by **1,087** persons in 2023.

## Completion figures for the Code of Conduct online course, 2021–2023, %



In 2022, we specified how the completion figures for the Code of Conduct online course are calculated and reported. The figures for 2022 and 2023 now include those who completed the Swedish-language course.

## Success reviews, and transitions

We support the competence development of our staff through success reviews and personal learning 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 situations of transition, we support our personnel through coaching. In the event of organisational transitions, for example, our HR experts, partners and occupational health 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 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 risks**. We support superiors, and focus on dealing with situations where working capacity is at risk.

Digitalisation, the continued improvement of our policies and the growing demands of customer service burden our staff and superiors.

Self-management is becoming increasingly important, with cognitive ergonomics challenges manifesting as burden. According to the 2023 ROIHU employee survey, 75 per cent (2022: 82) of staff were satisfied or very satisfied with their employer's occupational well-being related efforts.



Our aim is to enhance the anticipation of working capacity risks and to reduce risks. We support superiors, and focus on dealing with situations where working capacity is at risk.

## 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 services cover all employees.

During 2023–2025, the specific objectives of occupational health cooperation include **identifying and alleviating the psychosocial and physical stress factors**, boosting superiors' working capacity management skills, reacting early to working capacity issues and reducing sick leaves and employee turnover.

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

Our personnel can take advantage of Mehiläinen's Digital Clinic occupational health service and the various digital training packages provided by the occupational healthcare 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 EsihenkilöChat delivers quick help to discuss issues that relate to supervisory work. The LähiSparri activity enables five conversation sessions for personnel to discuss their concerns in a supportive environment. Comprehensive insurance coverage, expanded to cover leisure time, guarantees quick access to treatment also in the event of an accident.

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

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

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



Our Occupational Health and Safety Committees examine the company-specific occupational health and safety action plans and compliance with these plans every year. The 2023 objective for occupational health and safety activity was to develop occupational safety expertise and occupational well-being competences in multi-locational work, especially in terms of psychosocial stress factors. We underline the sharing of best practices, recovery during the workday and the importance of good ergonomics. In 2023, we trained the Occupational Health and Safety Representatives and Managers on how to carry out assessment of work-related hazards and risks. This assessment of work-related hazards and risks will continue in 2024, and in future we will be updating the assessments on an annual basis.

In 2023, together with Mehiläinen, under the Hyvinvointipulssi concept, we carried out two well-being surveys for the superiors and staff of group companies. The survey helps respondents get a quick estimate of their own well-being and, where necessary, a recommendation to book an occupational health appointment. We use the survey results for developing well-being at work and improving how people cope at work.

## Absences due to illness and occupational accidents

In 2023, the absence due to illness percentage stood at 3.79 (in 2022: 4.09). The number of prolonged absences of more than 30 days, and the number of mental health and musculoskeletal related absences, increased slightly as compared to the year before.

At the start of 2023, we introduced a **model for modified work**. Modified work is an alternative for taking a sick leave, and it is used as one of the methods for supporting working capacity. Modified work is based on Local Tapiola's Pidä Huolta (Take Care) policy.

During the year, we recorded 76 occupational accidents, of which 44 occurred on the commute.

No serious occupational accidents (accidents leading to an absence of more than 30 days) occurred in 2023.

Slips and falls are the most common accident types (60 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 0.15 (2022: 0.62).

### Absences due to illness and occupational accidents 2021–2023

	2021	2022	2023
Absences due to illness	3.4	4.09	<b>3.79</b>
<b>Number of occupational accidents</b>			
Accidents at work, 0–3 days of absence	12	23	<b>31</b>
Accidents at work, 4 days of absence or more	1	4	<b>1</b>
Commuting accidents	23	22	<b>44</b>
Work-related serious accidents	0	2	<b>0</b>
Occupational accidents leading to death	0	0	<b>0</b>
<b>Occupational accidents, total</b>	<b>36</b>	<b>49</b>	<b>76</b>
<b>Lost-Time Injury Frequency Rate*</b>			
Lost-Time Injury Frequency Rate, LTI 4**	0.16	0.62	<b>0.15</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. Lost-Time Injury Frequency Rate 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.

## A 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 sick leaves, the prolongation of sick leaves and factors that have an adverse effect on working capacity. This model ensures compliance with a coherent working capacity management policy across the group.

Superiors have access to an electronic tool that assists in situations where working capacity is at risk. The **EsihenkilöKompassi** tool was used to complete a total of **1,516** (2022: 1,609) tasks in 2023. In working capacity issues, superiors are also supported by the company HR responsible person and the group's Occupational Well-Being Director.

In 2023, we continued to coach superiors on the subject of working capacity management. These coaching events focused on intoxicants 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 Pidä Huolta day, where the participants could have their sight tested and blood pressure taken. The agenda also included body composition analysis and guidance on ergonomics.

Together with Nextmile, we organised a coaching event for end-of-career staff and their superiors on the topic of senior employee management. The aim of this online coaching was to increase understanding of the management of senior

employees, and to provide employees with tools for supporting well-being and success in the last years of their careers.

Our staff also have access to an application that encourages to take active breaks during the workday. Finally, we also organise occupational well-being or ergonomics related webinars and activity contests for our staff a few times a year.

## Equality and diversity

In January 2024, we launched the **Diverse, inclusive and appreciative work community** project with the objective of mapping where we at LocalTapiola currently stand and the momentum we have with diversity, and aiming to produce an action plan and indicators for diversity management.



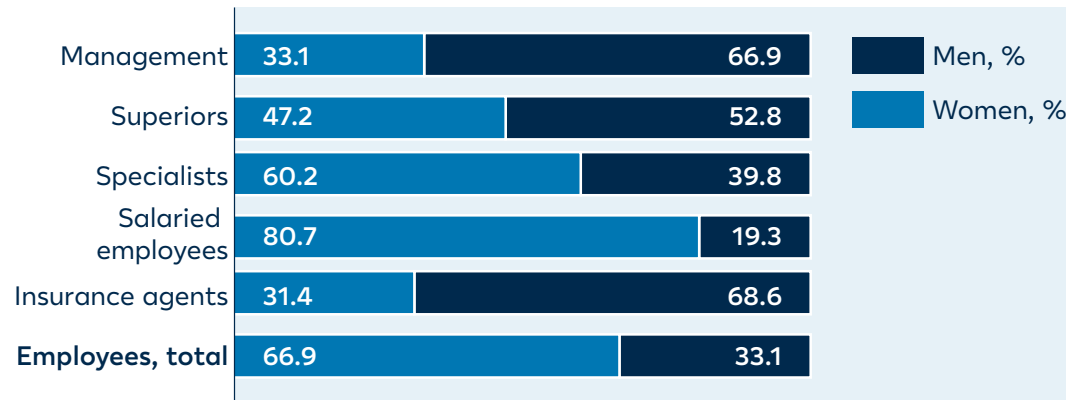
In 2023, we set the group a common equality goal and indicator, with the goal that, by the end of the ongoing strategy period, 100 per cent of our staff will feel that overall our work communities achieve a good level of equality.

The LocalTapiola equality and non-discrimination plan aims to make equality and non-discrimination natural elements of our corporate culture, HR management and supervisory work. We use the results of our personnel survey to assess how well equality and non-discrimination are being implemented.

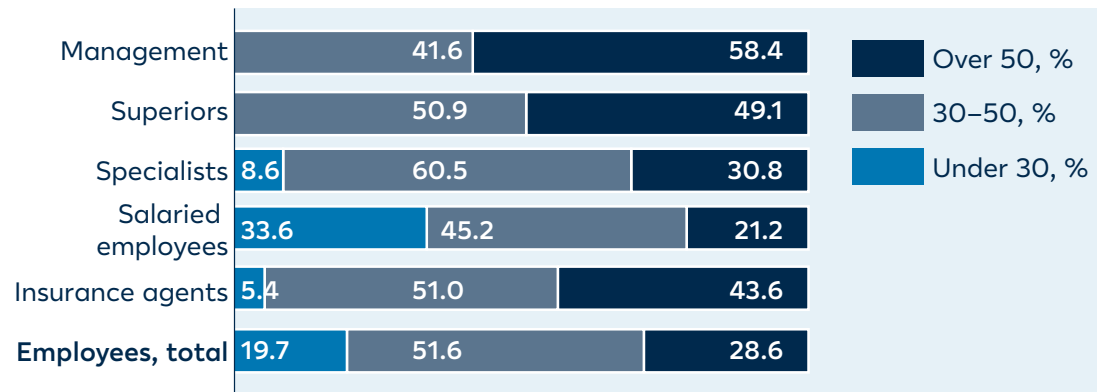
In 2023, we set the group a common **equality goal and indicator**, with the goal that, by the end of the ongoing strategy period, 100 per cent of our staff will feel that overall our work communities achieve a good level of equality. We use the question about equality in the ROIHU employee survey to measure how well this goal is achieved. The baseline score in 2022 was 88 per cent, and in 2023 this decreased to 86 per cent.



### Employee gender distribution 2023



### Employee age distribution 2023



## 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 terms of supply chain management lies in local presence: we know the entities that produce services for our owner-customers.

In our sustainability programme, we undertake to draw up procurement sustainability criteria and to prepare sustainability policies for partnerships, which will support the practical implementation of our Partner Code of Conduct. Furthermore, we are developing the supply chain monitoring and auditing practices.

### Procurement

The goods and services we purchase for our own use, as well as ICT procurement, are our most important types of procurement. In 2023, the total value of the goods and services we procured was **EUR 127.5 million**, and for ICT procurement this was **EUR 165 million**. Twenty per cent of the value of ICT procurement was from maintenance and development services produced outside Finland.

We procure a vast majority of goods and services from Finnish suppliers. 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.**

ICT procurement is guided by the **ICT procurement strategy and policy** and the group's common guidelines. In terms of ICT procurement, we operate with reliable suppliers, and in large procurement contracts we have applied the LocalTapiola Group Partner Code of Conduct. We audit our ICT suppliers on a regular basis for areas such as cybersecurity and privacy protection. No abuses were brought to our attention in 2023.

In 2023, we began updating the ICT supplier management policy and principles, with the aim of defining sustainability criteria for ICT partner selection and striving to respond to the evolving regulation of the sector.

## A sustainable claims supply chain

At LocalTapiola, our claims supply chain is based on **established partnerships**. The supply chain consists of thousands of service providers, but in most circumstances claims are taken care of by established partners. In addition to some 50 nationwide operators, the local partners of our regional companies play a major role. At LocalTapiola, a partner officers' network is in charge of leading our partnership activity.

The claims function has a major impact on how customers experience our services. We strive to continuously improve the quality of the supply chain so that our customers can transact with our best and most responsible partners. Furthermore, we also develop the claim settlement process together with partners.

In our supply chain, most of the expenditure consists of compensation we pay to providers of claims related services. In 2022, **EUR 928 million** was paid in non-life insurance claims (the figure includes Finnish P&C Insurance Ltd for 06–12/23). The greater part of the amount was paid to the service providers included in our supply chain. Invoicing by the 20 biggest service providers totalled over EUR 200 million in 2023. Major healthcare operators, repair shop chains, car dealerships, hospital districts, large damage renovation firms and big towing businesses are among our largest service providers.



In the claims function, the sustainability factors include energy use, promoting the circular economy and reducing the amount of waste, as well as customer experience, work conditions, and transparency.

In 2023, we defined the sustainability factors that are important for our supply chain, and drew up a model for evaluating the sustainability of claims partnerships. In the claims function, the sustainability factors include energy use, promoting the circular economy and reducing the amount of waste, as well as customer experience, work conditions, and transparency. In the next few years, we will focus on incorporating the sustainability factors in the daily running of partnerships, in the management of claims partnerships and in common customer processes.

## 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. Our employees are bound by a legal requirement of data confidentiality. We process data subjects' personal data only to the extent necessary.

We ensure that our personnel are familiar with the applicable regulatory obligations and that they know how to act in compliance with those obligations. The induction of all new hires features online courses on data protection and data security, and all staff take refresher courses at regular intervals. Furthermore, we communicate to staff on our internal website.

Our data protection principles and procedures are set out in LocalTapiola Group's data protection policy, approved by the Boards of Directors of all group companies. The **data protection policy** and the principles it lays down apply not only to our staff but also, where applicable, to our cooperation partners who process any personal data 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.

LocalTapiola's Data Protection Officer, together with the Compliance unit, oversees compliance with data protection regulation at the group. The Data Protection Officer actively highlights any shortcomings they detect, assisting personnel to comply with the obligations imposed by the data protection provisions.

In 2023, we detected 1,309 incidents (2022: 1,296) 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 220 cases, we notified 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 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. At LocalTapiola, data security is a vital element of management, leadership, risk management,

sustainability and corporate security. The group's cybersecurity strategy, data protection policy and the supplementing data security principles lay down the objectives and responsibilities for data security and the methods by which data security is implemented.

In line with the LocalTapiola cybersecurity mission, we protect our brand, business and personnel against cyber threats. Our goal is to stand out as a **cyber secure player in the financial sector** in Finland. Protection of customer and business data is one of the key priorities of the cybersecurity strategy. In 2023, we developed cybersecurity under four development programmes.



LocalTapiola's goal is to stand out as a cyber secure player in the financial sector in Finland.

Regulation of the financial sector and of the production of digital services is constantly increasing. LocalTapiola currently has underway several development initiatives that help us meet regulatory requirements and improve our services. In 2023, we launched a two-year project to integrate in our operation the requirements introduced by the EU regulation enhancing the availability of digital services (the Regulation on digital operational resilience for the financial sector). Furthermore, we are actively monitoring the regulation imposed by the Data Act and the AI Act, currently under preparation.

Data security protects not only data, but also the systems and services we use to produce services. 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 inspect our partners that process personal data and the systems they use.

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

The phishing undertaken by online criminals poses a growing threat to data security. Maintaining **employees' data security awareness at all times** is one of the key ways to protect data. In 2023, we launched a project to develop our cyber-security culture, with the aim to enhance staff competences and to increase awareness of the importance of data protection and data security.

In 2023, we continued our **series of mini training courses on data security**. Sent directly to your email, these short mini training courses help keep the message of data security fresh in the minds of employees throughout the year. During 2023, 90 per cent (some 3,600 employees) of those taking the course completed at least 80 per cent of the data security mini courses (2022: 87 per cent and 3,400 persons).

## Mutual corporate governance

LocalTapiola Group's system of governance ensures that the group and the group companies are governed in line with sound and prudent business practices. With the exception of Finnish P&C Insurance Ltd, the group's insurance companies are mutual companies, owned by their member-policyholders. Furthermore, at the LocalTapiola regional companies and LocalTapiola Life, members 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 the economic surplus primarily to develop products and services and to preserve a level of solvency that safeguards operations.

At the insurance companies, the **highest decision-making organ is the General Meeting**, at which members 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 adoption of the financial statements and on the discharge to be given to the members of the administrative bodies and to the Managing Director. In order to safeguard policyholders' decision-making powers, the voting powers of guarantee capital owners are restricted.

**Supervisory Boards**, whose members consist of the companies' owner-customers or their representatives, play a key role in the governance of mutual insurance 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 Boards of Directors and to decide on their remuneration. Additionally, the Supervisory Board decides on measures that concern any material reduction, expansion or some other material development of the company's activities.

The Chairs and Deputy Chairs of LocalTapiola General's and LocalTapiola Life's Supervisory Boards make up the **Cooperation Committee** of the Supervisory Boards. This Committee assists the Supervisory Boards with overseeing the activities of the Boards of Directors, CEO and Managing Directors, and it drafts the business and the decision proposals examined at Supervisory Board meetings.

The **Nomination Committees** of the mutual insurance companies' Supervisory Boards draft decisions for the election of members to the Board of Directors and Supervisory Board, and submit related decision proposals to the company's Supervisory Board and General Meeting. Regarding the Chair and Deputy Chair of LocalTapiola General's and LocalTapiola Life's Boards of Directors, the proposals are drafted by the Cooperation Committee of the Supervisory Boards.

Among other duties, the 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 Boards emphasises developing services for owner-customers, as well as focusing on investment issues and risk management.

LocalTapiola General's and LocalTapiola Life's Boards have three joint committees: **the Audit and Risk Management Committee**, the **Human Resources and Compensation Committee**, and the Investment and ALM Committee. The Boards elect two independent Board members from LocalTapiola General and two from LocalTapiola Life to sit on the Audit and Risk Management Committee. This Committee is tasked with assisting the Boards with their statutory duties and with the matters provided for in the rules of procedure regarding the companies' and the group's finances, accounts, solvency, risk management, auditing, internal control and internal audit.

The Human Resources and Compensation Committee, a joint committee of the Boards of LocalTapiola General and LocalTapiola Life, is composed of the Committee Chair, which duty is discharged by the Chair of the Boards, and 2–4 other Board members who are independent of the 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. The Committee is tasked with assisting LocalTapiola General's and LocalTapiola Life's Boards in the examination of personnel and remuneration related matters.

To sit on the Boards' joint Investment and ALM Committee, the Boards of LocalTapiola General and LocalTapiola Life have elected the Deputy Chair of the Boards to act as the Chair, and have elected the Director in charge of LocalTapiola Group's group-level services and, as members, two members of LocalTapiola General's Board and two members of LocalTapiola Life's Board.

The Committee is tasked with assisting the Boards in the appropriate organisation of their asset management and prudential supervision

The key tasks of these administrative bodies and Committees, together with their procedural rules, are recorded in the relevant rules of procedure. At every meeting, any conflicts of interest relating to the work carried out by the administrative bodies 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 Boards also serves as the CEO of entire LocalTapiola Group. In their role, the CEO reports to the Cooperation Committee of the Supervisory Boards.

The group has adopted a **management register**, which enables to monitor how the composition of management bodies develops and to put Board members' competence into use. The management register is used by all group companies.

For information about the members of [LocalTapiola General's Board](#) (in Finnish), [LocalTapiola Life's Board](#) (in Finnish) and the Boards' committees, please visit the LocalTapiola website.

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

## Remuneration at LocalTapiola

At LocalTapiola, remuneration is based on senior management's and personnel's salary and remuneration policies and remuneration criteria, which are approved by the Supervisory

Boards and the Boards of Directors. Where necessary, we review and specify the content of these policies 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 every year in advance. As outlined in our sustainability programme, we will include a sustainability component in senior management's and personnel's remuneration by 2026.

At the group, LocalTapiola General oversees compliance with the provisions governing the remuneration scheme. In terms of the remuneration principles, in addition to the Insurance Companies Act, the Act on Credit Institutions, the Act on Investment Services and the Act on Alternative Investment Funds Managers, we comply with the regulations and recommendations of the Financial Supervisory Authority, with due consideration of the mutual status of the group companies.

By the principles and criteria established for the remuneration scheme, we strive to ensure that remuneration aligns with the group's and the companies' strategies, goals and values. Remuneration must be in line with the group's long-term interests, and it is to be in harmony with the group's risk management. Remuneration should not encourage risk-taking that is above the group's or the company's sustainable risk level.

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

# Solvency, and risk management

At LocalTapiola, prudential management is based on our obligations towards owner-customers and other stakeholders. Strong solvency ensures that we can safeguard the interests of policyholders, compensation recipients and other beneficiaries.

Prudential management is part of the risk management undertaken by the group and the group companies. The LocalTapiola non-life insurance companies are among the **most solvent companies in their sector**, and solvency has remained strong despite the economic uncertainty that prevails in the operating environment. Our Boards regularly monitor the solvency metrics, including the amount of solvency capital and developments taking place on the investment market.

As part of the prudential management process, the group's insurance companies annually carry out an Own Risk and Solvency Assessment (ORSA). In addition to company-specific assessments, LocalTapiola General prepares a group-level Own Risk and Solvency Assessment.

## Risk management safeguards customers and our business

At LocalTapiola, the purpose of risk management is to maintain the financial protection of owner-customers and support the achievement of operational goals. Risk management is guided by the risk management policy, approved by the group companies' Boards. We update the risk management policy annually or whenever

significant changes occur in the circumstances of our business.

Furthermore, we also guide risk management in the context of the annual planning process. We map the relevant risks and the likelihood and significance for their materialisation. As for risks that relate to new products, we manage them using a separate deployment proposal, which is approved by the Board or the group's Management Group. In this formalised proposal, we evaluate product deployment risks and the impacts that the product will have on solvency and profitability.

The Boards bear the overall responsibility for organising risk management and prudential management. The Boards define the risk management targets, risk appetite, limits of risk-taking, responsibilities, metrics and monitoring principles. The Boards regularly monitor the development of solvency and key risks, and the status of risk management. Furthermore, the Boards evaluate the adequacy and efficiency of the governance system.

## Sustainability risks as part of operational risk management

In 2023, as part of operational risk mapping, we mapped the **sustainability risks** to which the group and the companies are exposed and determined the necessary risk management measures, reporting the results of this mapping to the group's Risk Management Committee and the Boards. In the group-level mapping, we identified the following key sustainability risks: climate change transition risks to investments; physical climate change risks in non-life insurance; and cyber and data protection risks.

The investment transition risks follow from transitioning to an emission-neutral economy. The LocalTapiola Group insurance companies have a significant amount of investments in sectors potentially exposed to climate risks and, in particular, 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. We are constantly improving the integration of sustainability factors into the investment process, and related reporting.



In the group-level mapping, we identified the following key sustainability risks: climate change transition risks to investments; physical climate change risks in non-life insurance; and cyber and data protection risks.

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 for damage caused by natural phenomena are increasing non-life insurers' claims costs. Storm and flood risks, in particular, are assumed to become more prevalent, which will have an impact especially on forest and buildings insurance.

Over the course of 2023, we developed how the impacts of operational sustainability risks and, in particular, climate risks are assessed in the companies' and the group's Own Risk and Solvency Assessments (ORSA). Alongside qualitative assessment of climate risks to investments, we assess the quantitative exposure of investments to transition risks and how



a disorderly transition to a carbon-neutral economy affects the value of investments. As for insurance, we carry out a qualitative assessment of the physical climate change risks to which LocalTapiola's insurance lines with the highest premiums written are exposed.

LocalTapiola is also exposed to risks when we fail to organise our activities as required by legislation and regulation. We ensure staff competences for example in the prevention of money laundering and countering of terrorist financing, in anti-corruption and anti-bribery issues and in insider regulation. As for cyber and data protection risks, we prepare for them by means of sufficient resourcing, partnerships, guidelines and training events.

Our society and customers have growing expectations in terms of sustainability. Not being able to meet these expectations may expose the group to reputational risk. New emerging risks, such as geopolitical instability and a variety of security threats, have become increasingly important for business.

We map risks associated with corporate social responsibility, personnel, human rights and anti-corruption and anti-bribery efforts on a regular basis as part of our risk mapping. Personnel risk is caused by issues such as the management of competences in a rapidly changing operating environment. We manage personnel risks by employee 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 95](#).



## 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, senior management's remuneration, gifts, hospitality and related party transactions. The strategic section in the group's investment plan provides instructions on the management of investment-related conflicts of interest.

With a prudent decision-making process, defined responsibilities and guidelines on recusal and related party transactions, we ensure appropriate and independent decision-making. To monitor compliance with our policies and guidelines is part of the work carried out by internal control. As well as reporting on any irregularities, superiors and the Compliance unit monitor compliance with the applicable principles and related guidelines.

The group has in use a **whistleblowing channel for reporting internal abuses, other grievances and related suspicions**. Employees have had access to the Ilona whistleblowing channel since 2018. In autumn 2023, we also opened the channel for use by external stakeholders. It

allows both anonymous and authenticated users to file reports. The number of reports from within the group **rose significantly in 2023**, while the number of reports filed by external stakeholders has so far remained low.

Suspicious of abuse may also 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.

### Prevention of money laundering and terrorist financing and compliance with international sanctions

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

Through training, we make sure that staff are familiar with all legal obligations and LocalTapiola's internal guidelines. As part of induction, all staff complete online courses

on the prevention of money laundering and terrorist financing and on sanctions compliance. Employees whose duties require them to be familiar with the provisions governing sanctions compliance and the prevention of money laundering and terrorist financing refresh the courses every year. Superiors and the group's Compliance unit monitor course attendance.

### Combating insurance crime

LocalTapiola employs common operating procedures for detecting suspicious transactions. We report all suspicions to the Financial Intelligence Unit and also investigate them internally, working in close cooperation with public authorities and internal entities. We are developing 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 Investigation Services unit reports to senior 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, and to detect suspicious transactions and money laundering, identify customers and 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.

LocalTapiola **General's Board of Directors examines and approves** the content of the Sustainability Report and the material sustainability topics every year. The 2023 Sustainability Report is based on the goals set out in the LocalTapiola Group sustainability programme 2022–2026 and on the results of the materiality assessment that was approved at the start of 2023. In the 2023 Sustainability Report, the content is externally assured. To read more about the sustainability programme goals and the material sustainability topics, see pages 13–16. To read more about assurance, see pages 93–94.

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.

Of the LocalTapiola Group companies, Seligson & Co Fund Management Company and Finnish P&C Insurance Ltd (POP Vakuutus) are primarily excluded from the GRI indicators used in the 2023 Sustainability Report. These companies are included in the group's carbon footprint

calculation (their personnel figures are also reflected in the calculation). In addition, some of Seligson's personnel figures are published as a separate entity in the section 'GRI indications' on page 75. In this regard, the limitation applied in the 2023 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. For the purposes of energy consumption reporting, renewable electricity consumption also covers electricity consumption for which Guarantees of Origin for energy have been obtained.

A comparison of the sustainability report content and the GRI standards is presented in the 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.

In this Sustainability Report, we employ 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

indicators, we apply the 2018 standard, and for waste the 2020 standard. The energy consumption of investment real estate sites is reported partly under the Construction and Real Estate Sector Disclosures document published with the GRI G4 Guidelines in 2013. Investments are reported partly under the G4 Financial Services Sector Disclosures document.

We report on compliance with the Principles for Sustainable Insurance as part of the Sustainability Report, pp. 71–72.

The Sustainability Report will be published as a PDF file on the LocalTapiola Group website on 8 April 2024, at the same time with the financial statements and report of the Board of Directors for LocalTapiola General's 2023 financial period. The Sustainability Report, the financial statements and the report of the Board of Directors cover the same reporting period. The language versions (Swedish and English) of the Sustainability Report will be published in the summer.

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# Management of the 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 programme 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>LocalTapiola's AI policies</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>Sustainable insurance and claims services</p> <p>Partnerships and procurement</p> <p>Circular economy</p>	<p>Group strategy, Owner Intent</p> <p>Sustainability programme 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, product management policy, claims policy</p>
<p><b>Sustainability at the core of investment</b></p> <p>We integrate sustainability in our investment decision-making</p> <p>We are a leading responsible investment asset manager and real estate asset manager in Finland</p> <p>We promote the regional vitality of Finland through investment and financing</p>	<p>Sustainable and responsible investments</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 programme 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 insurance-associated CO<sub>2</sub> emissions 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>Sustainable insurance and claims services</p> <p>Sustainable and responsible investments</p> <p>Partnerships and procurement</p>	<p>Group strategy, Owner Intent</p> <p>Sustainability programme 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 work</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 programme 2022–2026</p> <p>Code of Conduct, Partner Code of Conduct</p> <p>Human resource strategy, Leadership Promises, Employee 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>System of governance</p> <p>Security policy</p> <p>Sponsorship principles</p>

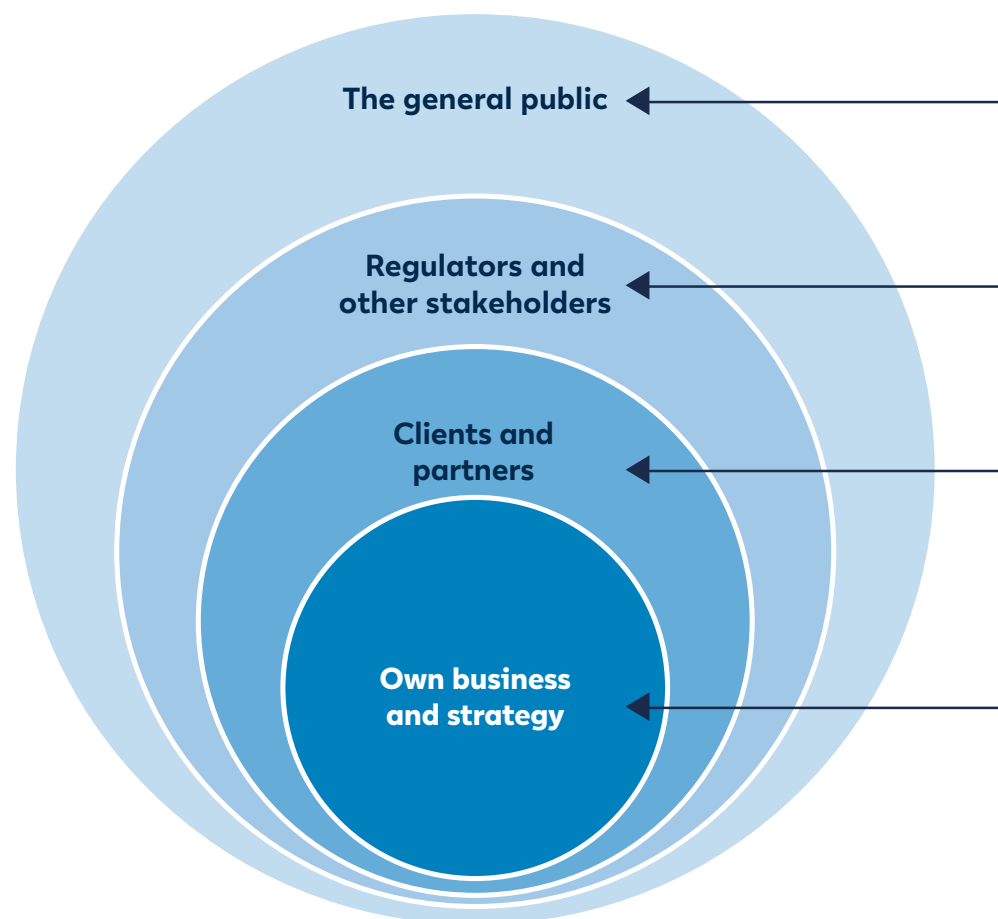
\* LocalTapiola Asset Management

\*\* LocalTapiola Real Estate Asset Management

\*\*\* LocalTapiola Finance

# Principles for Sustainable Insurance

## Four Principles for Sustainable Insurance



### **Principle 4: Accountability, transparency and reporting**

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

### **Principle 3: Working together with stakeholders**

We will work together with governments, regulators and other key stakeholders to promote wide-spread action across society on environmental, social and governance issues.

### **Principle 2: Working together with clients and business partners**

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

### **Principle 1: Sustainable business and integration of sustainability**

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

## Principles for Sustainable Insurance at LocalTapiola

Principle	Content	Actions
<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 2023, the group’s Management Group adopted the LocalTapiola sustainability programme 2022–2026. The programme lays down the group’s common sustainability goals and key actions. Sustainability issues appear regularly on the agenda of Board and senior manager meetings. The group-level Sustainability Steering Group oversees sustainability development and implementation of the sustainability programme goals, and it ensures proper anticipation of the applicable regulatory requirements. Sustainability management is lent support by the regularly convening senior management’s sustainability working group. In their respective areas of responsibility, it is for the LocalTapiola companies and functions individually to implement the sustainability goals laid down in the sustainability programme. Read more about the LocalTapiola sustainability programme and sustainability management on pp. 13–14.
<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.	In terms of implementing the Owner Intent, in 2023 we focused on owner-customer communication and improvement of the customer benefits. We carried out a satisfaction survey for members of the group’s governance bodies, in which respondents assessed how well the Owner Intent objectives have been attained. Approximately 650 owner-customers participate in decision-making on the group companies’ Supervisory Boards and Boards of Directors. A community of 800 customers operating on a digital participation platform takes regular part in the assessment of our services and products. During the year, we deepened the cooperation with our claims partners. In vehicle repairs, promotion of the circular economy and increased reuse of spare parts is our common goal. We are piloting new practices to increase the reuse of spare parts. Together with our partners, we also set common goals for improving the rate of recycling.
<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.	Public authorities, decision-makers, organisations, local communities and the media all play an important role in what we do and in local advocacy. In 2023, climate change adaptation, mental health issues and loss prevention were among the themes discussed. In particular, we conducted cooperation with safety and security operators, public authorities, organisations, and representatives of our industry. In terms of international cooperation, under the auspices of Eurapco, an alliance of eight mutuals, we are seeking new solutions together for making the business of insurance and claims more sustainable. In 2023, the LocalTapiola Group companies provided a total of EUR 3.2 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. As part of the group’s sustainability reporting, we annually report on compliance with the UN’s Principles for Sustainable Insurance. We provide information on our sustainability programme and sustainability goals in our internal and external communication and at various stakeholder events.



# TCFD climate risks

In line with the TCFD’s (Task Force on Climate-related Financial Disclosures) recommendations, the table here illustrates where we currently stand with climate risk management and how we address climate risks in the LocalTapiola strategy and goals. The table examines climate risks at the level of the group and, in addition, the right-hand side column highlights some examples from the group’s asset management companies.

Sector	LocalTapiola Group	Asset Management Group’s investment business
<b>Governance</b>	<p>LocalTapiola General’s Board of Directors has overall responsibility for organising the group’s risk management. The Board monitors climate risks as an element of the group’s overall risk management and sustainability risk mix. LocalTapiola General’s Board processes the group’s Own Risk and Solvency Assessment, which includes an assessment of climate change risks. In addition, twice a year, the Board monitors the progress made with the goals laid down in the group’s sustainability programme, including the group’s climate goals.</p> <p>LocalTapiola General’s Board 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, and it ensures the proper anticipation of regulatory requirements. Climate goals are monitored as part of sustainability management and oversight.</p>	<p>Examination of sustainability issues is included in the annual wheel confirmed by LocalTapiola Asset Management’s Board of Directors. The Board examines climate risks once a year or more frequently. LocalTapiola Asset Management’s Board annually approves the risk management plan, which discusses the risks arising from climate change and from other sustainability risks. LocalTapiola Asset Management’s Board confirms the principles for sustainable investment and the principles of corporate governance. Climate goals and assessment of climate risks in the investment business are included in the principles for sustainable investment. Asset Management’s Management Group is in charge of the 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. Climate risk and impact assessment is included in the principles for sustainable real estate investment.</p>
<b>Strategy</b>	<p>In the group strategy, sustainability goals and Code of Conduct, and as a signatory to the UN’s Principles for Sustainable Insurance, LocalTapiola is committed to climate change mitigation and the promotion of climate change adaptation. The group’s strategy is described in more detail on page 8, the sustainability programme goals on pages 13–14 and compliance with the principles for sustainable insurance on pages 71–72. To read more about our Code of Conduct, visit LocalTapiola’s website.</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 have an impact on the insurance business, particularly through political and legal risks.</p>	<p>LocalTapiola Asset Management Group’s principles for sustainable investment guide portfolio management. LocalTapiola Asset Management includes environmental, social and governance 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	Asset Management Group's investment business
<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 analysed regularly as part of the overall sustainability risk mix. 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 affects 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 as a growth in claims expenditure, which can also have implications for the profitability of non-life insurance.</p>	<p>At LocalTapiola Asset Management, risk management is guided by the risk management plan, approved annually by the Board of Directors, which lays down the risk appetite and the objectives of risk-taking and describes how risk management is organised. The risk management plan describes the most significant risks to Asset Management Group that are identified in the risk mapping carried out during annual planning. This risk mapping also identifies the most significant sustainability risks to which the group is exposed.</p> <p>In the sustainability analysis carried out on 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 ESG analysis carried out ahead of real estate investment decisions. The potential effects that climate change may have on Real Estate Asset Management have been identified and addressed since 2020 as part of the annually updated risk management plan. Sustainability related risks are also assessed as part of Real Estate Asset Management's risk assessments.</p>
<b>Goals and indicators</b>	<p>Climate change occupies a central role in the goals set out in the LocalTapiola sustainability programme for the 2022–2026 strategy period. We have set 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 aim for direct carbon neutrality (Scope 1 and 2) by the year 2025 or sooner. We will achieve a 37% reduction 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 46.</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. LocalTapiola Asset Management uses the carbon footprint, calculated semi-annually in line with the TCFD's recommendations, to measure the environmental impacts of the investment portfolios it manages (including LocalTapiola General's and LocalTapiola Life's direct investments and the LocalTapiola funds that are based on direct equity and corporate bond investments). Additionally, on a sectoral basis, the company provides reporting on the carbon footprint of equity investment portfolios.</p> <p>Annually, in line with the GHG protocol, LocalTapiola Real Estate Asset Management calculates the emissions intensity of the energy consumed at the investment real estate sites 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 the 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 2023, LocalTapiola Group employed a total of **3,809 employees**. In addition, **377 insurance** intermediaries and franchisors worked in an agency relationship to the group (2022: 387). There were **150** summer workers in 2023 (2022: 144). 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 some 93 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 2021–2023

	2021			2022			2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Total*</b>	<b>1,244</b>	<b>2,415</b>	<b>3,659</b>	<b>1,258</b>	<b>2,447</b>	<b>3,705</b>	<b>1,262</b>	<b>2,547</b>	<b>3,809</b>
Temporary	129	210	339	151	199	350	127	219	<b>346</b>
Permanent	1,115	2,204	3,319	1,107	2,247	3,354	1,135	2,325	<b>3,460</b>
Full-time	1,153	2,129	3,282	1,129	2,162	3,291	1,138	2,210	<b>3,348</b>
Part-time**	13	166	179	21	161	182	23	189	<b>212</b>
Non-guaranteed hours employee	78	120	198	108	124	232	101	148	<b>249</b>

\* The figures reflect the situation at the end of the reporting period as at 31 December 2021, 31 December 2022 and 31 December 2023. The figures cover employees. The figures are calculated according to the number of persons. The Total column also includes the Unknown values.

\*\* Part-time employees mean 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 2022–2023

In 2023, all Seligson & Co Fund Management Company employees worked under an employment relationship with the company. No employees were on zero-hour contracts, and external services are purchased only from within LocalTapiola Group. The table excludes results for fewer than five people. In 2023, 82 per cent of the employees were covered by a collective bargaining agreement.

	2022	2023
<b>Employees, total</b>	<b>33</b>	<b>33</b>
Female	13	<b>14</b>
Male	20	<b>19</b>
Temporary	≤5	<b>0</b>
Full-time	28	<b>32</b>
Part-time	5	<b>1</b>
Under 30 years old	7	<b>5</b>
30–50 years old	18	<b>21</b>
Over 50 years old	8	<b>7</b>

The table excludes results for fewer than five people.

## GRI 2-7 New employee hires and employee turnover 2021–2023

### Year 2023

Category	Number of persons	Contracts terminated, numerical	Total exit rate, %	Voluntary exit rate, numerical	Voluntary exit rate, %	New contracts, numerical	Total entry rate, %
Male	1,135	113	10.0	65	5.7	105	9.3
Female	2,325	215	9.2	115	4.9	230	9.9
Under 30 years old	488	64	13.1	42	8.6	95	19.5
30–50 years old	1,895	175	9.2	97	5.1	192	10.1
over 50 years old	1,077	89	8.3	41	3.8	48	4.5

### Year 2022

Category	Number of persons	Contracts terminated, numerical	Total exit rate, %	Voluntary exit rate, numerical	Voluntary exit rate, %	New contracts, 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	230	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	209	11.5
over 50 years old	1,059	115	10.9	68	6.4	58	5.5

### Year 2021

Category	Number of persons	Contracts terminated, numerical	Total exit rate, %	Voluntary exit rate, numerical	Voluntary exit rate, %	New contracts, 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 2023 was 5.2 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 2021–2023

### Year 2023

Employee category	Female, %	Male, %	Under 30 years old, %	30–50 years old, %	Over 50 years old, %
<b>Members of governance bodies</b>	<b>37.4</b>	<b>62.6</b>	<b>1.0</b>	<b>27.7</b>	<b>71.3</b>
<b>Employees, total</b>	<b>66.9</b>	<b>33.1</b>	<b>19.7</b>	<b>51.6</b>	<b>28.6</b>
Specialists	60.2	39.8	8.6	60.5	30.8
Superiors	47.2	52.8	0.0	50.9	49.1
Management	33.1	66.9	0.0	41.6	58.4
Insurance agents	31.4	68.6	5.4	51.0	43.6
Salaried employees	80.7	19.3	33.6	45.2	21.2

### Year 2022

Employee category	Female, %	Male, %	Under 30 years old, %	30–50 years old, %	Over 50 years old, %
<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>
<b>Employees, total</b>	<b>66.0</b>	<b>34.0</b>	<b>20.1</b>	<b>50.8</b>	<b>29.1</b>
Specialists	59.0	41.0	7.8	60.0	32.2
Superiors	46.4	53.6	0.0	50.9	49.1
Management	30.2	69.8	0.0	41.3	58.7
Insurance agents	30.1	69.9	5.3	53.4	41.3
Salaried employees	79.7	20.3	33.9	44.7	21.5

### Year 2021

Employee category	Female, %	Male, %	Under 30 years old, %	30–50 years old, %	Over 50 years old, %
<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>
<b>Employees, total</b>	<b>66.0</b>	<b>34.0</b>	<b>20.5</b>	<b>50.4</b>	<b>29.1</b>
Specialists	28.8	71.2	0.0	42.4	57.6
Superiors	44.6	55.4	0.0	53.6	46.4
Management	59.1	40.9	7.9	61.3	30.8
Insurance agents	82.3	17.7	29.1	47.0	23.9
Salaried employees	32.6	67.4	5.0	52.9	42.1

## GRI 405-2 Ratio of basic salary and remuneration of women to men 2021–2023, %\*

Employee category	2021	2022	2023
Senior management**	77.0	79.0	<b>79.8</b>
Middle management	86.6	92.8	<b>90.2</b>
Superiors	89.5	92.2	<b>96.4</b>
Specialists	89.7	87.7	<b>87.1</b>
Salaried employees	102.3	104.5	<b>102.6</b>
Insurance agents	91.0	86.9	<b>80.7</b>

\* The figures illustrate the proportion, in percentage, of the salary received by women in the salary received by men. The figures do not include hourly-rated employees. The calculation method was changed for the 2023 Sustainability Report. The figures cover all paid salary items, including performance-related bonuses. The new calculation method takes account of person-years, that is the actual amount of work performed. The figures for 2021 and 2022 are calculated under the new calculation method.

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

## GRI 305-1 Direct (Scope 1) GHG emissions; GRI 305-2 Energy indirect (Scope 2) GHG emissions; GRI 305-3 Other indirect (Scope 3) GHG emissions 2021–2023

The table includes LocalTapiola Group's carbon dioxide emissions (tCO<sub>2</sub>e) for 2020–2023, as well as the key calculation observations and the sources of emission factors. This limitation of carbon footprint calculation is based on operational control. Starting from 2021, the calculation covers Seligson & Co Fund Management Company and, from 2023, it covers Finnish P&C Insurance Ltd. The reporting of figures has been made more specific by rounding the figures to the nearest ten.

	2021, tCO <sub>2</sub> e	2022, tCO <sub>2</sub> e	2023, tCO <sub>2</sub> e	Observations	Source of emission factor in the 2023 calculation
<b>GRI 305-1</b>					
<b>Scope 1: Direct GHG emissions</b>					
Fuels	150	130	<b>140</b>		Car manufacturers, Defra 2023, Statistics Finland 2023
Self-generation of energy	10	10	<b>10</b>		Statistics Finland 2023
Refrigerant leaks		10	<b>20</b>	Data not available for 2021.	IPCC (AR5) 2018
<b>Scope 1, total</b>	<b>160</b>	<b>150</b>	<b>170</b>		
<b>GRI 305-2</b>					
<b>Scope 2: Energy indirect (Scope 2) GHG emissions</b>					
Electricity, market-based	150	120	<b>250</b>	Measured consumption accounts for 62% of the electricity consumed.	Energy companies
Electricity, location-based	830	680	<b>640</b>		Statistics Finland 2021
Heat, market-based	940	770	<b>420</b>	Calculation was specified in 2022. Measured consumption accounts for 12% of the heat consumed.	Municipality-specific emission factors from heat companies
Heat, location-based	920	880	<b>780</b>		Statistics Finland 2021

	2021, tCO <sub>2</sub> e	2022, tCO <sub>2</sub> e	2023, tCO <sub>2</sub> e	Observations	Source of emission factor in the 2023 calculation
District cooling, market-based	0	0	0		Helen Oy
District cooling, location-based	0	0	0		Helen Oy
<b>Scope 2 market-based, total</b>	<b>1,090</b>	<b>890</b>	<b>670</b>		
<b>Scope 2 location-based, total</b>	<b>1,750</b>	<b>1,560</b>	<b>1,420</b>		
<b>GRI 305-3</b>					
<b>Scope 3: Other indirect (Scope 3) GHG emissions</b>					
Category 1: Purchased goods and services	14,620	16,840	<b>15,250</b>	The 2023 emission factors are adjusted for inflation.	SYKE 2019
Category 2: Capital goods	46,590	25,140	<b>11,090</b>	Includes car purchases and investments in new construction and repair construction projects	Finnish Climate Change Panel 2021, Seo et al. 2016; for construction, project-specific calculations
Category 5: Waste generated in operations	40	40	<b>40</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 2023, Defra 2023
Category 6: Business travel	570	900	<b>1,260</b>	Covers kilometre-reimbursed travel, overnight hotel accommodation, flights and train journeys. The 2023 emission factors are adjusted for inflation.	Defra, EPA, VR, Finnish Environment Institute, Statistics Finland
Category 7: Employee commuting	2,120	2,500	<b>3,240</b>	Covers travel to work as well as teleworking.	Defra 2023; Statistics Finland 2021
Category 13: Downstream leased assets	11,790	12,670	<b>13,250</b>	Covers LocalTapiola Real Estate Asset Management-administered leased-out real estate sites.	Calculations by LocalTapiola Real Estate Asset Management; Statistics Finland 2023, IPCC 2013
Category 15: Investments	113,940	70,530	<b>76,680</b>	Indirect emissions from LocalTapiola's own equity investments and corporate bond investments.	Emissions reported by the investee entities; and calculations by LocalTapiola Asset Management
<b>Scope 3, total</b>	<b>189,670</b>	<b>128,620</b>	<b>120,810</b>		
<b>Total emissions, market-based</b>	<b>190,920</b>	<b>129,660</b>	<b>121,650</b>		
<b>Total emissions, location-based</b>	<b>191,500</b>	<b>130,330</b>	<b>122,400</b>		

## 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 2022–2023

Comparable investment real estate site, total (111)	2022	2023	Change, %
Heat, kWh/m <sup>2</sup>	75.8	75.4	-1
Electricity, kWh/m <sup>2</sup>	41.9	46.1	10
District cooling, kWh/m <sup>2</sup>	10.1	6.5	-35
Water, l/m <sup>2</sup>	512.1	471.1	-8
Carbon dioxide, CO <sub>2</sub> , kg/m <sup>2</sup> *	14.4	11.9	-17

Investment real estate sites, comparable apartments (71)	2022	2023	Change, %
Heat, kWh/m <sup>2</sup>	74.6	73.9	-1
Electricity, kWh/m <sup>2</sup>	13.7	14.0	2
Water, l/m <sup>2</sup>	1,044.7	941.8	-10
Carbon dioxide, CO <sub>2</sub> , kg/m <sup>2</sup> *	12.5	8.7	-31

Investment real estate sites, comparable commercial premises (40)	2022	2023	Change, %
Heat, kWh/m <sup>2</sup>	76.5	76.1	0
Electricity, kWh/m <sup>2</sup>	56.3	62.6	11
District cooling, kWh/m <sup>2</sup>	15.2	9.9	-35
Water, l/m <sup>2</sup>	238.6	229.5	-4
Carbon dioxide, CO <sub>2</sub> , kg/m <sup>2</sup> *	15.3	13.6	-12

\* Starting from the 2021 Sustainability Report, we have employed GHG protocol compliant emission calculation, and the emissions intensity of investment real estate sites 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 only illustrates comparable sites for 2022 and 2023. 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 sites varies from year to year as a result of 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 2023 **greenhouse gas emissions intensity from new construction and repair construction projects** was: 0.28\* (emissions/€ invested, kg CO<sub>2</sub>) (2022: 0.34).

\* The emissions only reflect one of the four sites under construction and completed during the year, as the emissions from the three other sites were wholly included in the 2022 emissions.



## GRI 306-3 Waste generated

Waste generated at investment real estate sites administered by LocalTapiola Real Estate Asset Management in 2022–2023, t

	Residential		Commercial		Residential and commercial, total	
	2022	2023	2022	2023	2022	2023
<b>Recovery as energy</b>	<b>796</b>	<b>1,022</b>	<b>728</b>	<b>1,101</b>	<b>1,523</b>	<b>2,123</b>
<b>Recycling as material</b>	<b>398</b>	<b>585</b>	<b>647</b>	<b>1,347</b>	<b>1,045</b>	<b>1,933</b>
Organic waste	161	180	205	579	365	760
Paper	34	135	26	58	60	194
Cardboard	99	152	339	591	437	743
Glass	44	41	33	45	77	86
Metal	22	16	20	31	42	47
Plastic	39	60	20	34	59	94
Other waste	0	0	4	8	4	8
<b>Hazardous waste</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>8</b>
<b>Other waste</b>	<b>0</b>	<b>0</b>	<b>94</b>	<b>54</b>	<b>94</b>	<b>54</b>
<b>All, total</b>	<b>1,194</b>	<b>1,607</b>	<b>1,475</b>	<b>2,510</b>	<b>2,669</b>	<b>4,118</b>

We report waste volumes for the investment real estate sites that are administered by LocalTapiola Real Estate Asset Management. Data coverage is approximately 71 per cent of the sites in 2023. In 2022, coverage was approximately 59 per cent. Waste volumes are saved in the Zerowaste system from the systems and data of waste management operators. 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, 2023

	Equity investments			Corporate bond investments		
	Contacts, numerical	Companies in portfolio, numerical	Share, %	Contacts, numerical	Issuers in portfolio, numerical	Share, %
LocalTapiola General*	4	61	7	36	24	150***
LocalTapiola Life*	5	59	8	37	56	66***
LocalTapiola Asset Management, funds**	30	240	13	135	362	37

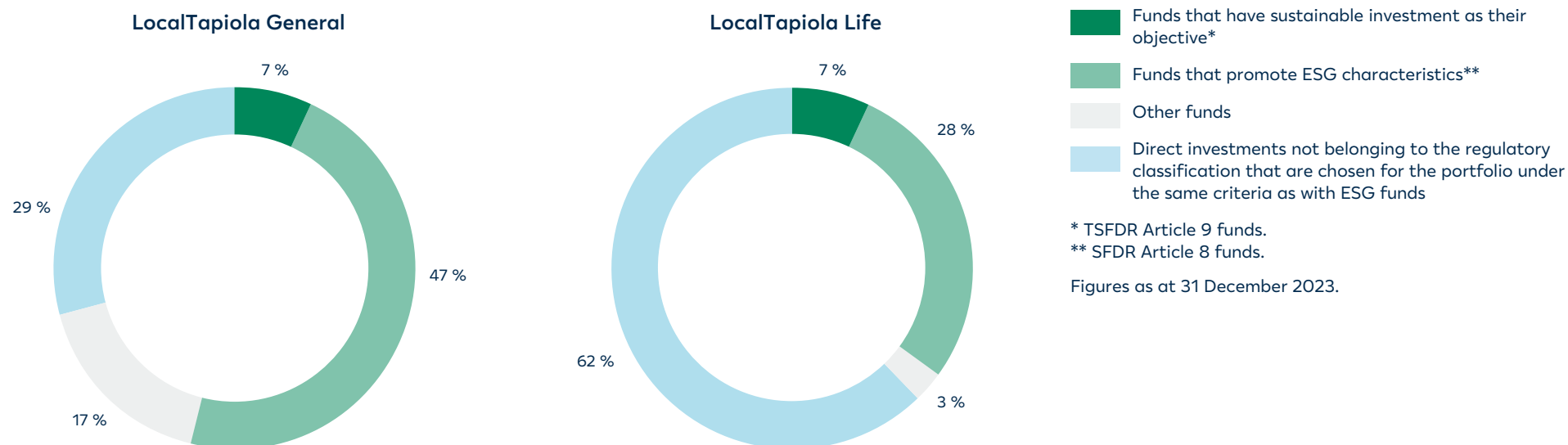
Figures as at 31 December 2023

\* Includes meetings with companies in which the portfolio invests directly.

\*\* 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.

\*\*\* The number of companies in the portfolio contracted significantly during the year. Contacts include companies whose bonds were sold later in the year.

## EU SFDR-compliant investments in LocalTapiola General's and Life's asset portfolios 2023



## Voting at General Meetings 2023

	Motions, numerical (voting slip)	Voted in favour, %	Voted against, %	No vote, %
<b>LocalTapiola General, non-Finnish General Meetings*</b>	<b>844</b>	<b>82</b>	<b>17</b>	<b>0</b>
Motions by Boards of Directors	784	84	16	1
Motions by shareholders	60	62	38	0
<b>Finnish General Meetings, within the asset management portfolio*</b>	<b>74</b>	<b>95</b>	<b>5</b>	<b>0</b>
<b>Finnish General Meetings, others</b>	15	100	-	-
<b>LocalTapiola Life (incl. investment baskets), non-Finnish General Meetings*</b>	<b>1,245</b>	<b>82</b>	<b>18</b>	<b>1</b>
Motions by Boards of Directors	1,176	83	16	1
Motions by shareholders	69	57	43	0
<b>Finnish General Meetings, within the asset management portfolio*</b>	<b>223</b>	<b>91</b>	<b>9</b>	<b>0</b>
<b>Finnish General Meetings, others</b>	-	-	-	-
<b>LocalTapiola Asset Management, authorised by asset management customers (incl. funds) at non-Finnish General Meetings</b>	16,641	83	16	1
Motions by Boards of Directors	15,862	84	15	1
Motions by shareholders	779	62	35	3
<b>LocalTapiola Asset Management, authorised by asset management customers (incl. funds) at Finnish General Meetings</b>	513	93	7	0

\* 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

**Statement of use:** LocalTapiola Group reports the information cited in this GRI Content Index for the 1 January–31 December 2023 reporting period with reference to the GRI Standards.

**GRI 1 reference 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 the nationwide companies (c.): Espoo	
2-2	Entities included in the organization's sustainability reporting	Reporting principles and the GRI, p. 68	
2-3	Reporting period, frequency and contact point	Reporting principles and the GRI, p. 68	
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 figures cover all paid salary items, including performance-related bonuses. The new calculation method takes account of person-years, that is the actual amount of work performed. The figures for 2022 and 2021 are calculated under the new calculation method.	
2-5	External assurance	Reporting principles and the GRI, p. 68 Independent Assurance Statement, p. 93	
<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. 59	
2-7	Employees	Highly skilled, thriving personnel, p. 52 GRI indicators, p. 75 Reporting principles and the GRI, p. 68	
2-8	Workers who are not employees	Highly skilled, thriving personnel, p. 52 GRI indicators, p. 75 Reporting principles and the GRI, p. 68	

Disclosure	GRI content	Location	Omissions and additional information
<b>Governance</b>			
2-9	Governance structure and composition	Mutual corporate governance, p. 62 <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 2023 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2024 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 2023 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2024 on the LocalTapiola website
2-11	Chair of the highest governance body	Mutual corporate governance, p. 62 <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 2023 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2024 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. 64	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. 20 Mutual corporate governance, p. 62	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.).

Disclosure	GRI content	Location	Omissions and additional information
2-14	Role of the highest governance body in sustainability reporting	Material sustainability topics, p. 16 Reporting principles and the GRI, p. 68	
2-15	Conflicts of interest	Mutual corporate governance, p. 62	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. 16	
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 at LocalTapiola, p. 63 <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 2023 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2024 on the LocalTapiola website.
2-20	Process to determine remuneration	Remuneration at LocalTapiola, p. 63 <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 2023 governance statements for LocalTapiola General and LocalTapiola Life will be published in April 2024 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	<a href="#">Remuneration report</a> (in Finnish)	The 2023 remuneration report will be published in April 2024 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	<p>Corporate responsibility commitments, p. 21</p> <p>Principles for Sustainable Insurance, p. 71</p> <p>Sustainable investments, p. 35</p> <p>Investment principles guiding sustainable investments, p. 36</p> <p>Management of sustainability goals and material issues, p. 69</p>	<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>In 2022, the PRI memberships of the Asset Management Group companies were combined in the name of LocalTapiola Asset Management Group. 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 Boards operating at the time. Seligson &amp; Co Fund Management Company adopted the Principles in 2012, following a decision by the Board. 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> <p>We communicate to our personnel about the group's commitments on LocalTapiola's internal website, and stakeholder communication is provided on our external website. The personnel's introductory course on sustainability deals with the group's commitments.</p>
2-24	Embedding policy commitments	<p>Corporate responsibility commitments, p. 21</p> <p>Principles for Sustainable Insurance, p. 71</p> <p>Solvency, and risk management, p. 64</p> <p>Management of sustainability goals and material issues, p. 69</p>	<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>

Disclosure	GRI content	Location	Omissions and additional information
2-25	Processes to remediate negative impacts	Anti-corruption and anti-bribery efforts, p. 66	No disclosure on the commitments or other processes by which negative impacts are remedied (a. and c.). 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.).
2-26	Mechanisms for seeking advice and raising concerns	Anti-corruption and anti-bribery efforts, p. 66	
2-27	Compliance with laws and regulations	No incidents in 2023.	
2-28	Membership associations	Public affairs and protection of interests, p. 22	
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Stakeholder engagement, p. 20	
2-30	Collective bargaining agreements	GRI indicators, p. 75	
<b>Strategy, policies and practices</b>			
3-1	Process to determine material topics	Sustainability at LocalTapiola, p. 13	
3-2	List of material topics	Sustainability at LocalTapiola, p. 13	

<b>TOPIC-SPECIFIC CONTENT</b>			
<b>Economic value</b>			
3-3	Management of material topics	Direct economic value generated and distributed, p. 12 Management of sustainability goals and material issues, p. 69 Key figures for 2023, p. 4 <a href="#">LocalTapiola Group's financial statement presentation 2023</a>	
201-1	Direct economic value generated and distributed	Direct economic value generated and distributed, p. 12	
<b>Anti-corruption</b>			
3-3	Management of material topics	Anti-corruption and anti-bribery efforts, p. 66 Management of sustainability goals and material issues, p. 69	
205-2	Communication and training about anti-corruption policies and procedures	Competences and renewal, p. 55 Anti-corruption and anti-bribery efforts, p. 66	Not reported for governance (a and d) or business partners (c).
205-3	Confirmed incidents of corruption and actions taken	No incidents in 2023.	



Disclosure	GRI content	Location	Omissions and additional information
<b>Energy and emissions</b>			
3-3	Management of material topics	Impacts of climate change, p. 43 Management of sustainability goals and material topics, p. 69	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	Real estate energy consumption and emissions, p. 47	
302-4	Reduction of energy consumption	Real estate energy consumption and emissions, p. 47	
305-1	Direct (Scope 1) GHG emissions	Impacts of climate change, p. 43 GRI indicators, p. 78	
305-2	Energy indirect (Scope 2) GHG emissions	Impacts of climate change, p. 43 GRI indicators, p. 78	
305-3	Other indirect (Scope 3) GHG emissions	Impacts of climate change, p. 43 GRI indicators, p. 78	
305-5	Reduction of GHG emissions	Impacts of climate change, p. 46	
CRE1	Building energy intensity	Real estate energy consumption and emissions, p. 49 GRI indicators, p. 80	GRI G4: Construction and real estate
CRE2	Building water intensity	Real estate energy consumption and emissions, p. 49 GRI indicators, p. 80	GRI G4: Construction and real estate
CRE3	Greenhouse gas emissions intensity from buildings	Real estate energy consumption and emissions, p. 49 GRI indicators, p. 80	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. 80	GRI G4: Construction and real estate
<b>Water consumption</b>			
3-3	Management of material topics	Real estate energy consumption and emissions, p. 47 Management of sustainability goals and material topics, p. 69	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	GRI indicators, p. 80	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	Real estate energy consumption and emissions, p. 47 Management of sustainability goals and material topics, p. 69	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. 81	Disclosed for investment real estate. No data available for own offices.

Disclosure	GRI content	Location	Omissions and additional information
<b>Investments</b>			
3-3	Management of material topics	Sustainable investments, p. 35 Management of sustainability goals and material topics, p. 69	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. 82	GRI G4: Financial Services
<b>Employment relationships</b>			
3-3	Management of material topics	Recruitment at LocalTapiola, p. 53 Management of sustainability goals and material topics, p. 69	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. 53 GRI indicators, p. 76	
<b>Occupational health and safety</b>			
3-3	Management of material topics	Supporting occupational well-being and working capacity, p. 56 Management of sustainability goals and material topics, p. 69	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. 56	GRI 2018
403-3	Occupational health services	Supporting occupational well-being and working capacity, p. 56	GRI 2018
403-4	Worker participation, consultation, and communication on occupational health and safety	Supporting occupational well-being and working capacity, p. 56	GRI 2018
403-5	Worker training on occupational health and safety	Supporting occupational well-being and working capacity, p. 56	GRI 2018
403-6	Promotion of worker health	Supporting occupational well-being and working capacity, p. 56	GRI 2018
403-9	Work-related injuries	Supporting occupational well-being and working capacity, p. 57	GRI 2018. No disclosure except for employees (b). No disclosure on hazards that pose a risk of high-consequence injury (c and d).
<b>Training and education</b>			
3-3	Management of material topics	Competences and renewal, p. 55 Management of sustainability goals and material topics, p. 69	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.).

Disclosure	GRI content	Location	Omissions and additional information
404-1	Average hours of training per year per employee	Competences and renewal, p. 55	Not disclosed by gender (i). Data not available.
404-2	Programs for upgrading employee skills and transition assistance programs	Competences and renewal, p. 55	
404-3	Percentage of employees receiving regular performance and career development reviews	Competences and renewal, p. 55	
<b>Diversity and equal opportunity</b>			
3-3	Management of material topics	Equality and the promotion of diversity, p. 58 Management of sustainability goals and material topics, p. 69	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	Equality and the promotion of diversity, p. 58 GRI indicators, p. 77	
405-2	Ratio of basic salary and remuneration of women to men	GRI indicators, p. 78	
<b>Data protection and data security</b>			
3-3	Management of material topics	Evolving risks, and loss prevention, p. 24 Management of sustainability goals and material topics, p. 69	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. 61	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. 24 Management of sustainability goals and material topics, p. 69	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	Cybersecurity maturity level	Proactive cybersecurity work, p. 25	
<b>Loss prevention</b>			
3-3	Management of material topics	Evolving risks, and loss prevention, p. 24 Management of sustainability goals and material topics, p. 69	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.).

Disclosure	GRI content	Location	Omissions and additional information
In-house indicator	A proactive insurer, ranking in LocalTapiola's brand monitoring	Loss prevention, p. 28	
In-house indicator	Number of media hits for the topic of loss prevention	Loss prevention, p. 28	
In-house indicator	Hero Training, persons trained/year	Loss prevention, p. 28	
<b>Services for sustainable insurance and claims</b>			
3-3	Management of material topics	Sustainable insurance and claims, p. 31 Management of sustainability goals and material topics, p. 69	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. 33	
<b>Investments</b>			
3-3	Management of material topics	Sustainable investments, p. 35 Management of sustainability goals and material topics, p. 69	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	Sustainable investments, p. 35 GRI indicators, p. 83	
In-house indicator	SFDR Article 8 and 9 investment assets	GRI indicators, p. 82	
<b>Data protection and data security</b>			
3-3	Management of material topics	Data protection and data security, p. 61 Management of sustainability goals and material topics, p. 69	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. 61	
<b>Employee experience</b>			
3-3	Management of material topics	Highly skilled, thriving personnel, p. 52 Management of sustainability goals and material topics, p. 69	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. 52	

# 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 (0211034-2) (hereinafter 'LocalTapiola') to perform a limited assurance engagement on the sustainability disclosures reported in the LocalTapiola 2023 Sustainability Report (hereinafter 'Sustainability Disclosures') for the year that ended on 31 December 2023.

## Management's responsibilities

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 company's reporting guidelines and 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 responsibilities

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. The nature, timing and extent of the selected assurance procedures are based on professional judgment, including the assessment of material misstatement, whether due to fraud or error. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on limited assurance.

We are independent of the company in accordance with the ethical requirements followed in Finland that concern the engagement we have performed, and we have satisfied our other ethical obligations set forth in these requirements.

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.

## Procedures performed

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 used for collecting, calculating and assessing 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 limited assurance engagement would not, in all material respects, be properly prepared in accordance with the company's reporting guidelines and the *GRI Sustainability Reporting Standards*.

In Helsinki on 8 April 2024

KPMG Oy Ab

Timo Nummi  
Partner, KHT

Tomas Otterström  
Partner, Advisory



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