



# Sustainability Report 2020



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## Review by the CEO

# Working for all of Finland

In 2020, our daily lives were marked by the exceptional conditions which the Covid-19 pandemic brought about. LocalTapiola adapted commendably to the rapid and surprising transformations. The Group's solvency and total result remained at a good level due to the strong result of the insurance business, especially. **The fabulous attitude and the strong commitment** to our shared targets exhibited by our own lifelong security specialists did not waver despite a challenging year.

We supported the resilience of our customers and of entire society through a variety of efforts over the year. The LocalTapiola Group companies donated one million euros to the Finnish Red Cross for an extensive anti-Covid-19 relief operation. To our corporate customers, we offered an opportunity to apply for an extension to the payment of premiums, and in spring we released the restaurants at our real estate from rent payment obligations for a fixed period of time. Our regional companies combated the negative impacts of Covid-19 by supporting local communities and firms.

In spring, we updated our lifelong security strategy and clarified the wording of our objectives. We will continue to improve customer experience and seek growth in, for instance, finance services. In a novel fashion, we have

elevated sustainability into the core of what we do. Increasingly, we want to influence the security of the immediate everyday environment, financial success and well-being of our 1.6 million owner-customers all over Finland.

Sustainable and responsible operations, **proactive lifelong security and local presence** are deeply rooted in the core of LocalTapiola's mutuality. Our regional companies are active regional contributors whose activities boost the vitality of local communities. Ambitious sustainable business is evident in the day-to-day operations of LocalTapiola Asset Management and Real Estate Asset Management. The transformations taking place in the operating environment also challenge us as a group to elevate sustainability to a more strategic level. Our activities are influenced by phenomena such as increasing regulation, climate change, an ageing population and upheavals in health care.

Integrating the sustainability viewpoint into our business renewal calls for determined efforts. The year 2020 saw us take some key steps in pursuit of this target. In spring we as a group became a signatory to the UN's principles for sustainable insurance. We are committed to developing insurance operations from the viewpoint of sustainable development. We strengthened our own organisation

by reorganising our sustainability and public affairs functions. In addition, we introduced group-level sustainability reporting to better monitor the progress of our work and to increase operational transparency. This is the group's first sustainability report prepared under the international GRI standard.

The events of the past year have demonstrated more clearly that LocalTapiola plays a crucial role in **generating stability and sustainable well-being** all around Finland. In line with our vision, we will pursue efforts to remain the most valued lifelong security partner in our customers' security, health and financial success.

### Juha Koponen

*CEO, Chair of the Boards of Directors*



# 2020 key figures

## 1.6MM



owner-customers

## EUR 2.6MM

in donations to the promotion of the security and well-being of communities

## 3.567



lifelong security specialists working at LocalTapiola

## 77.1/100

score in the ROIHU employee survey\*

### Non-life insurance

premiums written  
EUR **1,300.2MM**

claims incurred  
EUR **940.9MM**

### Life insurance

premiums written  
EUR **434.0** million

claims incurred  
EUR **375.2MM**

Customer assets managed by the asset management companies EUR **13.6** billion

Real estate assets under management EUR **2.4** billion



\*The ROIHU survey measures employee experience, or how good a place to work LocalTapiola Group is perceived to be. The 2020 score clearly exceeds the normative benchmark for Finnish white-collar employees (2020: 71.0).

# Highlights of 2020

## Support to customers and society under Covid-19

In 2020 we supported the resilience of our customers and of society under the exceptional conditions brought about by the Covid-19 pandemic. To our corporate customers, we offered payment extensions and released restaurants at our real estate from rent payment obligations for a fixed period of time. Our companies donated over one million euros to the Finnish Red Cross's aid work. Our support helped distribute food aid and maintain the well-being of trained voluntary workers. Our regional companies also supported local communities and firms.

## Employee experience again at excellent level

The employee experience of our lifelong security specialists remained excellent despite a challenging year. We measure employee experience with the ROIHU survey, which is based on Eezy Spirit's People Power concept. In 2020 the group scored 77.1 out of one hundred (2019: 77.0). The score clearly exceeds the normative benchmark for Finnish white-collar employees (2020: 71.0).

## We signed the UN's principles for sustainable insurance

In spring, we as a group became a signatory to the UN's principles for sustainable insurance. We are committed to developing sustainable insurance operations. We integrate environmental, social responsibility and good governance issues into our decision-making. We co-operate actively with our stakeholders to improve the social effectiveness of our operations.

## Asset Management awarded as the most responsible

In a survey prepared by Scandinavian Financial Research, LocalTapiola Asset Management was awarded as the most responsible investment asset manager for the third consecutive year now. The award follows from the long-term work which strives to lead the way forward in sustainable development in the sector.

## Real estate carbon footprint reduced

At the start of 2020 LocalTapiola Real Estate Asset Management transitioned to using origin-guaranteed wind power. The carbon footprint of the investment real estate portfolio under the company's management dropped by 4,000 tonnes of carbon dioxide (CO<sub>2</sub>e) in the course of the year, representing over 20 per cent of the total carbon dioxide emissions of the real estate portfolio.



# LocalTapiola Group

LocalTapiola Group is a mutual group of companies owned by **1.6 million owner-customers**. Our main mission is to help our owner-customers to secure their lives and business. It is our purpose to generate value for our customers and to maintain the profitability of our operations on a long-term basis.

We serve private, farm, entrepreneur, corporate and institutional customers. We want to be our customers' most valued lifelong security partner. Our proactive products and services improve the **security, health and personal finances** of our customers.

The non-life insurance products we offer cover our customers' property and business for risks. Non-life insurance business covers all types of voluntary and statutory non-life insurance. Our personal and health insurance products and services support health and well-being. We also help our customers to prepare financially and to increase their wealth, offering solutions for asset management, saving, financing and life assurance. In addition, we produce real estate investment and management services.

We are the market leader in motor liability insurance and in farm insurance in Finland.

In occupational accident insurance we have increased our market share in a number of consecutive years. We are also Finland's largest term life insurer.

“ *During 2020, LocalTapiola Satakunta and LocalTapiola Lännen formed a new lifelong security company, LocalTapiola Länsi-Suomi.*

LocalTapiola General Mutual Insurance Company (LocalTapiola General) is LocalTapiola Group's leading parent company referred to in the Insurance Companies Act. In addition, the group includes 19 regional mutual non-life insurance companies, LocalTapiola Mutual Life Insurance Company (LocalTapiola Life), LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management and its subsidiary LocalTapiola Alternative Investment Funds, LocalTapiola Finance and LocalTapiola Services.

During 2020, LocalTapiola Satakunta and LocalTapiola Lännen formed a new lifelong security company, LocalTapiola Länsi-Suomi. In addition, LocalTapiola Group purchased the Seligson & Co fund management company. The purpose of this acquisition is to reinforce the group's long-term savings and investment services.

We operate all over Finland and invest in local presence. LocalTapiola employs more than **3,500 lifelong security specialists**, with some 50 per cent of them at the regional companies, which serve at over 200 locations across the country. The companies are regional contributors and play a key role in local communities, and they are major employers, taxpayers and generators of prosperity.

LocalTapiola makes use of an extensive nationwide and local partnership network. Mehiläinen serves as our partner in health and well-being, while Elo Mutual Pension Insurance Company is our pension insurance partner. S Group serves as our strategic partner, allowing customers to get S Bonus on insurance premiums. In claims operations our customers are served by vehicle and hospital/clinic partners, among others.



## Operating environment and strategy

**A**nticipating the operating environment is part of our strategy work. We strive to identify the impacts of global trends and of agents for change on our operations and on the immediate environment and future of our owner-customers.

The impacts of the Covid-19 pandemic were felt in our operating environment immediately, but they may also have far-reaching consequences. In future we must be able to anticipate global change better than so far, including how the extreme weather phenomena or social transformations brought about by climate change affect our operations and the daily lives of our customers.

### Shifting customer needs and digital transformation

Our customers expect our services to be tailorable and easy to use. The popularity of digital services is on the increase in all customer groups. Services must be reliable and available for use by all our customer groups. New players in the sector challenge us to expedite the development of solutions which enhance customer experience. Movements in the market create new risks and customer needs for which LocalTapiola must prepare. Multilocational work and living are becoming the norm, contributing to the movements.

### Internationalisation and increasing regulation

Our operating environment is becoming more and more international. Global economic swings are mirrored everywhere. Traditional operators in the financial sector must strengthen their digital competences and agility on their own or by co-operating with various parties. Increasing regulation generates costs and operational challenges.

## Sustainability and responsibility

The weather phenomena caused by climate change affect our operations, stakeholders and the immediate environment of our owner-customers. They generate financial risks against which our customers want to protect themselves. Financial operators play a major role in financing ventures for the purpose of sustainable development. Consumers are increasingly interested in responsibility and sustainability. New requirements create novel types of demand for insurance and financial services, to which we must respond efficiently.

### Demographic change in Finland

In Finland, ageing and the decline in the number of working-age people weaken the dependency ratio. Increasingly the population is concentrated in growth centres, despite multilocational work becoming more common. More than before people are interested in their physical and mental well-being. The value of committing customers in the long term and of meaningful services increases as the population structure changes and consumption patterns are transformed. Well-functioning digital services and, on the other hand, presence and personalised service provide the nucleus of our success in the future.

## Objectives of the lifelong security strategy

In line with our lifelong security strategy, our main mission is to help our owner-customers secure their lives and business. We want to be our customers' most valued everyday partner in lifelong security. We promise tailored solutions in security, health and well-being products and in related services.

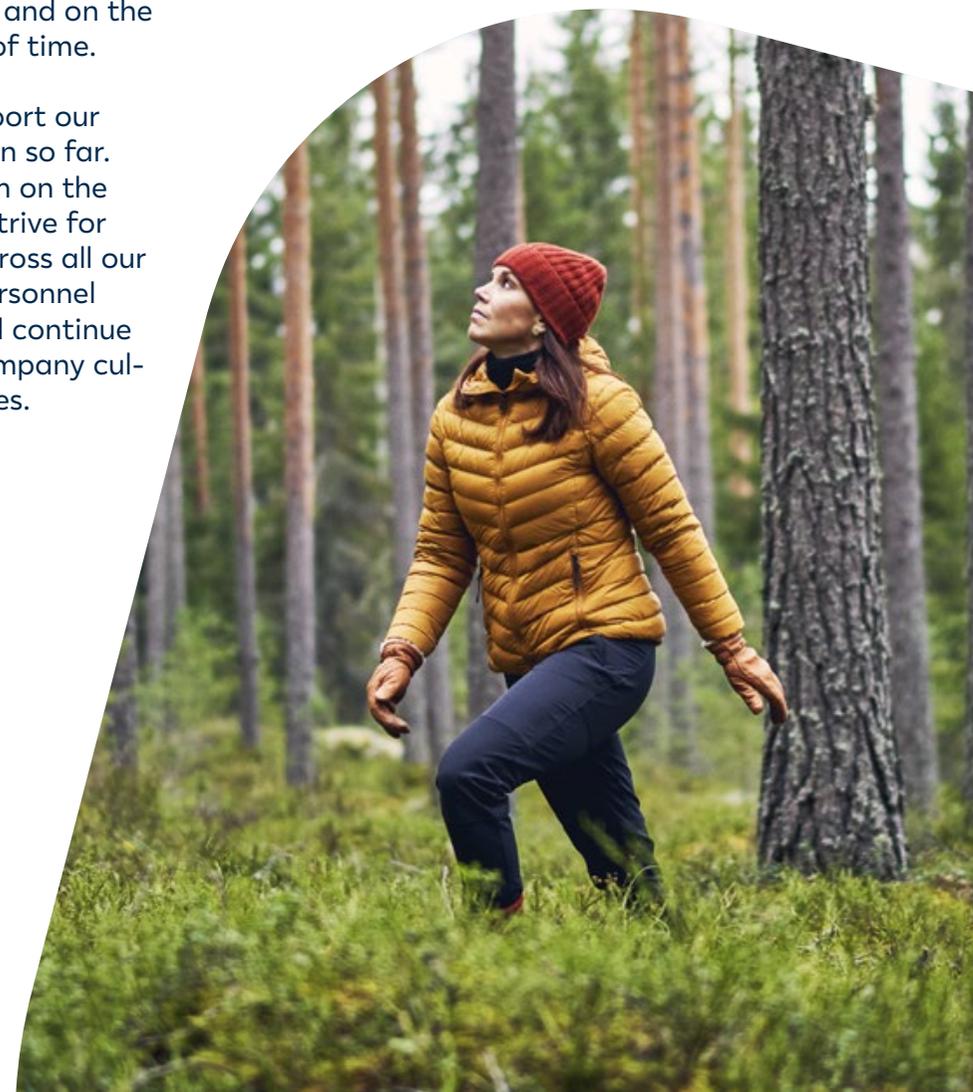
Our objective is to be **solvent and profitable**. We produce the services to our owner-customers in an efficient fashion, and we offer loyalty benefits. We use economic returns for customer benefits, operational development, strengthening the solvency position, supporting local communities, and more.

For 2019–2021, we have set four key goals: competent and thriving personnel, genuinely caring and the best customer experience, extending customer relationships, and responsible impact in our customers' immediate environment. We updated our strategy in May 2020. Our strategic objectives remained as they were, but we clarified how we put them into words. In future we will review the strategy on an annual basis.

In 2020 our employee satisfaction remained at a high level under challenging conditions. We strongly supported the success of local communities. Our customer retention and our image also remained good. However, our customer contact satisfaction fell in spring, when the Covid-19 situation forced meetings online and on the telephone in just a short period of time.

In future digital services will support our local presence more strongly than so far. We will continue developing them on the principle of 'customer first'. We strive for the best customer experience across all our service channels. We invest in personnel competences and well-being and continue to renew the lifelong security company culture in accordance with our values.

We enforce the effectiveness of our responsibility work together with our owner-customers and other stakeholders. We invest in developing sustainable product and service solutions, and through local presence we generate value to our customers and communities across Finland.



## Values and operating principles

The fundamentals of the lifelong security culture are our values of **goodwill, courage and passion**. These values lay the basis for our work and we act upon them in every encounter. We want the best for our colleagues, customers and the communities surrounding us. Big-hearted with our work, we are ambitious when it comes to solutions that benefit customers and further our own development.

“ Our values lay the basis for our work and we act upon them in every encounter.

In what we do, we adhere to good corporate governance, which is based on legislation applicable to 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. Our operations are also guided by the policies of Finance Finland, applied across the insurance business.

Our shared Code of Conduct defines how we do business. It is a collection of key operating principles which we are committed to following throughout the group. As a rule, we always act in the interest of the owner-customer. Complying with the Code of Conduct is the responsibility of everyone working at LocalTapiola and of every member of the management.

The group's Management Group approved the Code of Conduct in February 2020. The Code was also passed on for review at the Management Groups and Boards of Directors of the companies. We monitor compliance with the Code of Conduct and assess the up-to-dateness thereof on a regular basis. The Code is included in the induction and training programmes of the management and personnel.

**To read more** about our Code of Conduct, visit [LocalTapiola's website](#).



# Sustainability at LocalTapiola

**A**s a mutual group of companies, we first and foremost answer to our owner-customers. Through sustainable efforts we endeavour to improve the **security, financial success and well-being** of our customers and entire society. The objective set out in the lifelong security strategy to strengthen sustainability in our customers' immediate environment underlines the importance of local presence in developing our sustainability.

LocalTapiola Group's sustainability work is guided by the sustainability roadmap. Applicable to all companies, the roadmap is a long-term plan with the objective of integrating the sustainability perspective into decision-making and business renewal. LocalTapiola General's Board of Directors and the group's Management Group approved the roadmap themes, priorities and targets in December 2019.

In 2020 we launched the implementation of the sustainability roadmap in sustainability workshops. During the year, the Management Groups of 21 companies processed how the roadmap themes link with the company's daily business. In addition, the companies designated a Management Group member in charge of the subject.

LocalTapiola General's Board of Directors monitors the progress of the targets and measures twice a year. The Board of Directors decides on the strategic guidelines for sustainability, and the group's Management Group decides on the other major group-level issues. The persons in charge at the companies form an internal co-operation network. The Sustainability and Public Affairs unit of group functions steers and coordinates all aspects of sustainability and the development thereof.



*LocalTapiola Group's sustainability work is guided by the sustainability roadmap.*

At LocalTapiola sustainability must be integrated as part of operational development more strongly than so far. In order to reach the targets, the duties related to the sustainability themes and priorities must be assigned to the right parties at group level. In 2021, in sustainability development we will be focusing on the organisation of leadership, on specifying the group-level measures and indicators in the sustainability roadmap, and on improving stakeholder interaction.

Our sustainability themes are based on the materiality assessment conducted internally in 2018, whereby we evaluated the impacts of our operations and our stakeholders' interests from the viewpoint of sustainability. As a result of this work we selected ten sustainability themes relevant in terms of our operational impacts and stakeholder expectations.

In 2019 we limited the number of themes to five and defined developmental priorities for each of them. Over one hundred people working at LocalTapiola across the group actively participated in this work. Management representatives also took part in the materiality assessment and in building the contents of the sustainability roadmap.

## Sustainability themes



### Proactive lifelong security

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



### Employee experience and work community

We want to be the most inspiring place to work in Finland where satisfied personnel guarantee a high level of customer experience. We invest in our personnel's well-being and working capacity with a proactive approach. We offer all lifelong security specialists equal opportunities to improve their learning and develop professionally. We want to step up diversity among our work communities.



### Data and data security

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



### Impacts of climate change

The impacts of climate change can be seen as transformations in our operating environment, in the development of our own operations and in our customers' business. Consideration for the risks and opportunities brought about by climate change is a key part of the assessment of investments, development of insurance products, and the group's own risk management.



### Responsible policies

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

## Stakeholder interaction

LocalTapiola Group's most vital stakeholder group are the owner-customers. Customers have broad representation in our **management and operational development**. To identify major sustainability themes, we engage in a dialogue with our stakeholders and ask our customers and other stakeholders for feedback.

In 2019 and 2020 we surveyed and identified some expectations which our customers and the general public have for sustainability in our sector. The surveys revealed that sustainability themes are seen as important, and LocalTapiola is expected to work, especially, for the well-being of people and the themes directly linked with business.

Upon definition of the material sustainability themes we have identified **stakeholders** other than our customers and **key to our activities**, including:

- management,
- personnel,
- strategic and other partners,
- cross-industry organisations and special interest groups,
- authorities and political decision-makers,



*In 2021 we prioritise the development of social interaction and structured stakeholder dialogue to step up the effectiveness of our sustainability work.*

- research institutes and educational institutions,
- non-governmental organisations,
- local communities and
- media.

Our regional insurance companies are in charge of local interaction and co-operation with regional stakeholders. Knowledge of regional characteristics makes it possible to play a contributing part in owner-customers' life and regional vitality.

With effective nationwide and regional communication, we strive to help people prevent loss, damage and injury, to live healthier lives and to prepare financially. Our central communication partners include the Finnish Road Safety Council, the Police and rescue authorities.

In 2020 the Covid-19 situation stirred up debate among the general public on topics such as expectations for consumers' insurance compensation. We strove to communicate in a clear and transparent manner on the coverage of our insurance policies in all customer encounters. Another topic highly debated in public was data security and safe transacting. On a constant basis, we invest in data security and in fostering a responsible culture of information-intensive work. We encourage our customers to be careful when transacting in the event of scam.

In 2021 we prioritise the development of social interaction and structured stakeholder dialogue to step up the effectiveness of our sustainability work. We want to involve our stakeholders more extensively and systematically than thus far in implementing the sustainability roadmap and the lifelong security strategy.

## Protection of interests and advocacy

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

We engage in active dialogue with official bodies on the development of the financial sector. We meet regularly with the Financial Supervisory Authority (FIN-FSA) and discuss regulatory and supervisory issues and other themes topical in the industry. LocalTapiola finds it important that the legislative process applicable to the insurance and financial sector consider the characteristics of the various company legal forms and guarantee companies equal opportunities for operational development.

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

The group's CEO **Juha Koponen** is a member of FFI's Board of Directors, in addition to which LocalTapiola is well represented in the various boards and working groups of the organisation. 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 are involved in the association's working groups.

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's management is also represented in the organs of other key organisations of the sector, such as those of the Finnish Motor Insurers' Centre and the Finnish Workers' Compensation Center.

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

LocalTapiola takes part in the activities of the responsibility network of co-operative undertakings coordinated by Pellervo Coop Center. We are also a member of the FIBS corporate responsibility network. LocalTapiola Asset Management is a founding member of Finsif, Finland's Sustainable Investment Forum.

## Corporate responsibility commitments

In addition to acts and regulations, we are also committed to complying with other initiatives and commitments which guide our operations. We are committed to FFI's common **Responsible Financial Sector principles**, which were published in February 2020. In everything we do, we also follow the good insurance practice applied to insurance and claims handling activities, drafted by the sector on a voluntary basis.

In August 2020 we were the first Finnish company to sign the **principles for sustainable insurance** (UN PSI), created by the United Nations Environment Programme

Finance Initiative (UNEP FI). The principles determine the responsibilities of the insurance sector in implementing the UN's Sustainable Development Goals and the objectives laid down in the Paris Agreement. They serve as an international framework to develop a responsible insurance business.

We are committed to integrating sustainability aspects into our insurance business and seizing the opportunities presented by a sustainable economy. At LocalTapiola the implementation and monitoring of the principles of sustainable insurance fall under the remit of a working group which was set up in late 2020 and which cross-cuts the various insurance functions.

LocalTapiola Asset Management and Real Estate Asset Management Group became signatories to the UN-supported **principles for responsible investment** (PRI) already in 2010. The principles integrate the environmental, social and governance aspects into the investment decision-making process.

Additionally, LocalTapiola Asset Management is involved in the **Climate Action 100+ initiative** and the **Carbon Disclosure Project's campaigns**, which encourage the

target companies towards environmental reporting and target-setting. The company is also a member of the **International Corporate Governance Network**.

Real Estate Asset Management Group is committed to the **energy efficiency agreements of the real estate field**, which strive to guide companies and communities towards more and more efficient use of energy and to cut carbon dioxide emissions. LocalTapiola Finance is involved in the Green Deal climate deal by the State of

Finland and the automotive industry, which strives to cut carbon dioxide emissions from traffic, to improve the energy-efficiency of vehicles, and to increase the use of alternative types of propulsion.



# Proactive lifelong security

For LocalTapiola, proactive lifelong security is a key sustainability theme from the perspectives of operational impacts, owner-customers and other stakeholders. Our mission is to proactively safeguard the lives and business of our **1.6 million owner-customers**. This calls for the prevention of loss and damage, raising health and prosperity and supporting financial success. Our owner-customers and the effective product and service solutions which safeguard their everyday lives and future are at the core of proactive lifelong security.

## Products and services

At LocalTapiola product and service development is guided by the product oversight and governance policy. The development guidance function is in charge of ensuring that product development and launch comply with the product oversight and governance principles and models. Our customers take part in the design and testing of products and services. From the sustainability viewpoint, our target with product and service development is to broaden the range of sustainability-friendly products and services.



*Our mission is to proactively safeguard the lives and business of our 1.6 million owner-customers.*

The exceptional year dominated by **Covid-19 transformed the way our customers transact**. During the year we added new online transacting features and improved the quality of online meetings. We also upgraded the personal-security identifier to better meet our customers' changed service needs and situations. We facilitated the deployment of the paperless service in our online service and expanded the service to cover new products. The paperless service enhances the secure handling and archiving of documents, makes transacting easier and reduces damage to the environment.

With a range of proactive services, we can prevent losses and contribute to reducing them. For SMEs and our farm customers, we have developed the telephonic Cyber Service, which assists our customers with data security related problems.

The Leak Guard prevents leak damage at our customers' detached houses. The device,

which detects leaks, shuts off the supply of water to the building, stops the leak and signals an alarm. Our customers have had some 5,000 Leak Guards installed in the area of six regional companies. In Finland approximately 100 leaks occur every day, and about 50% of the claims paid under home insurance are caused by leak damage.

Our term life insurance supplemented with smart logic encourages our customers to take care of their personal health with the well-being services linked to their insurance policy. In addition, our life insurance customers can contribute to the well-being of others by joining the HyvinvointiHelppi charity challenges whilst doing their daily physical exercises.

In 2020 we launched a project to step up the accessibility of digital services. During the first year it focused on statutory insurance, life, fund and asset management customer services. In 2021 the project will address voluntary insurance and corporate services.

In 2020 the LocalTapiola Responsible Environment fund was added to LocalTapiola Asset Management's product offering.

It invests in companies whose operations promote the implementation of the UN's sustainable development goals from the perspective of the environment.

In accordance with the principles of sustainable insurance, we are also committed to addressing sustainability aspects in our product and service development more extensively than so far. To expand the selection of products and services, it is essential that sustainability and responsibility criteria be defined and that they be integrated into product and service development processes at group level and in the product companies.

## Customers' right to impact

Owner-customers' **right to have their say, to benefit and to impact** is a core principle at LocalTapiola. Customers are involved in decision-making in the governance of our companies. Customers also have the opportunity to impact on product and service development. In development processes, we employ interviews and joint programming.

At the core of our lifelong security strategy is **customer experience**. It refers to how we encounter and treat our customers and each other. We want that customer experience

which is genuinely caring, personal and local makes us stand out. This does not only concern our own operations, but we are also involved in building a customer-oriented way of thinking in Finland more broadly. At the start of 2020, we agreed to co-operate with CXPA Finland, a network of customer experience professionals.

We regularly monitor and measure how our customer experience develops. In 2020 customer experience remained at a good level. Due to the Covid-19 pandemic, customer encounters moved online from our offices almost overnight in spring 2020, which was seen as a slump in customer satisfaction. Our strength is that we provide service locally. In future we will be increasingly investing in the development of our digital services which support local customer experience.

Despite the changed operational environment, in 2020 we ranked the best improver in the Asiakkuusindeksi survey, which measures customer experience at Finnish companies. In the survey we took the number one position in our own sector and reached the top ten in the comparison of all sectors.

## Proactively effective

We strive to be an **active social actor**. We want to enhance security and well-being across Finland. The business we do complies

with official guidelines set by authorities and we work to support the public sector in solving shared security challenges. We make use of our own data and those from authorities and other public sources to identify security risks and challenges.

Risk management expertise, data utilisation and co-operation with various stakeholders make possible immersion in the key challenges faced by people in their daily lives and by society. Proactive efforts are also essential in supporting people's health, well-being and financial situation. In addition, we strive to impact on the themes we consider important by means of communications and public dialogue.



## Loss prevention increases security in society

Our social function and role as a promoter of security is highlighted in the areas of fire safety, occupational safety, accidents, mobility, safety on water, and the prevention of theft.

We develop ways to prevent loss and damage in co-operation with public and third-sector parties. The Finnish National Rescue Association and the Finnish Swimming Teaching and Life-saving Federation are our long-standing nationwide partners.

Our road safety themes cover the safety of pedestrian crossings, hazards posed by wild game, slippery conditions on the roads, and the use of a telephone while driving. In autumn 2020, together with our staff we implemented a project to develop the ability to drive safely.

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

We have trained nearly 100,000 first-aid heroes across Finland in co-operation with the Finnish Red Cross since 2017. In 2020 nearly 10,000 fifth-graders learned resuscitation skills at the Hero Training events for schoolchildren, organised for the fourth year now. In 2021 our target is to train 10,000 more schoolchildren.

We also increase our customers' security by means of communications. In 2020 we implemented text message campaigns, which helped people prepare in traffic, under a flood hazard and in the event of storms. On a regular basis, we conduct surveys to chart how people have prepared for a range of day-to-day risks. In future we will pay particular attention to the security of vulnerable target groups, such as the elderly.

**Antti Määttä**  
*Project Director,  
operational  
development and  
innovations*



## Vitality across the country and locally

We take an influential role in our owner-customers' immediate everyday environment all over Finland. LocalTapiola's **regional companies are active regional contributors**, with a notable impact in local communities. The companies are major employers, taxpayers and generators of financial security and well-being.

Our companies co-operate with co-operatives, trade associations, security operators, educational institutions, sports clubs, NGOs and other parties. Local presence provides the means for the continuous improvement of operations and effectiveness within the areas where our regional companies operate across Finland.

Urbanisation is leading to growing demand for sustainably and responsibly built environments. As a real estate investor and developer, LocalTapiola Group is involved in developing the community structure and in regional construction ventures. In addition to energy efficiency, in construction projects we take the potential of public transportation, for instance, into consideration.



*Local presence provides the means for the continuous improvement of operations and effectiveness within the areas where our regional companies operate across Finland.*

The income generated by our operations is divided between customers, personnel, suppliers and society. Income is used to reduce the premiums which our owner-customers pay, and it is also used for customer bonuses and service development. We use some of our profit for operational development and to boost the solvency of the group companies.

### Creation and distribution of direct economic added value, 2020

	MEUR
<b>Income to LocalTapiola, total</b>	1,973.2
<b>Distribution of economic added value</b>	
Claims paid to customers	1,215.0
Personnel costs	267.4
Purchases	229.6
Income taxes	35.4
Donations	2.6
Financial expenses	6.6
Operational and solvency development	216.5

## Group tax footprint

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

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

	MEUR
<b>Direct taxes and tax-like payments</b>	
Income taxes	35.4
Social security and pension contributions	44.9
Transfer tax	1.5
<b>Indirect taxes and items deducted from premiums written</b>	
Premium tax	218.1
Fire brigade charge	3.4
Road safety charge	2.0
Labour protection fee	2.7
Value-added tax*	-1.1
<b>Payments to be remitted</b>	
Withholding tax	125.1
Tyel contributions, unemployment insurance contributions (employee's share)	18.8
<b>Total</b>	<b>450.8</b>

\* Exceptionally in 2020 the input value-added tax was greater than the output value-added tax.



## Regional influence

In 2020 the LocalTapiola Group companies donated **over one million euros from the contingency reserves of the Boards of Directors to anti-Covid-19 work**. The majority of the aid was directed to the Finnish Red Cross for a Covid-19 relief operation covering the entire country. Our support made it possible to launch a coronavirus helpline in spring 2020, to distribute food aid in dozens of cities and towns all over Finland, and more. With our support, hygiene kits were also distributed to people in an especially vulnerable position and the well-being of trained voluntary workers was supported.

During 2020 the group companies supported other ventures improving the well-being and security of communities with **over 1.5 million euros**.

We consider it important to support higher education and research activities to safeguard regional vitality. We engage in constant dialogue with institutes of higher education on new areas of co-operation. In 2020 our regional companies were involved in facilitating the founding of two professorships and, with a donation to the University of Jyväskylä, in developing Covid-19 sample analysis.

Long-term **partnership co-operation** enforces the effectiveness of our responsibility work. As a long-standing main friendship

activity partner of the Finnish Red Cross, we are involved in alleviating the harmful effects which loneliness has on well-being. With the Covid-19 situation, the loneliness experienced by Finns has become more common. In 2020 LocalTapiola's support made it possible to train a total of 2,000 new friendship activity volunteers and to triple the volume of online friendship activity. All in all 25,000 persons in need of a friend received support through this activity.

As the main partner of the Football Association of Finland (FAF), we promote the **sporting activities of children and young people**.

Developed in co-operation with LocalTapiola and FAF, the Futisstartti training supports children and young people in forging a healthy relationship with physical exercise. Training events were piloted in autumn 2020, and the aim is to expand the activities on a nationwide level in 2021. The LocalTapiola regional companies support the sporting activities of children and young people locally in various sports.



# Employee experience and work community

A central aim of LocalTapiola's lifelong security strategy are **employee competences and well-being**. High employee experience is essential to high customer experience. Employee experience is also one of our sustainability themes. We want to support competences and renewal in an active fashion. As a lifelong security company, we prioritise the maintenance of our personnel's well-being at work and their working capacity. In addition, we are committed to promoting the diversity of our work communities.

The year 2020 was also exceptional from employees' viewpoint. With the quick shift to telecommuting, flexibility and adapting to new ways of working were imperative. We weathered well the challenges of the year dominated by Covid-19, one example of which is that employee satisfaction remained at the level of the previous year. In the spring we were able to provide rapid support for telecommuting work routines. We will continue to improve e-leadership and self-management methods in 2021.

LocalTapiola employs **over 3,500 lifelong security specialists**. Some 50% of staff work at the regional companies around

Finland. In addition to employees, a total of 376 insurance intermediaries and franchisors sold LocalTapiola's insurances as agents in 2020 (situation on 31 December 2020). In this report employees/personnel/staff all refer to persons who have an employment contract, unless otherwise indicated.

The purpose of co-operation is to promote interaction between the employer and the employees. At LocalTapiola co-operation is the means by which employees can engage in the taking care of issues concerning their work and the workplace. Work, work conditions, organisational changes, occupational health and safety, well-being at work, employee survey results and development targets, personnel and training plans, equality and non-discrimination are some of the topics discussed in co-operation between the employer and the employees.

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



*We weathered well the challenges of the year dominated by Covid-19, one example of which is that employee satisfaction remained at the level of the previous year.*

## Striving for high employee experience

LocalTapiola Group's personnel strategy contains the principles which govern competences, remuneration, equality, employee experience, work community and work capacity management. In the strategy we have especially focused on competencies and leadership.

In 2020 we took forward the personnel strategy revised the previous year, personnel surveys and employee success reviews. We also advanced the development of work capacity management. Other focus areas included talent management, role change support, streamlining HR processes, and knowledge-based management.

The main goal of our personnel strategy is **high employee experience**. We measure employee experience using the ROIHU employee survey introduced in 2019. The survey, carried out every year, has been tailored for LocalTapiola based on Eezy Spirit's People Power concept. ROIHU measures how good a place to work LocalTapiola is perceived to be. In 2020 the survey score was 77.1 out of one hundred (2019: 77.0), and it improved slightly despite the upheavals brought about the Covid-19 year. The score, which clearly exceeds the normative benchmark for Finnish white-collar employees (2020: 71.0), entitles to a ranking in the list of Finland's most inspiring workplaces. In addition to employees, the survey covered the insurance intermediaries working as agents.

In 2020 LocalTapiola employed a total of 111 summer employees. We are involved in the **Responsible Summer Job campaign**, which strives to offer young people successful summer job experiences. In 2020 the summer job campaign study ranked LocalTapiola in second place in the +1,000-employee organisation category. The participating employers commit to six responsible summer job principles, including induction, fairness, equality and a decent wage.

Our priority is to maintain employee experience at an excellent level in the coming years, when the ways of working will be transformed and we will be increasingly

adopting the concept of multilocational work. At LocalTapiola, supporting leadership and employee experience better than currently requires that the human resource management tools be updated. Work to achieve this will begin during 2021.

## Competences and renewal

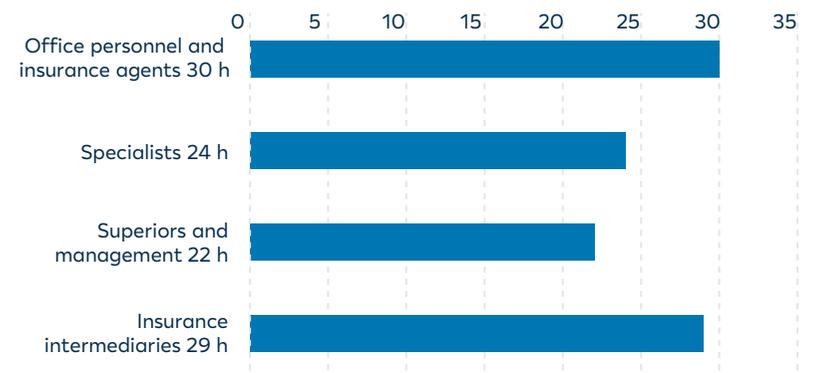
We encourage personnel towards **continuous learning and self-development**. We provide multi-faceted forms of competence development, such as online training events, coaching programmes and online courses, to all personnel groups including insurance intermediaries.

The purpose of competence development is to guarantee that the personnel's competences are in line with insurance legislation and to ensure renewal in accordance with the changing requirements of working life and LocalTapiola's lifelong security strategy. For all personnel groups, we verify the competence level required by the law by such means as competence tests. In 2020 those working in sales took competence tests in term life insurance, investment and savings.

One of the key priorities in competence development in the next few years is digitality. Digital skills are needed as we introduce new systems and tools which support business. Multilocational work and transforming customer encounter channels also require personnel to master novel digital interaction skills. Moreover, we are developing employees' self-awareness and management skills and superiors' capabilities for coaching.

We compile personnel and training plans for each company on an annual basis. The plans aim to maintain and improve employees' professional competences. The training plans address the competence development needs of various personnel groups and the anticipation of changes in competences, and they define the measures needed. During 2020 LocalTapiola personnel spent an **average of 28 hours** for training.

Number of training hours by personnel group, 2020



## Employee success reviews

Our employee review model is composed of three components: **success reviews, performance reviews and coaching sessions**. Personal reviews ensure a coherent approach to management and they support the putting into practice of the strategy. The success reviews held annually cover the entire personnel, including insurance intermediaries. At the success reviews, everyone drafts a personal success plan, which is discussed during the year at coaching sessions, and we stress the development of competences and the setting of clear profit and development targets.

The shared success review process covers some 90 per cent of all personnel of the group companies and insurance intermediaries. In 2020, 66 per cent of those covered by the shared success review process submitted their success plan after the review in accordance with the guidelines from the HR unit.

In transitions we support our personnel by means such as training events. Our HR experts, partners and occupational health care specialists organise training events for personnel in organisational transitions. When the number of personnel is reduced, we also offer those affected a redeployment service. The service we offer is more extensive than our statutory transition-se-

curity obligations. Job coach services are also available.

## Supporting well-being at work and work capacity

To support well-being at work and work capacity, we strive to prevent workload induced detriment, absences due to sickness and accidents, premature retirement and costs resulting from these. Our goal is to enhance the ways in which work capacity risks are anticipated and to reduce these risks. We support our superiors in everyday work and especially focus on reacting on a low threshold basis when work capacity is at risk.

The greatest challenge for work capacity management in the next few years will be work capacity problems and absences caused by mental disorders. Multilocational work, self-management, management of your own career pattern, and a constant need for renewal burden personnel and superiors alike. The work capacity management strategic steering group is tasked with constantly devising new ideas to ensure that LocalTapiola will remain a great place to work in the future.



## Occupational health and safety

At LocalTapiola occupational health and safety management is founded on the employer's statutory obligations to offer occupational health care and to identify and prevent occupational health and safety risks. The extensive occupational health care services cover all employees.

In 2020–2022 the objectives of occupational health care co-operation are work capacity risk management, reinforcing co-operation between superiors and HR management, timely health care, and high customer satisfaction. We monitor the quality and effectiveness of occupational health care activities in the strategic steering group and company-specific operative steering groups. We are involved in the Finnish Institute of Occupational Health's Vision Zero forum. We also take a zero-tolerance approach to bullying and harassment, and we employ shared procedures for threatening situations.

Those working at LocalTapiola may avail themselves of Mehiläinen's Digital Clinic service, which has experienced a steadily increasing number of user over the past few years. In the Concern about my own mental health chat, you can discuss with a mood coach round the clock.

Occupational health care co-operation and occupational health and safety activities

are closely tied with each other. Company-specific occupational health and safety action plans are discussed by the occupational health and safety committees on an annual basis. In 2020 the objective of the occupational health and safety activities was to step up employees' skills in occupational safety, well-being at work, and occupational health and safety. Success was measured as part of the employee survey and by the number of occupational accidents.

According to the 2020 employee survey, 81 per cent of staff were satisfied or very satisfied with the employer's occupational well-being related efforts. Occupational accidents dropped in 2020 by up to 40 per cent, which was affected by phenomena such as the large-scale telecommuting brought about by the Covid-19 pandemic.

### Absences due to illness, and accidents

	2019	2020
Absences due to illness	3.3	<b>3.2</b>
Injury rate*	15.42	<b>7.94</b>
Number of occupational accidents	81	<b>48</b>
Number of occupational accidents leading to death	0	<b>0</b>

The figures in the table cover employees.

\* Injury rate: The number of occupational accidents per one million work hours (number of occupational accidents x 1,000,000 hours/work hours completed in the time-recording system).



*The greatest challenge for work capacity management in the next few years will be work capacity problems and absences caused by mental disorders.*

At LocalTapiola induction is the foundation of safe and healthy work. Induction for everyone who works at LocalTapiola comprises reviewing the occupational health and safety principles and procedures. In addition, we offer regular guidance on matters such as ergonomics and an opportunity to avail of the services of an occupational physiotherapist.

We have made our occupational health and safety guidelines available for all staff in one place in the intranet, and we communicate on topical issues through superiors. We regularly report on our Pidä Huolta (Take Care) policy and mental well-being issues.

## Work capacity management supporting employee well-being

With work capacity management, we strive to improve our employees' well-being, work capacity, health, safety and security. A key tool in our work capacity management is the Pidä huolta (Take Care) policy, which helps to prevent factors which have an adverse effect on work capacity and to limit sick leaves and the prolongation thereof. The policy ensures that the shared work capacity management policies are complied with.

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

We have identified responding to mental health problems as the most pressing area to be developed within work capacity management. In 2020 mental health related absences escalated at Local-Tapiola by nearly 30 per cent over the previous year, while total sick leaves increased by only some three per cent. In 2021 together with occupational health care we will kick-start an early support model try-out whereby staff may seek brief therapy without a referral.

We take an active role in communicating to employees on self-management and mental well-being themes under the Tunne itsesi elämänturvaaja (Know yourself) concept. In 2020 we held eight webinars on themes supporting mental well-being. We will continue work on the theme in 2021, offering staff more tools to develop self-knowledge, cope at work and manage their own work.

**Mari Keränen**  
HRD Manager





## Promoting diversity

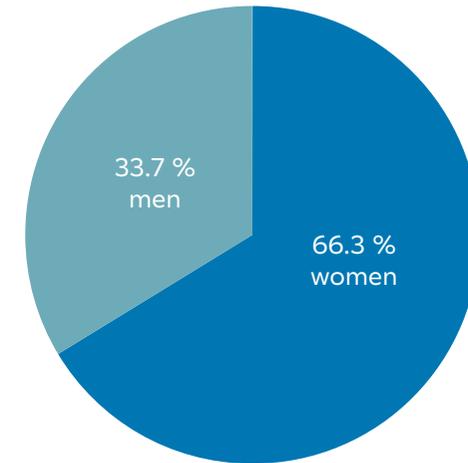
LocalTapiola Group has not formulated employee or management diversity principles. Promoting diversity among staff and management is a major development target for the group.

### We will be launching diversity work in 2021.

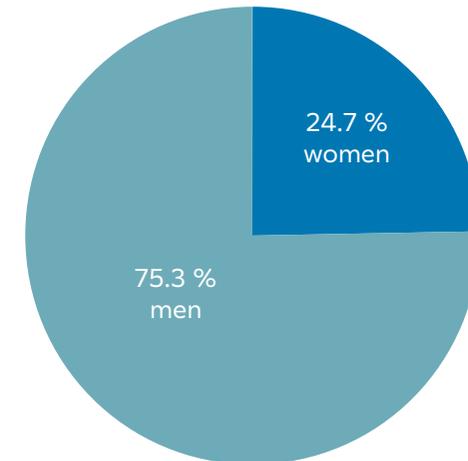
This work starts by defining the diversity aspects which are key to LocalTapiola, after which we will set the diversity goals and measures. As the work progresses, we will also develop reporting on the theme. One concrete measure which we will test is anonymous recruiting.

We monitor the achievement of equality with a regular report on the gender distribution among staff occupying various positions. In 2020 women accounted for 66.3 per cent (2019: 66.3) of the group's personnel and men accounted for 33.7 per cent (2019: 33.7). In management, women accounted for 24.7 per cent (2019: 20.4) of positions and men accounted for 75.3 per cent (2019: 79.6).

### Gender distribution among personnel 2020



### Gender distribution among management 2020



# Data and data security

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

It is essential to the responsible processing of data that the group companies and all employees adhere to shared policies. We invest in **leadership, training and communications** on a constant basis. We aim to utilise the data we hold efficiently in the development of new products and services.

## Data protection as a trust-enabler

The careful, safe and appropriate processing of personal data is a central part of what we do every day. For us, protecting the data of our customers and staff is not only a statutory obligation – it is also key in enabling mutual trust.

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

protection of data and governing insurance and investment operations. The group's data protection policy is approved in the Boards of Directors of all companies, and it applies to all staff. We assess data protection risks as part of the group's risk management.

Our employees are bound by a legal requirement of confidentiality. We process customer data only to the extent necessary. We train our staff on a continuous basis: our employee induction programme contains online courses on data protection and data security compulsory to all new employees, and the entire staff take refresher courses at regular intervals. The training events aim to make sure that everyone working at LocalTapiola knows the regulatory obligations and can implement them in their own work.

In 2020 we detected a total of 537 incidents classified as personal data breaches under the European Union's General Data Protection Regulation. Most of the cases were due to individual human errors, with no risk caused to the data subjects. In 162 cases we submitted a report to the Data Protection Ombudsman.

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

## Data security supplements data protection

Data security occupies a vital role in the **practical implementation of data protection**. At LocalTapiola, data security forms a part of management, risk management, responsibility and corporate security. Our data security policy, which supplements data protection, defines the objectives, responsibilities and methods of implementation for data security. In addition to our own staff, the data security policy also concerns our partners.

The purpose of data security is to protect data as well as systems and services. In protecting data we use measures aligned with best practices. All our partners in charge of storing personal data and the systems they use have been audited or otherwise inspected. We make sure that access to and disclosure, erasure or other processing of personal data all take place in an appropriate manner.

## Investing in new data security approaches

As the first mobile app in Finland, our Lifelong Security app received the Cybersecurity Label in 2020. The Finnish Transport and Communications Agency Traficom grants the label to a product or a service that has been designed to be secure.

During the year we identified and fixed nearly 100 IT security vulnerabilities in our digital services thanks to the findings made in the course of the Bug Bounty program and the Hack Day events.

As the first Nordic financial sector company, we introduced LocalTapiola's Bug Bounty program in 2015. Within a period of five years, we have paid so-called ethical hackers a total of €120,000 in rewards for detecting IT security vulnerabilities.

In 2020 we held two Hack Day events for hackers to find vulnerabilities in our digital services. In June we tested LocalTapiola Asset Management's electronic signature service. During one day 25 vulnerabilities were identified and fixed. In October, we focused on our new online services. The 40 hackers who participated in the online event logged 101 observations, of which 52 were accepted and submitted for fixing.

### **Leo Niemelä**

*Director, Head of Information Security and Corporate Security*



## Responsible use of data

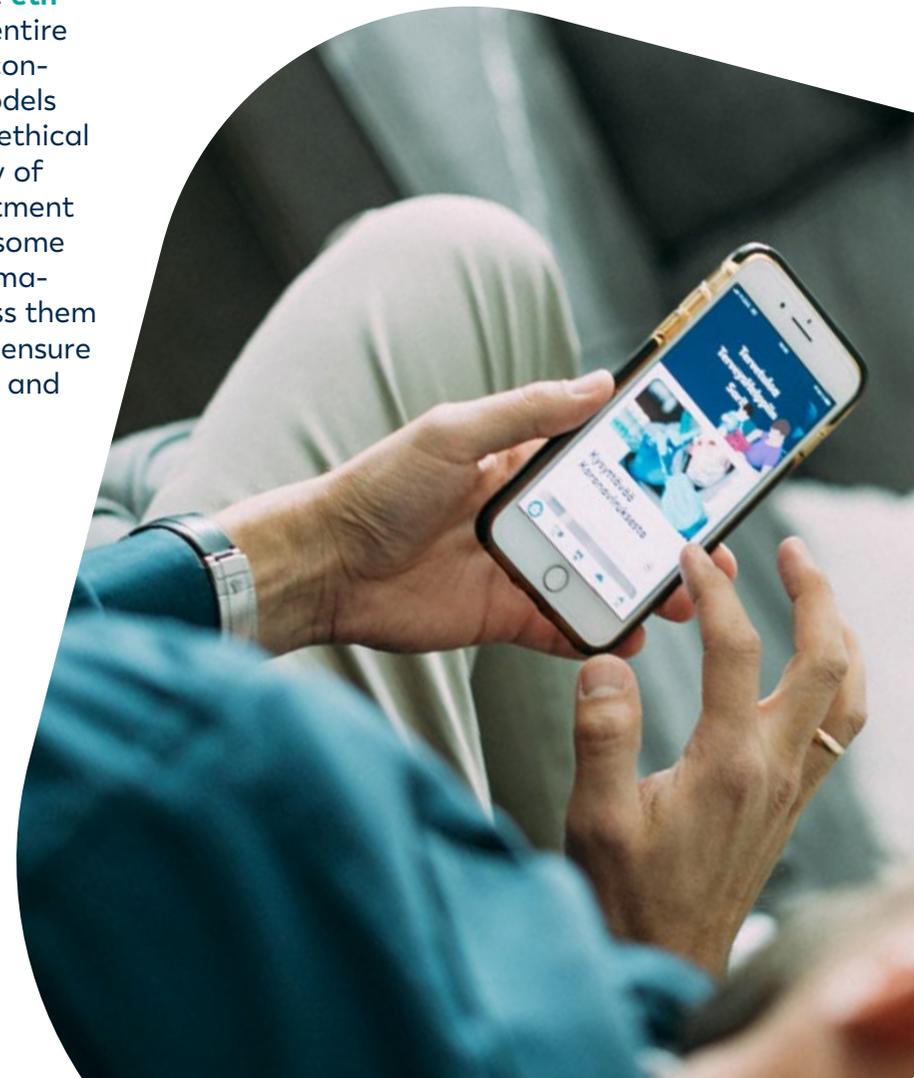
We rely on knowledge management and analytics in striving to utilise data to the benefit of our customers. We ascertain that the data we hold is used responsibly and transparently. Priorities in knowledge management and analytics development in 2020 included support for the utilisation of business data, customer experience research and measurement, and the introduction of fraud analytics. In addition, we managed system reform related data modifications and updated our reporting environment.

Our aim is to connect knowledge management and analytics with processes in which automation can replace routine tasks. By automating easy and simple tasks, we can expedite the handling of customer cases and optimise our own operations while improving customer service. One of our development targets is the extensive utilisation of data as part of the development model. In addition, we wish to develop the group's data utilisation principles and policies.

Artificial intelligence (AI) and machine learning open up innovative opportunities for LocalTapiola to utilise data. In our op-

erations, we utilise a range of AI solutions developed internally and together with partners. These include monitoring and forecasting customer behaviour based on analysis of big data masses, customer service which utilises smart automation solutions, and streamlining internal business processes.

One of our objectives is to define the **ethical principles of AI**, to apply to the entire group. Currently we address ethical considerations in building AI-enabled models and in selecting partners. Especially, ethical aspects are underlined in the security of customer data and in the equal treatment of all customers. We have identified some challenges with the transparency of machine learning models and will address them in operational planning. We strive to ensure the transparency of decision-making and related processes.



# Impacts of climate change

Climate change is shaping the financial sector anew, as regulation increases, expectations by stakeholders become higher and companies are expected to identify the **financial risks and opportunities of climate change** in their operations better than up till now. With our own efforts, LocalTapiola can influence the containment of negative climate impact and the adaptation to climate change through insurance, investment and finance solutions which are sensitive to sustainability.

Our insurance products provide cover to customers when the financial risks brought about by climate change become more common. Integrating the climate change viewpoint into the operations of the entire group still needs work, and this is something we want to concentrate on in the next few years.

We invest in the management of the risks posed by climate change as part of our comprehensive risk assessment. As a risk management expert, we can raise awareness of the regional risks from climate change, especially, by making better use of the data we manage. Our proactive loss prevention efforts, such as the promotion of fire safety, reduce adverse climate impacts and support preparedness for them.

In order to respect the UN's principles for sustainable insurance we need to integrate the climate change perspective as part of group-level decision-making. In investment activities climate change related risks and opportunities are assessed as part of the investment process. In financing we seek to find solutions which are more advantageous for the climate especially when it comes to products and services related to vehicles. Investment is discussed in the 'Sustainability in investment activities' section of this report.



*The consideration given to the impacts of climate change is strongly reflected in the operations of LocalTapiola Asset Management and of Real Estate Asset Management. As a group LocalTapiola must refine its climate goals*

The consideration given to the impacts of climate change is strongly reflected in the operations of LocalTapiola Asset Management and of Real Estate Asset Management. As a group LocalTapiola must refine its climate goals and how the climate change perspective is addressed in operational development. With the refined goals and measures in place, we can also report on the progress we make in more detail in future.

Our goal as a group is to achieve carbon neutrality by 2030. We will launch group-level carbon footprint calculation and refinement of our climate goals in 2021. The most notable impacts which our own operations have on the climate come from the energy consumption of our real estate and of our own offices.

## Energy consumption of buildings

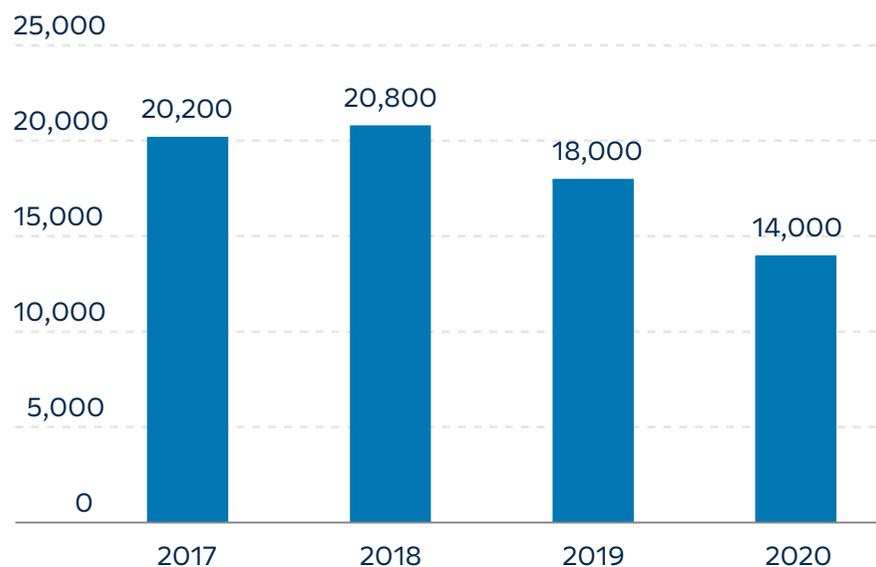
LocalTapiola Real Estate Asset Management, which manages LocalTapiola's investment real estate, **works for the long term to improve energy efficiency**. The company is committed to the energy efficiency objectives laid down in the energy efficiency agreements of the real estate sector. The agreements aim to reduce energy consumption by 7.5 per cent by 2025 from the 2015 comparison level. For the consumption of water, the company's goal is to attain annual savings of one per cent over the consumption level of the previous year. Cutting water consumption also supports the goal to save energy, since – with reduced water use – the volume of energy used for domestic hot water consumption diminishes.

Real Estate Asset Management regularly monitors the consumption of energy and water, together with the energy savings achieved, at investment real estate, and it reports on how the energy efficiency objectives set out in the energy efficiency agreements are met on an annual basis. The company takes part in the Global Real Estate Benchmark (GRESB) sustainability review, which facilitates operational assessment in relation to other players in the sector as well as the systematic development of sustainability work.

**Carbon dioxide emissions from the energy consumption of the investment real estate were cut significantly in 2020**, as Real Estate Asset Management transitioned to using origin-guaranteed wind power. Transitioning to wind power lowered the carbon dioxide emissions of our investment real estate by over 20 per cent, or some 4,000 tonnes (CO<sub>2</sub>e). Total carbon dioxide emissions in 2020 stood at 14,000 tonnes (CO<sub>2</sub>e).

For comparable properties, the commercial real estate and residential buildings managed by Real Estate Asset Management succeeded to cut the consumption of heat, electricity, district cooling and water in 2020. Savings were achieved at commercial real estate and in residential buildings thanks to the measures taken to improve energy efficiency. The year saw a variety of repairs made to cut energy consumption, and at residential buildings the introduction of smart heating control systems progressed. At commercial real estate, especially, the occupancy rate fell due to the Covid-19 pandemic, which was seen as reduced consumption of electricity and water at the facilities.

### Development of carbon dioxide emissions from energy consumption at investment real estate 2017–2020, t CO<sub>2</sub>e\*



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

### Energy consumption and carbon dioxide emissions at comparable investment real estate buildings 2019–2020

	2019	2020	Change, %
Heat, MWh*	59,935	58,584	-2
Electricity, MWh	28,443	25,937	-10
District cooling, MWh	4,280	4,005	-7
<b>Energy consumption, total, MWh</b>	<b>92,658</b>	<b>88,526</b>	<b>-5</b>
Water, m <sup>3</sup>	371,037	337,285	-10
Carbon dioxide, t CO <sub>2</sub> e**	18,326	11,766	-56

\* Megawatt hour

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

For the emission factors of the figures shown in the table, see the GRI indicators, p. 49.

The energy consumption of LocalTapiola's own offices is made up almost exclusively of the supply of electricity. The lessors of the facilities bear the main responsibility for the heat and cooling consumed. Of all offices, 60 are located at shopping centres. The energy consumption of these offices falls under the lessor's responsibility, which is why it is not reported under the energy consumption of LocalTapiola's own offices.

Electricity for LocalTapiola's offices is purchased through a partner in a centralised manner. With the exception of three regional companies, all group companies have signed a joint electricity purchase agreement.

LocalTapiola's own offices used a total of some 2,400 megawatt hours of centrally purchased electricity in 2020. The centrally purchased electricity consumed by the offices was generated using **renewable sources of energy**. The electricity consumed at LocalTapiola Group's head office is included in the energy consumption of investment real estate.

## Emissions from transport, and offsetting

LocalTapiola attempts to cut emissions from its business travel and to promote environmentally-friendly modes of transport. We will define our business travel emission reduction goals and any emission offsetting methods upon calculating the group's carbon footprint.

LocalTapiola Finance offsets the carbon dioxide emissions of the cars it finances and LocalTapiola or Turva insures without extra cost to the customer. The offsetting applies to consumer-customers' passenger cars and vans with emissions of under 200g/km.

**The carbon offsetting programme** was launched in autumn 2019 and it will continue for the time being. By the end of 2020, a total of 86,000 tonnes of carbon dioxide from 22,933 cars had been offset. The company offsets emissions via the Clean Development Mechanism projects under the UN's climate deal. For more information on the projects, visit the [Autotie.fi website \(in Finnish\)](https://www.autotie.fi).



# Sustainability in investment activities

Investing is a key component of LocalTapiola Group's business. Our long-term and responsible investment activities aim to help customers increase their wealth while safeguarding the ability of our insurance companies to pay claims to owner-customers.

We invest in various asset classes, namely **quoted equities and fixed income, real estate, private equity and debt, and corporate lending**. Our assets under management total over 10 billion euros. LocalTapiola Group's own investment assets are valued at nine, and real estate assets at three, billion euros. In the management of our owner-customers' assets, we apply the same principles as with our own assets. We offer customers an opportunity to invest in the same investments in which we invest.

In 2020 LocalTapiola Group's investment functions made preparations for the EU's new sustainable finance regulation. The sustainable finance disclosure regulation (SFDR) entering into force in 2021 obliges us to identify sustainability risks and principal adverse sustainability impacts better than up till now.

LocalTapiola Asset Management offers customers investment products and services. In addition, the company manages the listed-market equity and fixed income investments of LocalTapiola General, LocalTapiola Life and the regional companies. LocalTapiola Real Estate Asset Management is in charge of the real estate investments of the group's companies. Part of the Real Estate Asset Management Group, LocalTapiola Alternative Investment Funds takes care of the real estate, private equity, private debt, equity and interest funds which it manages.



*In 2020 LocalTapiola Group's investment functions made preparations for the EU's new sustainable finance regulation.*

In addition, LocalTapiola General offers corporate lending services, while LocalTapiola Finance engages in vehicle and machinery financing. In 2020 LocalTapiola purchased a majority shareholding in the Seligson & Co fund management company. The purpose of the acquisition is to reinforce the group's long-term savings and investment services.

## Principles guiding investment activities

The LocalTapiola companies engaging in investment activities address environmental, social and governance factors in their investment analysis, investment decisions and ownership policies.

LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management have been signatories to the Principles for Responsible Investment (PRI) since 2010. LocalTapiola Alternative Investment Funds participates in the promotion of these principles as part of the Real Estate Asset Management Group. The Seligson fund management company is also a signatory to the PRI.

At LocalTapiola Asset Management, the sustainability principles apply to all asset classes and investment models. The company exploits environmental, social and governance factors when selecting investments and fund partners. The principles also feature exclusion criteria. For instance, Asset Management does not invest in companies which have broken international norms or

which manufacture controversial weapons or components needed for such weapons.

Investment decisions at LocalTapiola Real Estate Asset Management are based on analyses of the investment markets and investment objects. For each investment decision, the company compiles a sustainability analysis. All investments must meet Real Estate Asset Management's principles of sustainable real estate investment.

LocalTapiola Alternative Investment Funds manages private equity and private debt funds that invest in funds managed by domestic and international fund management companies. When selecting funds, the company performs a Due Diligence check by means of fund documentation, meetings and advisors. Responsible investment is discussed at meetings with fund management company representatives, and each fund management company is assigned a responsibility rating.

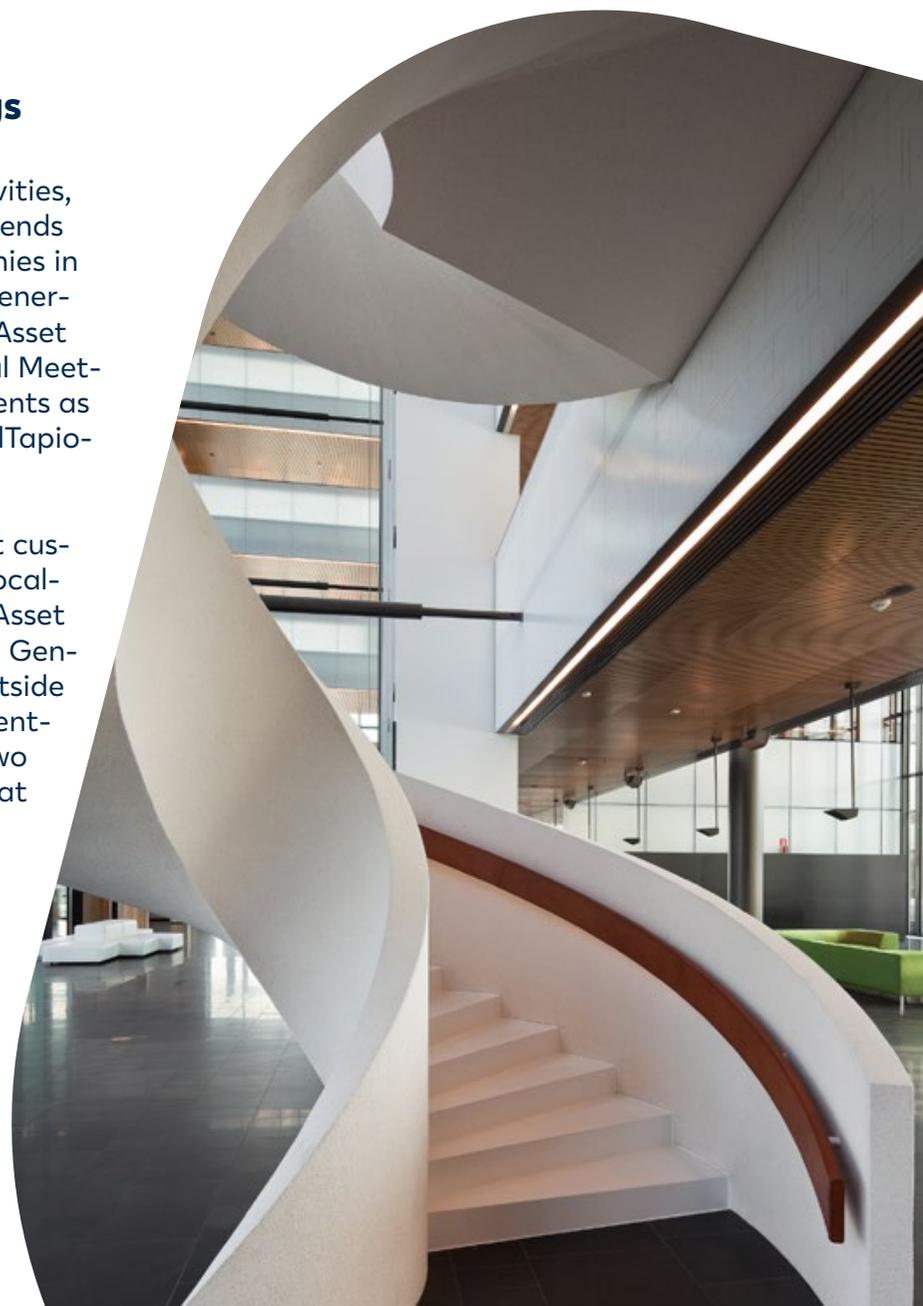
LocalTapiola Group's investment activities and principles are monitored by parties such as the Investment Management Group and a separate Sustainable Finance Steering Group. Over the next few years, our goal is to improve the management and steering of all investments and financing activities as a whole. The group must maintain its preparedness for the obligations imposed by increasing regulation – especially when it comes to the EU's legislative

projects on sustainable finance. Furthermore, we seek to improve group-level data collection and reporting on all investment activities.

## Attending General Meetings

As part of the active ownership activities, LocalTapiola Asset Management attends the General Meetings of the companies in which it invests. In addition to the General Meetings of its own investments, Asset Management participates in General Meetings related to listed equity investments as a representative authorised by LocalTapiola General and LocalTapiola Life.

Authorised by its asset management customers (LocalTapiola General and LocalTapiola Life included), LocalTapiola Asset Management attended a total of 23 General Meetings in Finland and 808 outside Finland in 2020. In Finland, a representative from the company attended two meetings in person and attendance at other meetings took place online.



# LocalTapiola Asset Management aiming to become pioneer in sector

The sustainability principles defined in LocalTapiola Asset Management's investment philosophy have guided our activities since 2001 – right from when we started offering investment services to customers. In a survey prepared by Scandinavian Financial Research in 2020, we were awarded with the Responsible Investment Award for asset managers for the third consecutive year. The award is a result of our long-term work endeavouring to lead the way in sustainable development in the asset management sector.

LocalTapiola Asset Management provides investment solutions through which our customers can exert a positive influence on sustainable development. In 2020 we introduced the LocalTapiola ESG Environment fund into our product portfolio. It invests in companies whose operations promote the implementation of the UN's sustainable development goals from the environmental perspective.

Engagement plays a key role in our investment activities. Our active ownership policies cover corporate meetings with the management, attending General Meetings, and influencing companies together with other investors through collaborative engagement. During 2020 we met with the management of a total of 753 companies, primarily by virtual means. Of these, we have invested in 431 companies. At over 44 per cent of the meetings we discussed sustainability issues relevant for the company's business. In addition, during the year we took part in 831 General Meetings in 40 countries authorised by our asset management customers.

In 2021 we will continue to promote sustainability in our product portfolio and in the activities of the companies in which we invest.

We are also working towards addressing the EU's sustainable finance disclosure regulation to be phased in and the other regulatory schemes governing sustainable finance.

**To learn more**, visit our [sustainable investment website \(in Finnish\)](#).

**Outi Kalpio**  
*Director,  
Portfolio Management  
and ESG, LocalTapiola  
Asset Management*



## Integration of climate change

LocalTapiola Asset Management encourages companies to report on their actions and to set goals to curb their carbon footprint. Annually the company participates in the Carbon Disclosure Project's non-disclosure campaign whereby companies are encouraged to start reporting on emissions.

In portfolios based on the stock and credit-pricking model, Asset Management invests, in carbon-intensive sectors, in those companies that have the best carbon footprint or a clear plan to improve. The company classifies energy (oil and gas companies), utilities, basic industries (materials), waste management, and air and sea transportation as carbon-intensive sectors. The company does not invest in companies of whose turnover over 25 per cent comes from the production of coal, lignite or peat used in energy production or of whose energy production at least 25 per cent is based on these raw materials, and the company does not have a credible plan in place to reduce the use of these raw material.

LocalTapiola Asset Management calculates semi-annually the carbon footprints of LocalTapiola General's and LocalTapiola Life's direct investments and those LocalTapiola funds that are based on direct equity and

credit investments. Calculation is based on the TCFD (Task Force on Climate-related Financial Disclosures) recommendations by the Financial Stability Board part of the G20 forum.

The carbon footprints of the LocalTapiola funds are published on LocalTapiola Asset Management's sustainable investment

website for the funds of whose underlying investments (companies) over 50 per cent have reported their emission figures.

**To read more** about LocalTapiola Asset Management's climate efforts, visit the company's [sustainable investment website \(in Finnish\)](#).

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

	LocalTapiola General			LocalTapiola Life		
	2019	2020	Change, %	2019	2020	Change, %
<b>Listed equity investments</b>						
Data coverage, %	94	95		94	96	
Carbon intensity, t CO <sub>2</sub> e*/MEUR	69	87	+26	68	79	+16
<b>Listed corporate bond investments</b>						
Data coverage, %	55	64		53	69	
Carbon intensity, t CO <sub>2</sub> e*/MEUR	236	149	-37	246	141	-43

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

Figures at 31 December 2019 and 31 December 2020.

Data coverage describes the share of emission-reporting companies of the portfolio's underlying companies with consideration to portfolio weighting. A portfolio-specific carbon footprint figure is reported only if data coverage exceeds 50 per cent. The carbon footprint figure takes into account the greenhouse gas emissions from the assets owned or controlled by the portfolio's underlying companies and from the production of the electricity which the companies purchase (t CO<sub>2</sub>e). The calculation uses the latest figures available reported by the companies.

Carbon intensity describes the carbon risk of the portfolio in relation to turnover. The calculation divides the company's emissions (t CO<sub>2</sub>e) by the company's turnover (MEUR). The portfolio's carbon intensity figure is derived by weighting the company-specific carbon intensity with the company's share in the portfolio and by summing the weighted figures of the portfolio's investments.

# ” Long-term sustainability work at Real Estate Asset Management

LocalTapiola Real Estate Asset Management aims to be the most responsible real estate, private equity and private debt investment asset manager in Finland. Our sustainability work is founded on reducing the energy consumption of buildings over the long term.

In 2020 we transitioned to using origin-guaranteed wind power at our real estate. We continued improving the energy efficiency of our real estate in line with the energy efficiency agreements of the real estate sector.

During the year we integrated climate change risks into our risk management. We have identified the potential impacts of climate risks on our real estate and will consider them in future as part of our risk management plan, to be revised annually.

For a number of years now, we have improved our score in the GRESB review, which measures sustainability in real estate investment. In 2020 we did best in Governance, which covers leadership, reporting and general policies.

During the year we developed our policies for the Due Diligence phase, monitoring and reporting. We introduced ESG tools to assess environmental issues, corporate social responsibility and governance. In addition, we updated our responsible investment policy into principles for sustainable real estate investment. Next we will be focusing on monitoring the regulation which governs sustainable financing and on implementing the measures required.

**To read more** about LocalTapiola Real Estate Asset Management, [visit our website \(in Finnish\)](#).

## **Eero Kokkonen**

*Environmental Manager, LocalTapiola Real Estate Asset Management*



# Responsible operating methods

All LocalTapiola companies are constantly working for the well-being and prosperity of customers, other stakeholders, staff, local communities and Finnish society. We have room for improvement in how systematically the responsibility and sustainable development perspective is integrated into decision-making and operational renewal as required by changes in the operating environment.

Commitment and readiness to renew familiar policies are both essential to developing the Group's sustainability. In the next few years we will be improving the leadership of partnerships, supply chain management, and more. We wish to make our sustainability efforts more transparent and satisfy our stakeholders' need for information better than so far.

## Procurement and the supply chain

LocalTapiola's procurement and supply chain management is guided by the **Group's Code of Conduct**, with which all companies have committed to complying. The Code sets out how we work with our co-operation partners.



*Commitment and readiness to renew familiar policies are both essential to developing the Group's sustainability.*

We combat the grey economy, corruption and bribery in everything we do. We treat our co-operation partners professionally and equally and require the same from our partners. All decisions on co-operation and procurement are made based on non-discriminatory, transparent and objective criteria.

In procurement activities we strive for comprehensive solutions which are financially, ecologically and socially sustainable. Of the goods and services we procure, the most notable concern indirect operating expense procurement and ICT procurement. In addition, the volume of expenses paid to service providers through claims partnerships plays a major role in our supply chain.

Indirect operating expense procurement takes place under centrally managed nationwide contracts and locally at the regional companies. Our companies favour local suppliers in procurement whenever this is commercially sensible. Of indirect operating expense procurement, the majority is from Finnish suppliers.

In 2020 we invested in safe transacting by staff and customers at our offices and in all meetings. We provided our employees with the appropriate protective equipment to preserve the safety of our work community and the health of our employees.

LocalTapiola Services leads our ICT procurement activities, which are guided by the Group's ICT procurement strategy and policy. In ICT procurement we operate with reliable suppliers, and with large contracts we have made use of suppliers' partner selection sustainability criteria.

In 2020 we audited some of our largest suppliers for data security, data protection and otherwise. No issues causing concern were brought to our attention. The share in total costs of procured goods and services produced abroad is some 10–20 per cent.

We advance and monitor the sustainability of procurement activities within the framework of the Group's procurement system. Sustainability criteria are defined for each procurement category and they are integrated into category plans. In future we will develop the Group's total procurement reporting to be more transparent than today.

## Responsible supply chains

At LocalTapiola responsible supply chains are especially highlighted in service situations, such as in damage repair. We want to offer our customers a selection of products and services produced in alignment with their values.

We invest in partnerships where supply chain monitoring is based on transparent exchange of information and on trust. In 2020 we launched group-wide work to draft supplier and partner Code of Conduct, with the intention of introducing them in 2021.



*In 2020 we launched group-wide work to draft supplier and partner Code of Conduct.*

At LocalTapiola supply chains are managed on a regional and nationwide basis. A person responsible for partnerships has been designated at each company. The internal co-operation network of those designated as responsible for partnerships makes possible the agile leadership of partnerships and supply chains while ensuring shared policies.

Most of our delivery chains are generated via the expenses paid through the claims service to service providers, which number

many thousands. There were hundreds of claims partners in 2020. Our delivery chains feature large corporations operating nationwide as well as local partners.

Our goal is to develop supply chain related processes to be more sustainable. In vehicle claims we promote the circular economy by

selling salvage vehicles for scrapping and by repurchasing usable parts to be used in repairs when this is sensible. We are constantly developing co-operation with our health partners so as to keep the treatment and rehabilitation offered to customers as timely and well-targeted as possible.



## Anti-corruption and anti-bribery efforts

We strive to prevent corruption and bribery in all our operations. Our decision-making is based on **objectivity and independence**. Our anti-corruption and anti-bribery policy is described in the group's Code of Conduct. We are working to integrate a new Code of Conduct online course into the staff induction programme in 2021.

Our shared operating principles to identify and prevent conflicts of interest cover guidelines on recusal, insider affairs, competing activities, management remuneration, gifts, hospitality and related party transactions. The strategic section in the group's investment plan provides instructions on the management of conflicts of interest in investment activities.

With a prudent decision-making process, definition of responsibilities and guidelines on recusal and related party transactions, we strive to ensure good and independent decision-making. Monitoring compliance with the operating principles and guidelines is part of the work of internal control. Superiors and the compliance function monitor compliance with the principles and related guidelines and report on any irregularities.

The group has in use a technical tool to report internal abuses and related suspicions. A whistleblowing channel makes anonymous reporting possible. Suspicions of abuse may also be reported through other means, such as via email. Suspicions of abuse surface in connection with superiors' work or regular monitoring, such as that conducted by internal control. Internal control processes all suspicions of abuse on a confidential basis and monitors the realisation of corrective measures and consequences. The number and contextual allocation of suspicions of abuse are regularly reported to the management.

### Preventing money laundering and countering terrorist financing

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

With training events we make sure that all working at LocalTapiola know the legal obligations and internal guidelines. Our personnel complete **online courses on the prevention of money laundering and countering of terrorist financing** on an annual basis. The group's compliance function monitors course attendance through superiors.

### Combating insurance crime

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

The group's investigation services investigate, combat and prevent insurance and financial crime targeting the group. Investigation services report to the management at regular intervals and also participate in the investigation of internal abuses. We train people working at LocalTapiola to combat fraud and other abuse, to detect suspicious transactions and money laundering, to identify customers and to ascertain their authorisation.

## Solvency and risk management

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

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

Solvency management is part of the group's risk management and that of group companies. Our insurance companies conduct an Own Risk and Solvency Assessment (ORSA) on an annual basis. In the assessment companies review the solvency need, fulfilment of the statutory capital

obligations and of the requirements set for technical provisions, and deviation of the risk profile from the standardised-method assumptions used in solvency capital requirement calculation. LocalTapiola General, the group's parent company, compiles a group-level ORSA each year.

### Risk management safeguarding customers and our operations

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

Additionally, we guide the implementation of risk management in connection with the annual planning process, for instance. We identify the risks, how likely they are to materialise and how significant they are, and we add the needed risk management measures to the annual plans of the various functions. As for risks related to new prod-

ucts, we manage them using a separate deployment proposal, approved by the Board of Directors or the group's Management Group. In the formalised proposal we evaluate such aspects as deployment risks and impacts on solvency and profitability.

The Boards of Directors of the companies bear the **overall responsibility for organising risk management and solvency management**. The Boards define the risk management targets, risk appetite, limits of risk-taking, responsibilities, metrics and monitoring principles. On an annual basis they ratify the plans dealing with risk management and monitor implementation of and compliance with the plans. The Boards also regularly monitor the status of risk management and the development of key risks. The joint Audit and Risk Management Committee assists the Boards of LocalTapiola General and LocalTapiola Life.

The companies report on their risk management to the Board at regular intervals. Reporting supports the Boards in discharging their regulatory duty whereby insurance and reinsurance companies are to monitor the adequacy and efficiency of their system of governance and remedy any shortcomings. The Board is to assess the resources of the risk management function on a regular basis.

## Responsibility risks

We identify responsibility risks as part of the risk management process. LocalTapiola may face risks from the extreme weather phenomena brought about by climate change. Climate change may also pose a risk to product development and investment activities, if the impacts it creates are not addressed in the long term. The ageing of population, novel needs for services and increasing use of health insurance policies may pose a risk to the profitability of insurance business.

Personnel risk covers well-being at work and the management of competences in a rapidly changing operating environment. We manage personnel risks through leadership, work atmosphere surveys and competence mapping. Human rights risks may occur upon outsourcing and in long delivery chains, for instance. We manage these risks through contracting procedures, regular auditing and vetting as well as measures combating the grey economy.

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

information security risks with sufficient resourcing, guidelines and training events.

In 2020 in risk management we especially invested in the **management of data security risks and cyber risks** and in developing policies to identify our customers and to prevent terrorist financing. We monitored the progress of responsibility regulatory requirements and made preparations to further incorporate responsibility risk identification and management into the operational risk management system. As part of the own risk and solvency assessments (ORSA report) of our companies, we annually assess the impacts which disasters caused by natural events have on solvency.

**To read more** about solvency and risk management, see [LocalTapiola General Mutual Insurance Company's Report of the Board of Directors and financial statements for 2020](#).

## Governance and decision-making

The purpose of LocalTapiola Group's system of governance is to ensure that the group and the companies part of the group are governed in line with **sound and prudent** business practices.

The insurance companies part of LocalTapiola Group are mutual companies whose owners policyholders are. In addition, LocalTapiola General serves as the owner of the guarantee capital in the regional companies, and the guarantee capital of LocalTapiola Life is owned by the other insurance companies of the group. In accordance with the principles of mutuality and the Articles of Association, we use any economic surplus primarily to develop products and services and to preserve solvency that safeguards operations.

**The highest decision-making organ at the insurance companies is the General Meeting** at which the owners may exercise their speaking and voting rights. The General Meeting selects the members of the Supervisory Board and the auditors and decides on approval of the financial statements and on discharge to be given to the members of the administrative bodies and to the CEO. To safeguard the policyholders' decision-making powers, the voting powers of the owners of the guarantee capital have been restricted.

Supervisory Boards, whose members are owner-customers of the companies, play a key role in the governance of a mutual group of companies. Among its other duties, the Supervisory Board selects the members of the Boards of Directors of the companies. The Chairs and Deputy Chairs of LocalTapiola General's and LocalTapi-

LocalTapiola Life's Supervisory Boards make up the Cooperation Committee, which monitors the work of the Boards of Directors, the CEO and the Managing Directors, prepares matters processed at Supervisory Board meetings, and issues decision proposals.

Among other duties, the Boards of Directors of the companies take care of the appropriate organisation of the company's governance, operations, accounting

and asset management. The key tasks of the Boards of Directors, together with the procedural rules, are recorded in the rules of procedure. The Chair of the Boards of Directors of LocalTapiola General and LocalTapiola Life is also the CEO of entire LocalTapiola Group. S/he reports to the Cooperation Committee of the Supervisory Boards. The Boards of Directors of LocalTapiola General and LocalTapiola Life have two joint committees: the Audit and Risk Management Committee, and the Human Resources and Compensation Committee.

**To read more** about the system of governance, see [LocalTapiola General Mutual Insurance Company's Report of the Board of Directors and financial statements for 2020](#).

# Reporting principles and the GRI

**L**ocalTapiola Group's sustainability report makes use of applicable parts of the Global Reporting Initiative reporting standard (GRI-referenced). The 2020 report is LocalTapiola Group's first sustainability report covering the entire group and employing the GRI framework. In future we will be reporting on the group's sustainability every year.

This report compiles universal information under the GRI standard and topic-specific content relevant to LocalTapiola. The information has not been externally assured. The purpose is to expand the group's sustainability reporting to cover the information required under the Core option of the GRI standard.

**Sustainability reporting covers the following companies:** LocalTapiola General, 19 regional mutual non-life insurance companies, LocalTapiola Life, LocalTapiola Asset Management, LocalTapiola Real Estate Asset Management and its subsidiary LocalTapiola Alternative Investment Funds, LocalTapiola Finance, and LocalTapiola Services.

Comparison of the contents of the sustainability report and the GRI standards is pre-

sented in a GRI content index. Any shortcomings in the coverage of the indicators are given in the Omissions and additional information column. The GRI indicators are not classified by region. This is not essential information for LocalTapiola's operations, since business takes place in Finland only.

**The report mainly uses the 2016 versions of the GRI standards.** Any deviations are given in the Omissions and additional information column. For occupational health and safety, the new standard revised in 2018 is applied.

The energy consumption of investment real estate is reported in part under the [Construction and Real Estate Sector Disclosures document published with the GRI G4 Guidelines in 2013](#). Investment activities are reported by applying the [G4 Financial Services Sector Disclosures document](#).

The 2020 sustainability report also includes reporting on compliance with the UN's Principles for Sustainable Insurance. The UN PSI column of the GRI index shows which report contents describe the implementation of the principles for sustainable insurance. More information on the UN's principles for sustainable insurance: [unep.fi.org/psi](https://unep.fi.org/psi).

The sustainability report will be published as a PDF file on LocalTapiola Group's website. Language versions (Swedish and English) will be published over the course of spring 2021.

## More information and contact details

**Sanni Huvinen**, Sustainability Specialist  
Sustainability and Public Affairs  
LocalTapiola Group  
[sanni.huvinen@lahitapiola.fi](mailto:sanni.huvinen@lahitapiola.fi)

## Sustainability theme management

Sustainability theme, and priorities	GRI contents	Principles and commitments	Initiatives and actions
 <b>Proactive lifelong security</b> Developing sustainable products and services Active player in local communities Social influence through proactive efforts	<ul style="list-style-type: none"> <li>- Products and services</li> <li>- Local communities</li> <li>- Financial results</li> <li>- Indirect financial impacts</li> </ul>	<ul style="list-style-type: none"> <li>- Good insurance practice</li> <li>- Responsible Financial Sector principles, Finance Finland</li> <li>- Code of Conduct</li> <li>- Sustainability roadmap</li> <li>- The UN's Principles for Sustainable Insurance, UN PSI</li> <li>- The products and services development model</li> <li>- Sponsorship principles</li> </ul>	<ul style="list-style-type: none"> <li>- Leak Guard, Cyber Service, HyvinvointiHelppi, paperless service</li> <li>- Hero Training, Red Cross First Aid</li> <li>- Fire extinguisher inspections and first-aid extinguishing training events</li> <li>- Friendship activity, Finnish Red Cross</li> <li>- Swimming skills and safety on water materials, Finnish Swimming Teaching and Lifesaving Federation</li> <li>- Cancer research support, Cancer Foundation</li> <li>- Local initiatives and donations</li> <li>- Supports to customers and society under Covid-19</li> </ul>
 <b>Employee experience and work community</b> Employee competences and renewal Supporting well-being at work and work capacity Promoting diversity	<ul style="list-style-type: none"> <li>- Employment relationships</li> <li>- Occupational health and safety</li> <li>- Training, and development of competences</li> <li>- Diversity</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible Financial Sector principles, Finance Finland</li> <li>- Code of Conduct</li> <li>- Sustainability roadmap</li> <li>- Personnel strategy</li> <li>- Equality and non-discrimination plan</li> <li>- Occupational health and safety action plans</li> <li>- Special compensation scheme and policy</li> <li>- Security policy</li> </ul>	<ul style="list-style-type: none"> <li>- ROIHU employee survey</li> <li>- Responsible Summer Job campaign</li> <li>- Pidä Huolta (Take Care) model</li> <li>- Tunne itsesi elämänturvaaja (Know yourself) concept</li> <li>- Zero Accidents forum, Finnish Institute of Occupational Health</li> <li>- Launch of diversity work 2021</li> </ul>

Sustainability theme, and priorities	GRI contents	Principles and commitments	Initiatives and actions
 <p><b>Data and data security</b></p> <p>Sustainable methods for information-intensive work</p> <p>Responsible use of data</p>	<ul style="list-style-type: none"> <li>- Privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible Financial Sector principles, Finance Finland</li> <li>- Code of Conduct</li> <li>- Sustainability roadmap</li> <li>- Data protection policy</li> <li>- Data security policy</li> <li>- Access rights management principles</li> </ul>	<ul style="list-style-type: none"> <li>- Bug Bounty program</li> <li>- Hack Day event</li> </ul>
 <p><b>Impacts of climate change</b></p> <p>Anticipation and risk management of climate change risks</p> <p>Climate change perspective integrated into insurance, investment and financing</p> <p>Decreasing negative impacts of group's operations on climate</p>	<ul style="list-style-type: none"> <li>- Energy consumption</li> <li>- Emissions</li> <li>- Risk management</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible Financial Sector principles, Finance Finland</li> <li>- Code of Conduct</li> <li>- Sustainability roadmap</li> <li>- Risk management policy</li> <li>- Principles for sustainable investment</li> <li>- Principles for Sustainable Insurance, UN PSI</li> <li>- Principles for Responsible Investment, UN PRI*</li> <li>- Climate Action 100+**</li> <li>- CDP Investor Signatory**</li> </ul>	<ul style="list-style-type: none"> <li>- Energy efficiency agreements of the real estate field</li> <li>- Carbon offsetting programme and Automotive Green Deal, LocalTapiola Finance</li> </ul>
 <p><b>Responsible operating methods</b></p> <p>Integrating sustainability into business</p> <p>Development of sustainable partnerships and procurement</p> <p>Development of sustainability communications and reporting</p>	<ul style="list-style-type: none"> <li>- Anti-corruption and anti-bribery efforts</li> <li>- Supply chain and procurement</li> <li>- Local communities</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible Financial Sector principles, Finance Finland</li> <li>- Code of Conduct</li> <li>- Sustainability roadmap</li> <li>- Principles for Sustainable Insurance, UN PSI</li> <li>- Compliance principles</li> <li>- Anti-money laundering and anti-terrorist financing policy (AML policy)</li> <li>- Procurement strategy</li> </ul>	<ul style="list-style-type: none"> <li>- Launch of LocalTapiola Group's sustainability reporting</li> <li>- Company-specific sustainability workshops</li> <li>- Setting up of a responsibility network, and designation of company-specific persons in charge</li> <li>- Setting up of group's partnership network</li> </ul>

\* LocalTapiola Asset Management and LocalTapiola Real Estate Asset Management

\*\* LocalTapiola Asset Management

## GRI indicators

### GRI 102-8 Information on employees and other workers

In 2020 LocalTapiola Group employed 3,567 employees. In addition, a total of 376 insurance intermediaries and franchisors worked in an agency relationship to the group. The figures on employees given under the 'GRI indicators' section only cover employees with an employment relationship.

We observe the collective agreement for the insurance sector and the collective agreement for the financial sector. They cover some 95 per cent of the group personnel.

New employee hires in 2020 totalled 292. In addition, rehires numbered 74. A total of 396 employment relationships ended. Of these 124 ended with the termination of temporary employment.

	2019			2020		
	Women	Men	Total	Women	Men	Total
Number of employees*	2,391	1,192	3,583	2,364	1,203	<b>3,567</b>
Permanent	2,098	1,076	3,174	2,125	1,083	<b>3,208</b>
Temporary	293	116	409	239	120	<b>359</b>
Full-time	2,081	1,118	3,199	2,113	1,119	<b>3,232</b>
Part-time**	310	74	384	251	84	<b>335</b>

\*Figures at 31 December 2019 and 31 December 2020.

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

## GRI 302-1 Energy consumption within the organization, GRI 305-2 Energy indirect (Scope 2) GHG emissions

	2017	2018	2019	2020
Heat, MWh*	71,000	63,000	62,000	<b>67,000</b>
Electricity, MWh, investment real estate	32,000	31,000	30,000	<b>29,000</b>
Electricity, MWh, our own offices**	3,300	3,100	2,800	<b>2,400</b>
District cooling, MWh	6,000	8,000	8,000	<b>7,000</b>
<b>Energy consumption, total, MWh</b>	<b>112,300</b>	<b>105,100</b>	<b>102,800</b>	<b>105,400</b>
Water, m <sup>3</sup>	420,000	376,000	400,000	<b>420,000</b>
Carbon dioxide, t CO <sub>2</sub> e***	20,200	20,800	18,000	<b>14,000</b>

\* Megawatt hour

\*\* The figures cover the companies who have signed the centralised electricity purchase agreement. The energy consumption of LocalTapiola's own offices is made up almost exclusively of the supply of electricity. The lessor of the facilities bears the main responsibility for the heat and cooling consumed. The electricity for our own offices has been produced using renewables in 2017–2020. The electricity for investment real estate has been generated by wind power from the start of 2020.

\*\*\* CO<sub>2</sub> emissions of investment real estate energy consumption: Scope 2.

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

### Comparable investment real estate residential buildings and commercial premises

Building energy intensity, kWh/m <sup>2</sup>	2019	2020
All premises, total	113.3	106.6
Comparable premises, total	126.1	113.0
Comparable residential, total	94.4	88.4
Comparable commercial, total	140.1	123.8

Emissions intensity from buildings, kg CO <sub>2</sub> e/m <sup>2</sup>	2019	2020
All premises, total	23.2	15.9
Comparable premises, total	26.3	16.9
Comparable residential, total	22.8	20.1
Comparable commercial, total	27.9	15.5

Building water intensity, litres/m <sup>2</sup>	2019	2020
All premises, total	468	486
Comparable premises, total	533	485
Comparable residential, total	1,105	1,159
Comparable commercial, total	282	188

The heat consumptions shown in the tables are weather-adjusted figures. CO<sub>2</sub> emissions are calculated on the normalised consumption of district heat.

Up to 2019 the three-year average emission factor calculated on the national emission factor reported by Finnish Energy is used as the emission factor for district heat. As of 2020 the city-specific newest emission factor reported by the district heat producer is used as the district heat emission factor based on the location of the real estate.

The emission factor reported by Vantaan Energia and Oomi Energia is used as the emission factor for electricity up to the end of 2019. From the start of 2020 LocalTapiola Real Estate Asset Management has used origin-guaranteed carbon-neutral wind power.

The emission factor reported annually by Helen is used as the emission factor for district cooling.

#### G4 FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues

	Equity investments			Corporate bond investments		
	Contacts*	Companies in portfolio	Share, %	Contacts*	Issuers in portfolio	Share, %
LocalTapiola General	13	50	26	49	102	48
LocalTapiola Life	17	62	27	65	129	50
LocalTapiola Asset Management	70	333	21	127	279	46

\* Includes corporate meetings.

#### G4 FS11 Percentage of assets subject to positive and negative environmental or social screening

LocalTapiola General Mutual Insurance Company*	53%
LocalTapiola Mutual Life Insurance Company*	53%
LocalTapiola Asset Management	58%

\* Calculation for LocalTapiola General and LocalTapiola Life includes the investment assets under management by LocalTapiola Asset Management.

## GRI content index

LT General RBD & FS 2020 = LocalTapiola General Mutual Insurance Company Report of the Board of Directors and financial statements for 2020

LT Group Solvency 2020 = Report on solvency and financial position 2020 (in Finnish)

Disclo- sure	GRI content	Location	Omissions and additional information	UN PSI
<b>GENERAL DISCLOSURES</b>				
102-1	Name of the organization	LocalTapiola Group		
102-2	Activities, brands, products, and services	LocalTapiola Group, page 6		
102-3	Location of headquarters	Espoo		
102-4	Location of operations	LocalTapiola Group, page 6		
102-5	Ownership and legal form	LocalTapiola Group, page 6		
102-6	Markets served	LocalTapiola Group, page 6		
102-7	Scale of the organization	LocalTapiola Group, page 6 Products and services, page 15 LT General RBD & FS 2020: LocalTapiola Group in 2020 & Notes, LocalTapiola Group		
102-8	Information on employees and other workers	Employee experience and work community, page 21 Striving for high employee experience, page 21 GRI indicators, page 47		Principle 1
102-9	Supply chain	Procurement and the supply chain, page 38		Principle 1
102-10	Significant changes to the organization and its supply chain	LocalTapiola Group, page 6 Procurement and the supply chain, page 38		Principle 1 Principle 2
102-11	Precautionary Principle or approach	Solvency, and risk management, page 41		
102-12	External initiatives	Corporate responsibility commitments, page 13		Principle 1 Principle 3
102-13	Membership of associations	Protection of interests, and advocacy, page 13		Principle 3
102-14	Statement from senior decision-maker	Review by the CEO, page 3		Principle 1
102-16	Values, principles, standards, and norms of behavior	Values and operating principles, page 9		Principle 1 Principle 2

Disclo- sure	GRI content	Location	Omissions and additional information	UN PSI
102-18	Governance structure	Sustainability at LocalTapiola, page 10 Governance and decision-making, page 42 LT General RBD & FS 2020: LocalTapiola Group's structure and governance & Governance, personnel and remuneration LT Group Solvency 2020: System of governance (in Finnish)		
102-22	Composition of the highest governance body and its committees	Governance and decision-making, page 42 LT Group Solvency 2020: System of governance (in Finnish)		
102-23	Chair of the highest governance body	Governance and decision-making, page 42 LT Group Solvency 2020: System of governance (in Finnish)		
102-24	Nominating and selecting the highest governance body	Governance and decision-making, page 42 LT Group Solvency 2020: System of governance (in Finnish)		
102-30	Effectiveness of risk management processes	Solvency and risk management, page 41	Disclosed in part. We are in the process of developing disclosure: how risk management is achieved for social, environmental and financial risks.	Principle 1 Principle 2
102-40	List of stakeholder groups	Stakeholder interaction, page 12		Principle 2 Principle 3
102-41	Collective bargaining agreements	GRI indicators, page 47		
102-42	Identifying and selecting stakeholders	Stakeholder interaction, page 12	Disclosed in part. We will be launching stakeholder co-operation development in 2021. In future we will strive to provide more detailed disclosure of the stakeholder identification process.	Principle 2 Principle 3
102-43	Approach to stakeholder engagement	Stakeholder interaction, page 12	Disclosed in part. In future we will strive to provide more detailed disclosure of stakeholder engagement.	Principle 2 Principle 3
102-44	Key topics and concerns raised	Review by the CEO, page 3 Stakeholder interaction, page 12	Disclosed in part. In future we will strive to provide more detailed disclosure of the concerns raised by stakeholders.	Principle 2 Principle 3
102-45	Entities included in the consolidated financial statements	LT General RBD & FS 2020: Structure of LocalTapiola Group		
102-46	Defining report content and topic Boundaries	Reporting principles and the GRI, page 44		Principle 4

Disclo- sure	GRI content	Location	Omissions and additional information	UN PSI
102-47	List of material topics	Sustainability at LocalTapiola, page 10		Principle 1
102-48	Restatements of information	No restatements.		
102-49	Changes in reporting	The first report on the year 2020.		
102-50	Reporting period	1 January - 31 December 2020		Principle 4
102-51	Date of most recent report	No report available for the previous year.		Principle 4
102-52	Reporting cycle	The report is published on an annual basis.		Principle 4
102-53	Contact point for questions regarding the report	Reporting principles and the GRI, page 44		
102-54	Claims of reporting in accordance with the GRI Standards	Reporting principles and the GRI, page 44		
102-55	GRI content index	GRI content index, page 51		
102-56	External assurance	The report has not been externally assured.		
<b>TOPIC-SPECIFIC CONTENT</b>				
<b>Economic value</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, page 10 Vitality across the country and locally, page 18		
103-2	The management approach and its components	Objectives of the lifelong security strategy, page 8 Vitality across the country and locally, page 18		
103-3	Evaluation of the management approach	Objectives of the lifelong security strategy, page 8 Vitality across the country and locally, page 18		
201-1	Direct economic value generated and distributed	Vitality across the country and locally, page 18		
<b>Anti-corruption</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, page 10 Anti-corruption and anti-bribery efforts, page 40 Sustainability theme management, page 45		Principle 1
103-2	The management approach and its components	Anti-corruption and anti-bribery efforts, page 40 Sustainability theme management, page 45		Principle 1
103-3	Evaluation of the management approach	Anti-corruption and anti-bribery efforts, page 40 Sustainability theme management, page 45		Principle 1

Disclo- sure	GRI content	Location	Omissions and additional information	UN PSI
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption and anti-bribery efforts, page 40	Not reported for governance (a and d) or business partners (c). For employees (b and e), information is not disclosed by employee category. Information is disclosed verbally. No numeric data available.	Principle 1 Principle 3
205-3	Confirmed incidents of corruption and actions taken	No incidents in 2020.		
<b>Energy and emissions</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, page 10 Energy consumption of buildings, page 30 Sustainability theme management, page 45		
103-2	The management approach and its components	Energy consumption of buildings, page 30 Sustainability theme management, page 45		
103-3	Evaluation of the management approach	Energy consumption of buildings, page 30 Sustainability theme management, page 45		
302-1	Energy consumption within the organization	Energy consumption of buildings, page 30 GRI indicators, page 47	For our own offices, calculation covers the companies who have signed the centralised electricity purchase agreement.	
305-2	Energy indirect (Scope 2) GHG emissions	Energy consumption of buildings, page 30 GRI indicators, page 47		
CRE1	Building energy intensity	GRI indicators, page 47	GRI G4: Construction and real estate	
CRE2	Building water intensity	GRI indicators, page 47	GRI G4: Construction and real estate	
CRE3	Greenhouse gas emissions intensity from buildings	GRI indicators, page 47	GRI G4: Construction and real estate Calculation covers Scope 2 emissions.	
<b>Investment activities</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability in investment activities, page 33		
103-2	The management approach and its components	Sustainability in investment activities, page 33		
103-3	Evaluation of the management approach	Sustainability in investment activities, page 33		

Disclo- sure	GRI content	Location	Omissions and additional information	UN PSI
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Sustainability in investment activities, page 33 LocalTapiola Asset Management aiming to become pioneer in sector, page 35 GRI indicators, page 47	GRI G4: Financial Services	Principle 3
FS11	Percentage of assets subject to positive and negative environmental or social screening	Sustainability in investment activities, page 33 LocalTapiola Asset Management aiming to become pioneer in sector, page 35	GRI G4: Financial Services	
<b>Occupational health and safety</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, page 10 Supporting well-being at work and work capacity, page 23 Sustainability theme management, page 45		Principle 1
103-2	The management approach and its components	Supporting well-being at work and work capacity, page 23		Principle 1
103-3	Evaluation of the management approach	Supporting well-being at work and work capacity, page 23		Principle 1
403-1	Occupational health and safety management system	Occupational health and safety, page 24	GRI 2018	Principle 1
403-3	Occupational health services	Occupational health and safety, page 24	GRI 2018	
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee experience and work community, page 21 Occupational health and safety, page 24	GRI 2018	
403-5	Worker training on occupational health and safety	Occupational health and safety, page 24	GRI 2018	
403-6	Promotion of worker health	Occupational health and safety, page 24	GRI 2018	Principle 1
403-9	Work-related injuries	Supporting well-being at work and work capacity, page 23	GRI 2018. We disclose worker deaths, accidents and the injury rate only.	
<b>Training and education</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, page 10 Competences and renewal, page 22		Principle 1
103-2	The management approach and its components	Competences and renewal, page 22		Principle 1

Disclo- sure	GRI content	Location	Omissions and additional information	UN PSI
103-3	Evaluation of the management approach	Competences and renewal, page 22		Principle 1
404-1	Average hours of training per year per employee	Competences and renewal, page 22	Not disclosed by gender (i).	
404-2	Programs for upgrading employee skills and transition assistance programs	Competences and renewal, page 22		Principle 1
404-3	Percentage of employees receiving regular performance and career development reviews	Employee success reviews, page 23	Not disclosed by employee category or by gender.	
<b>Diversity and equal opportunity</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, page 10 Promoting diversity, page 26		
103-2	The management approach and its components	Promoting diversity, page 26		
103-3	Evaluation of the management approach	Promoting diversity, page 26	Evaluation methods have not been defined. We will be launching diversity work in 2021.	
405-1	Diversity of governance bodies and employees	Promoting diversity, page 26	We disclose the share of women and men in employees and management only.	Principle 1
<b>Data and data security</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, page 10 Data and data security, page 27		Principle 1
103-2	The management approach and its components	Data and data security, page 27		Principle 1
103-3	Evaluation of the management approach	Data and data security, page 27		Principle 1
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data protection as a trust-enabler, page 27	Disclosure not provided of complaints received categorised by outside party and by regulatory body (a).	
LT indi- cator	Responsible use of data	Responsible use of data, page 29	Verbal description. We are in the process of developing disclosure.	Principle 1

Disclo- sure	GRI content	Location	Omissions and additional information	UN PSI
<b>LOCALTAPIOLA'S OWN INDICATORS</b>				
<b>Loss prevention</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, page 10 Proactively effective, page 16		Principle 2
103-2	The management approach and its components	Proactively effective, page 16 Sustainability theme management, page 45		Principle 2
103-3	Evaluation of the management approach	Proactively effective, page 16 Sustainability theme management, page 45		Principle 2
LT indi- cator	Loss prevention	Proactively effective, page 16 Sustainability theme management, page 45	Verbal description. We are in the process of developing disclosure.	Principle 2
<b>Employee experience</b>				
103-1	Explanation of the material topic and its Boundary	Sustainability at LocalTapiola, page 10 Striving for high employee experience, page 21		
103-2	The management approach and its components	Striving for high employee experience, page 21		
103-3	Evaluation of the management approach	Striving for high employee experience, page 21		
LT indi- cator	Employee experience (ROIHU)	Striving for high employee experience, page 21		



**LOCALTAPIOLA**

*Lifelong security  
company*

LocalTapiola Group  
Revontulenkujä 1, 02100 Espoo  
[www.lahitapiola.fi](http://www.lahitapiola.fi)