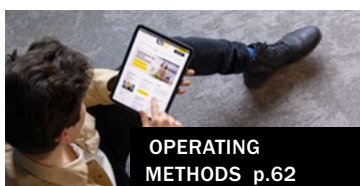
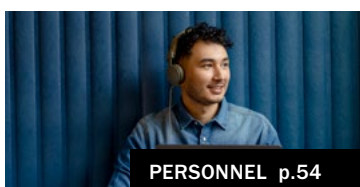
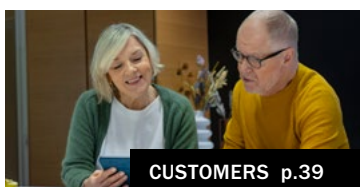
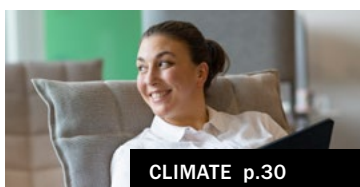




ELO PENSION COMPANY

Annual and Responsibility Report 2021





We work together to build a sustainable society, working life and environment for future generations



In this report, we discuss Elo's operations and responsibility in 2021. We will issue the Board of Directors' Report, Financial Statements and Corporate Governance Statement as separate reports.

[Financial information 2021](#)

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RESPONSIBILITY AT ELO

**We make sure that
our customers
receive the pensions
they have earned
– today and in the
future**



CEO's review 2021



The year 2021 was a very exceptional year worldwide. The second year of the COVID-19 pandemic and various restrictions challenged national economies, businesses and every one of us. However, adaptation to the changing operating environment was strong and the economy recovered remarkably well in spite of the pandemic. The recovery was reflected both in the good development of Elo's investment returns and in the payrolls of the client companies.

In 2021, economic growth was globally stronger than it has been for decades. During the year, Elo's investments generated a return of 14 per cent, which is the best annual return in Elo's history.

In accordance with our responsibility programme, we work together to build a sustainable society, working life and environment for future generations. Our responsible investment operations safeguard pensions and lay down a foundation for a sustainable future across generations. Responsible investment is guided by Elo's strategy and investment plan, the principles of responsible investment, ownership policy and climate strategy.

We assess the responsibility of our investment targets from the perspective of environmental responsibility, social responsibility and good corporate governance. In September 2021, Elo signed the Net Zero Asset Owner Commitment to achieve net zero investment portfolio in line with the goals of the Paris Agreement. We are committed to reducing our portfolio's carbon footprint, increasing investments in climate solutions, setting interim targets and engaging in line with our goals.

Elo's engagement strategy for investments was updated in 2021. Engagement means dialogue with

companies and asset managers and other stakeholders with the aim of more sustainable business practices. We engage with our investment companies and managers either by ourselves or in collaboration with other investors and stakeholders. Engagement with investments is more effective when other investors are involved.

Assets accumulated in the Finnish pension system currently only cover about a quarter of the promised pension liabilities. In order to deliver on our promises to future pension recipients, we will need either higher pension contributions or higher investment returns in the future. An increase in pension contributions is likely to put a strain on economic growth and weaken the long-term commitment of future contributors to the common pension system. Therefore, it is important that we bring about a regulatory change that allows pension companies to have a higher level of risk and higher returns on investment in their portfolios. I see this change as a key element in building responsible pension security.

From the point of view of future pension recipients' livelihoods, it is important to ensure the work ability of workers and the integrity of their careers. One way of doing this is through vocational rehabilitation, with which we create the preconditions for participating in working life despite the weakening of work ability. Correct timing, rehabilitations plan that meets the customers' needs and motivated rehabilitees are decisive factors in the success of rehabilitation. During 2021, we developed methods for measuring the effectiveness of rehabilitation. The impact is illustrated, for example, by the proportion of rehabilitees who are available to the labour market at the end of rehabilitation.

The COVID-19 pandemic appears to have made people postpone their retirement. The number of people retiring on old-age pension decreased, as did the number of people retiring on disability pension. The extension of careers has progressed even faster than the objectives set out in the employment pension reform of 2017. The aim has been to achieve an average retirement age of 62.4 years by 2025 at the latest. This level was reached already in 2021. Over time, it should be seen whether this is a permanent change due to the pension reform or whether the impact of the exceptional coronavirus pandemic is significant.

Positive news during the coronavirus pandemic included the increase in the birth rate, which plays an important role in demographic development and the sustainability of the pension system. Statistics Finland's population projection

assumes a birth rate of 1.45, while its previous projection assumed a birth rate of 1.35.

Elo's corporate governance and management system was revised and streamlined extensively during the year. In June 2021, FIN-FSA requested plans from Elo's Board of Directors for clarifying Elo's management and administration system and ensuring the operational possibilities of internal control. The plan was prepared within the imposed schedule, and the Financial Supervisory Authority has given positive feedback on the planned measures, most of which have already been implemented. Co-operation with the Financial Supervisory Authority's representative has worked well and will continue for the time being, until the Financial Supervisory Authority assesses that the new practices have been internalised and found to be effective.

At the beginning of 2022, we launched extensive strategy work aimed at ensuring constantly developing excellent service and seamless pension security for all of our customers. We are aware of our responsibility for our most important task: the implementation of employment pension security.

I want to thank all of our customers, partners and personnel for their co-operation during the past year.

Carl Pettersson

Chief Executive Officer

Carl Pettersson took up his post as Elo's new CEO on 7 October 2021. Satu Huber served as CEO of Elo until 16 March 2021 and Hanna Hiidenpalo as interim CEO from 16 March to 6 October 2021.

At the beginning of 2022, we launched extensive strategy work aimed at ensuring constantly developing excellent service and seamless pension security for all of our customers.

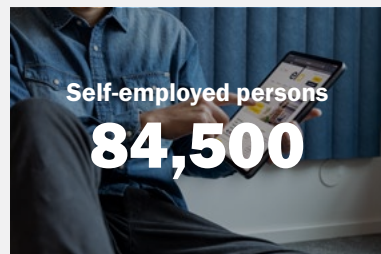
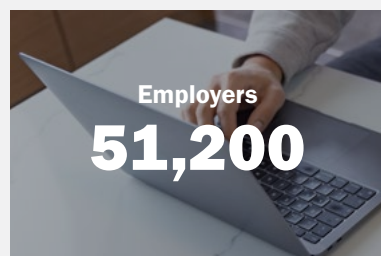
Elo in 2021

Elo's cash flows

We insure both the employees of our customer companies and self-employed persons.

We safeguard the future pensions by investing pension assets in a profitable and secure manner.

An employment pension provides income security when an employee or self-employed person retires. We grant and pay pensions correctly and on time to our pension recipients.



Premiums written
4,036
EUR million

Elo's investment assets
29,400
EUR million

Pensions and other benefits paid
4,030
EUR million

Pension recipients
246,100

Investment income 3,621 EUR million
To strengthen solvency 1,516 EUR million
To funds for future pensions 1,921 EUR million
Elo's operating costs 89 EUR million
Customer bonuses 100 EUR million

Elo 2021

SUMMARY OF KEY FIGURES

31.12.2021
31.12.2020

COMPANY SIZE	Premiums written, EUR million	4,035.9	3,615.6
	Pensions and other benefits paid, EUR million ¹⁾	4,030.2	3,891.9
	Technical provisions, EUR million	23,750.4	22,381.4
	Pension assets, EUR million ²⁾	29,982.5	26,419.6
	TyEL payroll, EUR million	14,873.9	14,106.8
	YEL earned income sum, EUR million	1,770.5	1,757.7
	Number of TyEL policyholders	51,200	48,300
	Number of TyEL insured	415,500	393,100
	Number of YEL policyholders	84,500	83,600
	Number of pensioners	246,100	243,600
	Number of personnel (average work contribution)	490	490
RESULT	Loading profit, EUR million	34.0	33.2
	Operating expenses as % of loading component	72.4%	72.0%
	Transfer to client bonuses, EUR million	100.5	27.7
	Transfer to client bonuses (%) of TyEL payroll	0.68%	0.20%
	Solvency capital, EUR million	6,573.4	5,055.4
	ratio to solvency limit	1.6	1.6
	Pension assets, % of technical provisions	128.1%	123.7%
	Net investment income at fair values, EUR million	3,621.3	900.9
	Net return from investment on capital employed, %	14.0%	3.6%

¹⁾ Claims paid as shown in the income statement without expense loading components available for claims and working ability maintenance.

²⁾ Technical provisions + solvency capital



14.0%

overall return
on investments

29.4

investment assets,
EUR billion

4,030

pensions and other benefits
paid, EUR million

Responsibility at Elo

Responsibility is included in Elo's basic task. We make sure that our customers receive the pensions they have earned – today and in the future.

According to Elo's strategy specified until 2022, our mission statement is "Taking care of customers' pension interests responsibly" and our vision is "The most convenient and convincing – passionately in your everyday life". In the distributed employment pension system, the justification of our existence is that we continuously develop our solvency, operational efficiency and customer satisfaction. Our values, or the cornerstones of our corporate culture, are "Elo's interest is my interest", "Trust and transparency" and "Customers and partners are in focus". Elo's new strategy work was launched at the beginning of 2022.

Change of operating environment

Transformation of work
Digitalisation of society
Challenging economic environment
Customer needs
Climate change
Competitive factors

Strategic themes

Solvent and responsible

Customer understanding,
Customer experience

ELO'S VISION

The most convenient and convincing – passionately in your everyday life

MISSION STATEMENT

Taking care of customers' pension interests responsibly

Competent

Solvent

Efficient

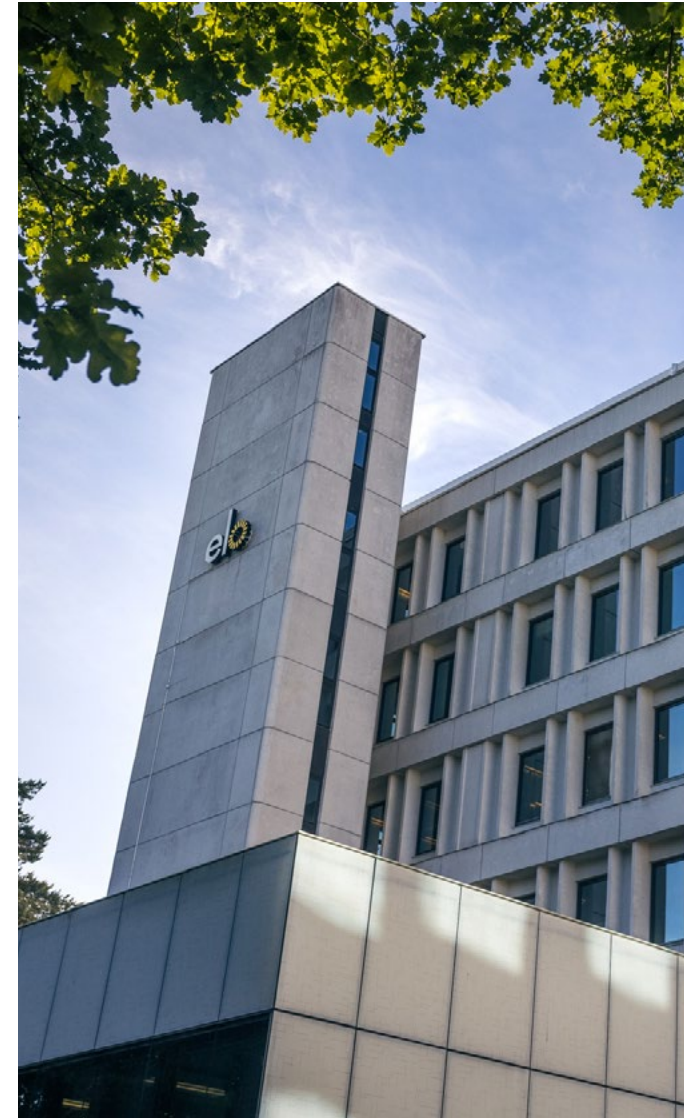
VALUES

i.e. the cornerstones of corporate culture

Elo's interest is my interest

Trust and transparency

Customers and partners are in focus



Elo's responsibility programme

Elo's responsibility programme was updated in 2020. The programme is based on a materiality assessment, in which Elo's stakeholders were involved through a questionnaire and interviews. The responsibility programme is strongly based on our basic mission, as well as on current and future legislation relating to responsibility. The assessment of materiality focused on Elo's economic, social and environmental impacts and how significant they are, as well as our stakeholder expectations. Elo's Board of Directors approved the guidelines of the responsibility programme in December 2020.

Elo's responsibility programme consists of three themes:

1. Sustainable society – this includes financial responsibility and the careful execution of our core task.
2. Sustainable working life – this includes social responsibility in our customer operations, investments and own operations.
3. Sustainable environment – this includes the mitigation of the impacts of climate change as well as approaches related to the environment and efficient use of resources. (GRI 103-1)

The objectives and key performance indicators (KPIs) that complement the responsibility programme were developed during the spring and summer of 2021. The indicators were approved by the Board of Directors of Elo in autumn 2021. As an employment pension company, responsibility is strongly embedded in our core business. That is why some of the KPIs in our responsibility programme are indicators for our core business. These indicators are complemented by the GRI standards on sustainability. In addition to the above, Elo has additional objectives reflecting sustainable development. Their development is monitored and their achievement is reported in the annual and responsibility report.

Responsibility is an area of continuous development and the indicators will develop as Elo's operations, objectives and measurement capability develop. As responsibility is developed further, some of the indicators will also be omitted and changed.



We work to promote social and environmental sustainability together with Elo's employees, customers and the global investor community.

We work to promote social and environmental sustainability together with Elo's employees, customers and the global investor community.

In sustainable working life, people with reduced working capacity, young people, the elderly and minorities are provided with opportunities to participate in working life. Equality and diversity are taken into account in decision-making as well as in the supply chain.

In a sustainable society, pension security and our services respond to changing customer needs. The basic task of an employment pension company is at the core of responsibility.

We create a sustainable environment by taking climate and environmental aspects into account in decision-making and operations.

Elo's responsibility themes

Elo's responsibility themes	Objective in Elo's operations	Indicator	Outcome in 2021	Objective
Sustainable society In a sustainable society, occupational pension provision and our services meet changing customer needs. The basic task of an employment pension company is at the core of our responsibility.	Elo is a solvent company.	Solvency ratio Solvency position	128.1% 1.6	The solvency ratio is at a secure and good level. The level of the solvency position is ensured in all circumstances
	Our investment returns are good, sustainable and sufficient in the long term.	Development of investment assets: average real return over 10 years	5.7%	The return is above the Finnish Centre for Pensions' calculated return expectation
	Our efficiency is improved.	Operating expenses covered by the expense loading component	EUR 89.3 million	The operating expenses covered by the expense loading component decrease in the long term
		Client bonuses in relation to insured persons' payroll	0.68%	
	Our governance is good and transparent.	Elo has implemented governance development measures, implementation rate	Proceeds as planned	Has been fully implemented
		Total number of critical realised compliance risks and their management	There are zero risks and processing is smooth.	There are zero risks and processing is smooth
		Completing the Code of Conduct online training	management 100%, others 99.4%	Online training completion rate: management 100%, others 95%.
		Reports to the Data Protection Ombudsman (number)	7	The aim is for there to be no reports to the Data Protection Ombudsman.
	The implementation of pension security is seamless in all situations.	Customer service NPS1 (online and telephone service)	59	At a good level
		No interruption of livelihood at the beginning of the pension. Processing times for pension decisions	Faster than the industry average	Minimum sector average
Sustainable environment We create a sustainable environment by taking climate and environmental aspects into account in decision-making and operations.	We take environmental aspects into account in our operations and strive to minimise negative impacts.	Elo's carbon footprint (excluding investment operations)	7,674 tCO ₂ e	The aim is to aim to reduce emissions through our own operations and procurement guidelines
	We reduce the carbon risk in our investment portfolio.	Weighted average carbon intensity of listed equity and corporate bond investments tCO ₂ e/Turnover MUSD (scope 1+2)	shares 138.7 and corporate loans 142.9 tCO ₂ e/MUSD turnover	Decrease of 25% in listed shares and corporate bonds from 2019 to 2025
	Our goal is energy-efficient properties.	Improving energy use of real estate investments	reduction of heating by 6.9% in commercial properties and 3.8% in residential properties and reduction of electricity consumption of 10.7% in commercial properties, 9.5% in residential properties (kWh/m ² /a)	10% reduction in district heating and 5% in electricity from 2019 to 2025
Sustainable working life In sustainable working life, conditions are created for people who are able to work part-time, for young and elderly people and for various minorities to participate in working life. Equality and diversity are taken into consideration in decision-making and supply chains.	Our service is equal, high-quality and smooth.	Applications processed by the Board of Appeal remain unchanged	90%, better than the industry average (89%)	Better personnel retention than the sector average
	We create opportunities for our customers to continue working.	Effectiveness of rehabilitation, % of persons available to the labour market	75%	Target level 70%
	Equality and diversity are taken into account in our operations and supply chains.	Percentage of businesses where human rights risks have been assessed	100%	Human rights risk assessments performed across all businesses
	At Elo, equality is a precondition for diversity.	Incidents of discrimination and corrective measures	None	None
	Elo people have long careers.	3-year average age at which old-age pension begins:	63.6	65 years by 2030
	Elo itself is an example of creating the conditions for a sustainable working life.	PeoplePower index	70.9 (expert standard 71.5)	Better than the average for Finnish expert companies

Materiality assessment as the basis of the programme

The stakeholder survey of Elo's most recent materiality assessment was carried out with an electronic questionnaire in autumn 2020 and telephone interviews. A total of 662 people completed the survey. Our stakeholders consider the core function of Elo to be the most essential part of responsibility. The respondents also highlighted the importance of good governance, openness and transparency. The next-most important aspects according to our stakeholders were social responsibility – including sustainable working life themes

and equality – as well as climate change and environmental issues. (GRI 103-1)

Besides the stakeholder feedback, the materiality assessment considered changes in the operating environment, such as climate change, the transformation of working life, change in customer needs and digitisation of society as well as current and future regulation, which will highlight questions pertaining to climate change and human rights, for example. Materiality assessment is also a continuous process of monitoring stakeholder feedback and changes in the operating environment.

Materiality assessment is also a continuous process of monitoring stakeholder feedback and changes in the operating environment.

Significance of responsibility aspects based on stakeholder feedback

Aspect	How important do you find the following aspects of Elo's operations as an employment pension company?	Business decisionmakers (n=363)	Stakeholders (n=107)	Employees (n=192)
Elo's mission aspects	Safeguarding solvency	4.5	4.8	4.9
	Efficient pension decision processes	4.4	4.7	4.7
	Taking customer needs into consideration in different stages of the customer relationship	4.6	4.4	4.7
	Profitable investment operations	4.2	4.5	4.8
	A good customer experience and service accessibility through various channels	4.4	4.4	4.7
	Corporate governance	4.3	4.6	4.5
Sustainable working life and social responsibility aspects	Employee well-being and competence	4.2	4.4	4.7
	Creating the conditions for sustainable working life	4.2	4.1	4.6
	Social responsibility in investment operations	4.1	4.4	4.5
	Elo's open interaction and active communication	4.0	4.1	4.6
	Promoting equality and diversity in working life	3.9	4.1	4.3
Climate and environmental aspects	Taking climate and environmental impacts into consideration in investments	3.7	4.0	4.3
	Taking environmental and climate impacts into consideration in Elo's own operations	3.7	4.0	4.2
	Average:	4.2	4.3	4.6

The respondents answered statements on scale of 1 (not important at all) to 5 (very important)

The organisation of responsibility at Elo

At Elo, corporate responsibility is included in our day-to-day operations. Elo's responsibility work is supported by the responsibility programme steering group with representatives from Elo's key business functions. Elo also has a responsibility network comprised of experts in various business areas. The members contribute to the development of responsible business and a sustainable company culture and they also participate in Elo's responsibility reporting. Elo's environmental work is developed through WWF's Green Office programme.

Corporate responsibility reporting is coordinated by communications and financial reporting. Elo's Board of Directors approves key policies pertaining to responsibility.

The responsible investment steering group steers responsible investment and reporting, shares information between asset classes and ensures that the investment organisation uses uniform operating methods. Each employee of the investment organisation is responsible for the application of responsible investment principles and practices in their day-to-day work. More information on the management of responsible investment is provided on page 23 of this report.

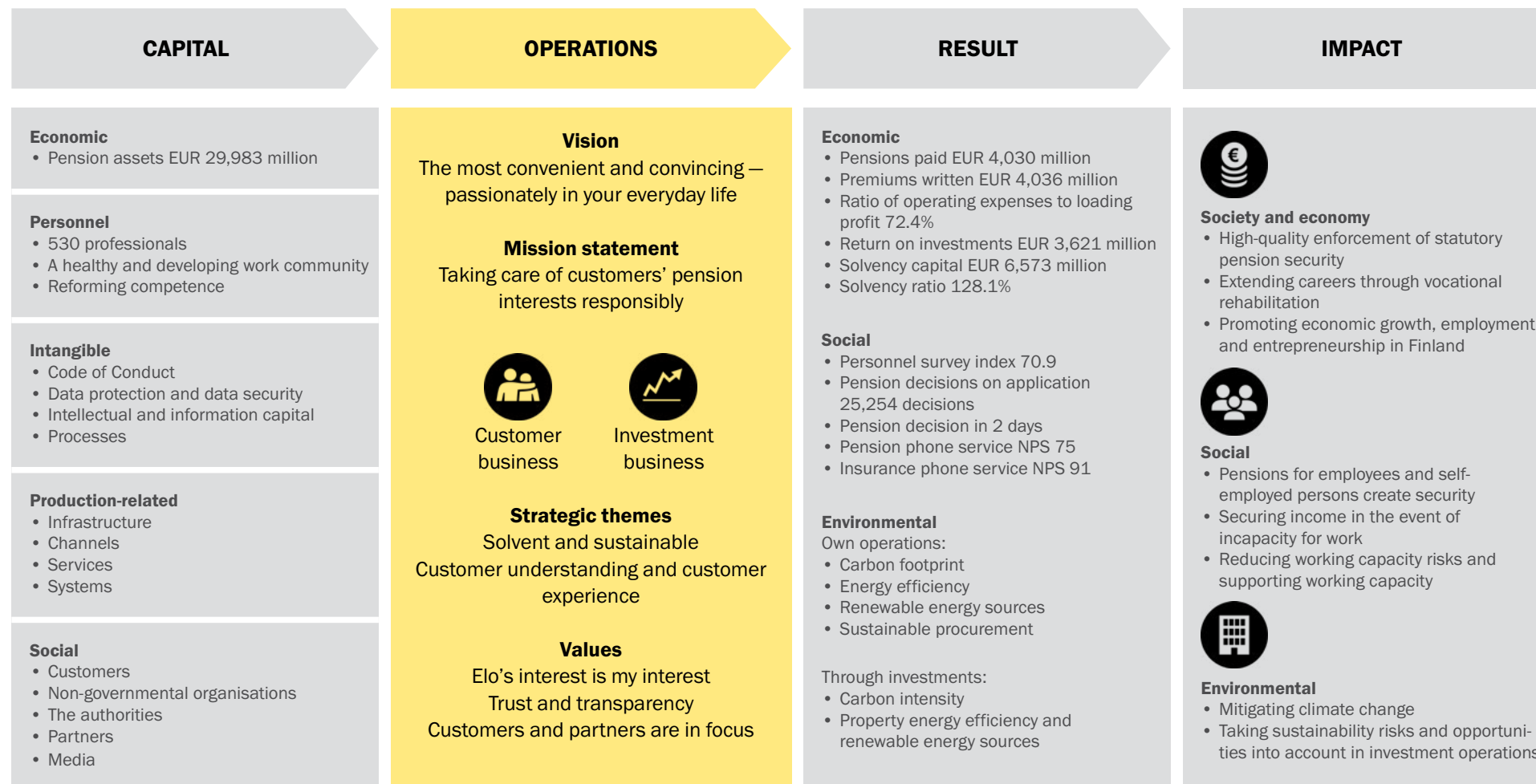


Managing responsibility



Elo's value creation model

Elo is a Finnish pension insurance company. We make sure that our customers receive the pensions they have earned. We help our customer companies succeed and respond to the challenges presented by changes in working life. We manage our customers' pension assets in a profitable, secure and responsible manner.





Elo and society

As an employment pension company, Elo plays a responsible role in society. We are in a position of trust in managing statutory pension insurance in Finland.

Pension security has a major impact on both individuals and society. We have major responsibility for managing pension assets and insuring employees and self-employed persons. At the same time, we support our customers and contribute to Finland's economic growth, employment and well-being at work.

The expertise of Elo's employees is utilised and developed continuously in close interaction with our stakeholders. Our key stakeholders include:

- customers
- labour market organisations
- entrepreneur and industry associations
- the authorities
- the employment pension sector's cooperation and supervision of interest bodies
- media.

The sustainability and future challenges of the employment pension system were themes highlighted in the employment pension sector in 2021. An international evaluation was completed during the year, and it highlighted the positive aspects of the Finnish employment pension system and urged preparing for the future. The debate on pension insurance for self-employed persons was also active. Elo participated in the discussion, for example, through its blogs.

Listening to stakeholders is important to us. Our operations are supported by the advisory committees of self-employed

persons, employers, the insured and general pension interests. Among the key tasks of the advisory boards is to help us in our development by providing feedback. It is also important to discuss current themes together.

Our expertise is needed in various working groups in the field, such as the administrations and groups of the Finnish Pension Alliance TELA, Finance Finland (FA) and the Finnish Centre for Pensions (ETK). The employment pension sector's working groups are partly permanent, partly changing. We also issue statements on matters under work to the authorities.

Our stakeholders also include our partners, schools and educational institutions as well as the media. Serving the media and unambiguous communications are also part of our work.

Listening to stakeholders is important to us. Our operations are supported by the advisory committees of self-employed persons, employers, the insured and general pension interests.

Working together to benefit society

Elo cooperates with non-profit organisations, amongst other parties, as part of our social role. We promote, for example, Finnish entrepreneurship and employment as well as diversity and we work to prevent marginalisation.

In 2021, we again took part in the Entrepreneur of the Year growth entrepreneur competition and Junior Achievement Finland's entrepreneurship education program. In the EOY growth Entrepreneur competition, we were involved in awarding the annual growth entrepreneur, family entrepreneur and start-up entrepreneurs of the year awards, as well as awarding the responsibility deed of the year.

In Junior Achievement Finland's entrepreneur competition final, we recognised students from Turku University of Applied Sciences and the University of Turku with a "Dreams Alive" special award for their A.I.M Tracking NY project. The Job Shadow Day, organised by Junior Achievement Finland, once again brought three young people to follow Elo managers' day at work. During the day, leaders from different sectors partner with a young future maker for the duration of their working day. The participants represent various regions of Finland and they have all participated in JA Finland's entrepreneurial education programme at school.

We were also involved in the Migrant Entrepreneur of the Year competition organised by the Federation of Finnish Enterprises and Elo, which highlights entrepreneurs with migrant backgrounds and their significance in the Finnish business sector.


Elo participated in the Diversity in Entrepreneurship campaign for the second time. The aims of the "I Started This" campaign include breaking stereotypes related to entrepreneurship and encourage everyone to pursue self-employment regardless of their situation or background.

STAKEHOLDER	EXPECTATIONS	INTERACTION
Customer enterprises and self-employed persons	Good service portfolio, expertise and smooth service Support in matters related to employment pensions and work ability management	Meetings and customer encounters Diverse communications
The insured and pension recipients	Easy and smooth service Expert service	Customer service and guidance Diverse service channels
Partners	Expertise and close co-operation	Continuous contact, training and communications
Labour market organisations and decision-makers	Co-operation and expertise in the development of the industry	Contacts and meetings
The authorities	Expertise, responsibility and interaction	Reporting, communication and meetings in working groups, for example
Employment pension and financial organisations	Co-operation and contributing Elo's expertise to the development of the industry	Contacts and meetings Industry associations and working groups
Media	Transparent, swift and competent communication	Communication through various channels, press releases, events and meetings
Self-employed person and industry associations	Information and expertise on pension insurance, work ability management and entrepreneurship	Joint events, training and communications Regular contacts
Training organisations, research institutions	Information on, for example, the field and career in the financial sector, internship and thesis positions Elo's expertise	Visits and employer presentations, internships, thesis and summer jobs Research projects
Investment partners and investees	Expert, responsible, long-term and systematic investment operations Transparent communication	Meetings and discussions, active ownership and communicating about the principles of responsible investment

We donated a total of EUR 15,000 of funds reserved for non-profit purposes to SOS Children's Villages, Save the Children, Helsinki Deaconess Institute, Finnish Foundation for Psychiatric Research and Maanpuolustuksen tuki ry. Elo employees also had the option of donating their share of funds reserved for the personnel's Christmas greetings to the Red Cross, Icehearts ry or Hope ry.

BLOG

Focus turns to sustainability in pension policy

 [READ MORE \(IN FINNISH\) ►](#)

Elo's tax footprint

The basic task of Elo is to provide statutory pension security and invest employment pension assets in a profitable, secure and responsible manner. Our tax footprint shows the taxes we pay on our various operations and in part illustrates the economic impact of our operations on society.

Tax footprint reporting is voluntary for companies and no fixed formats or models exist for the calculation or presentation of the report. Elo's tax footprint reporting is based on financial statements information.

Elo's tax footprint is comprised of the taxes on our own operations, our insurance and investment operations, and of the companies in which we have invested. The starting point of the income taxation of private sectors' employment pension system in Finland is to avoid multiple taxation on employment pension assets so that future pensions can be secured in the best way possible by accumulating the pension funds. On the other hand, this also avoids pressure on increasing employment pension premiums. Employment pension assets must also be invested in a profitable and secure way by law.

Employment pension companies are liable to pay income tax, and their taxable income is calculated in accordance with

the Act on the Taxation of Business Profits and Income from Professional Activity. Elo receives taxable income from the employment pension contributions paid by its customers and from its investment activities. The majority of the revenue is spent on paying current pensioners' employment pensions, while the rest is funded to pay future pensions. In accordance with tax legislation, an employment pension company can deduct the provision for future pension liabilities in its taxation. In practice, this tax regulation means that employment pension insurance companies do not usually pay income tax in Finland, and this also avoids multiple taxation of employment pension assets.

According to the legislation, employment pension premiums are deductible in the income taxation of employers, employees and self-employed persons. Correspondingly, pension benefits are taxable income for the recipient upon their payment.

Our main task is to safeguard and pay pensions. In 2021, we paid a total of EUR 3,645.6 million in taxable pensions and benefits, of which EUR 755.1 million was disbursed to the tax authorities in the form of withholding taxes to cover the pension recipients' taxes.

We also employ a significant number of people. The employer's prepayments of withholding tax and social security contributions on paid salaries and other remuneration

Elo receives taxable income from the employment pension contributions paid by its customers and from its investment activities.



are included in Elo's tax footprint. In 2021, the withholding taxes paid on the earnings of Elo's personnel totalled EUR 11.8 million.

Insurance operations are a service not subject to value added tax and, therefore, employment pension companies are not liable to pay value added tax. This means that the value added tax included in operating expenses and purchases are not deductible for Elo. In 2021, we paid value added tax totalling EUR 6.4 million on our own purchases.

Investment operations are also subject to international taxation

In Finland, Elo is generally liable for tax on all of its income, regardless of whether the income comes from Finland or from abroad. In addition, foreign investment income may be taxed in the countries of the investments. In our investment operations, the aim is to ensure that the pension assets managed by Elo are not subject to unnecessary income tax,

however complying with all tax laws and regulations in Finland and other countries.

We do not accept aggressive tax planning in Elo's investments, but we try to avoid international double taxation, which is also a fundamental principle of international tax regulation and the starting point of the international tax treaties signed by Finland. From the point of view of the sustainability of the funding of the employment pension system and the adequacy of pension security, it is also important that investment income from outside Finland can be used to the maximum extent to accumulate statutory employment pension assets in Finland.

We follow a responsible tax policy in our investment operations.

We follow a responsible tax policy in our investment operations. We require our investments to comply with local tax legislation and international tax treaties, as well as other international tax regulations and information exchange regulations. Moreover, we emphasise transparency and openness in our ownership steering and encourage companies to report on their tax policy and tax footprint. In analysing and assessing our investments, we carefully investigate tax consequences as part of responsible payment of taxes. This is also important to foresee the net return from investments.

The taxes paid on our investment operations include tax at source collected by the country of domicile of the party paying the investment income. We pay tax at source in countries outside of Finland on e.g. the dividend we receive in accordance with the provisions of EU legislation and tax treaties. In addition, taxes paid on investment operations include property taxes and non-deductible indirect taxes on expenses related to ownership of real estate investments and on operating expenses of investment operations.

Taxation of investment operations

EUR million	Net return before taxes	Taxes paid	Refunds received	Net return after taxes	Taxes, total
Interest income	106.2			106.2	
Dividend income	711.6	-12.0	6.7	706.2	-5.3
Real estate income and expenses	67.7	-1.2		66.4	-1.2
Other investment income and expenses	-618.5	-2.1		-620.6	-2.1
Value adjustments in bookkeeping	1,173.0			1,173.0	
Change in valuation differences	2,189.9			2,189.9	
Investment income, total	3,629.9	-15.3	6.7	3,621.3 ⁴⁾	-8.6

⁴⁾ Net investment income at current value

Taxation of other operations

EUR million	Tax base	Taxes paid
Wages and salaries of personnel	35.2	11.8
Other operating expenses	67.9	6.4
Pensions paid	3,645.6	755.1



RESPONSIBLE INVESTMENTS

The responsibility for pension assets extends decades into the future

Towards sustainability through action and collaboration

The responsibility for pension assets extends decades into the future. Responsible investments at Elo are based on the view that only by operating sustainably can companies generate sustainable results over the long term and responsible investors generate sustainable returns.

KPI OBJECTIVES

Our objective is that our solvency is at a secure good level and our investment returns are good, sustainable and sufficient in the long term. We measure success with solvency indicators and 10-year real returns. Our goal is to reduce the carbon risk in our portfolio. We measure success with the carbon intensity of equity and corporate bond investments.



As a long-term investor, we believe that responsibility strongly integrated into the investment process plays an essential role in managing the risks associated with investments and achieving good and sustainable returns on investments.

The strategy of our investment operations is to seek to achieve good, sustainable and sufficient returns on investments through the selected strategic allocation and success in the internal choice of asset classes. Investment operations across different asset classes are implemented cost-efficiently and transparently throughout the investment process.

Responsibility in investments means that we incorporate not only the expected return on investment but also the ESG perspectives, i.e. environment (E), social (S) and governance (G) into investment analysis and decision-making processes. (GRI 103-1)

We assess the ability of investee companies or managers to manage the material ESG risks and opportunities of their

businesses. The different approaches to responsible investment are an integral part of investment activities, taking the special characteristics of different asset classes into consideration. (GRI 103-1)

Our responsible investments are guided by Elo's strategy and investment plan and the principles of responsible investments and ownership steering, approved by the Board of Directors. The climate strategy, engagement strategy and asset type-specific guidelines complement our principles of responsible investment. Elo's principles of responsible investment and active ownership policy as well as the climate strategy are available on Elo's website.

The average 5-year nominal return of Elo's investments was 7.2 per cent on average and the real return 5.8 per cent. The average 10-year nominal return on Elo's investments was 6.9 per cent and the real return was 5.7 per cent. More detailed information about the investment year and risk management is available in the Board of Directors' report. [Read more](#)

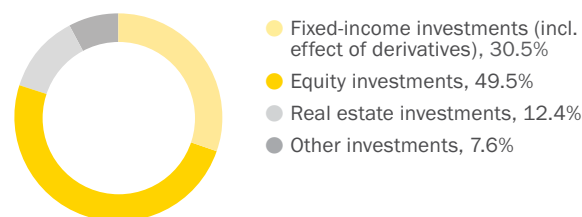
Financial risks of climate change

The significance of responsibility has increased in the past few years. Environmental themes, especially climate change, remained topical in 2021. Climate change is a significant systemic risk for the global economy and investment environment. In addition to the environment, it has economic and social effects. The energy sector is moving towards cleaner energy, while electrification will increase energy consumption and the need for energy storage. Different parties' preparedness for the energy transformation varies, which is a challenge to a controlled and predictable transition. Operational changes in companies and co-operation between various actors in society are necessary in order to achieve the environmental objectives.

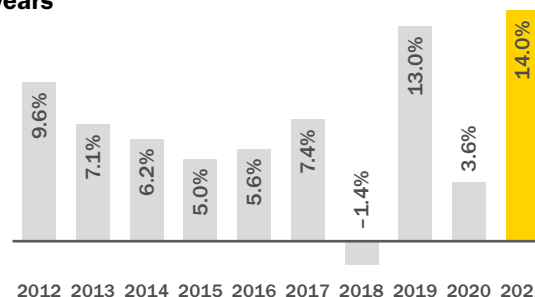
The United Nations Climate Change Conference COP26 took place in Glasgow in October–November 2021. The aim of the meeting was to accelerate countries' climate action. All 197 governments of the United Nations signed the agreement and undertook to mitigate global warming. Achievements in Glasgow included the finalisation of the Rulebook concerning the implementation of the Paris Agreement with rules on international market mechanisms, a global methane commitment, an agreement on funding, an annual review and more transparent reporting.

Besides climate change, biodiversity is a key environmental theme. Well-functioning ecosystems contribute to global economic growth and sustainable development. The UN Biodiversity Conference was held in Kunming, China in October 2021. The conference highlighted that the loss of biodiversity is a threat to humanity. The 196 countries involved in the declaration committed to improving nature conservation and management, strengthening the sustainable use of natural resources and ensuring human rights in the implementation of the convention, among other things.

Investment distribution 12/31/2021

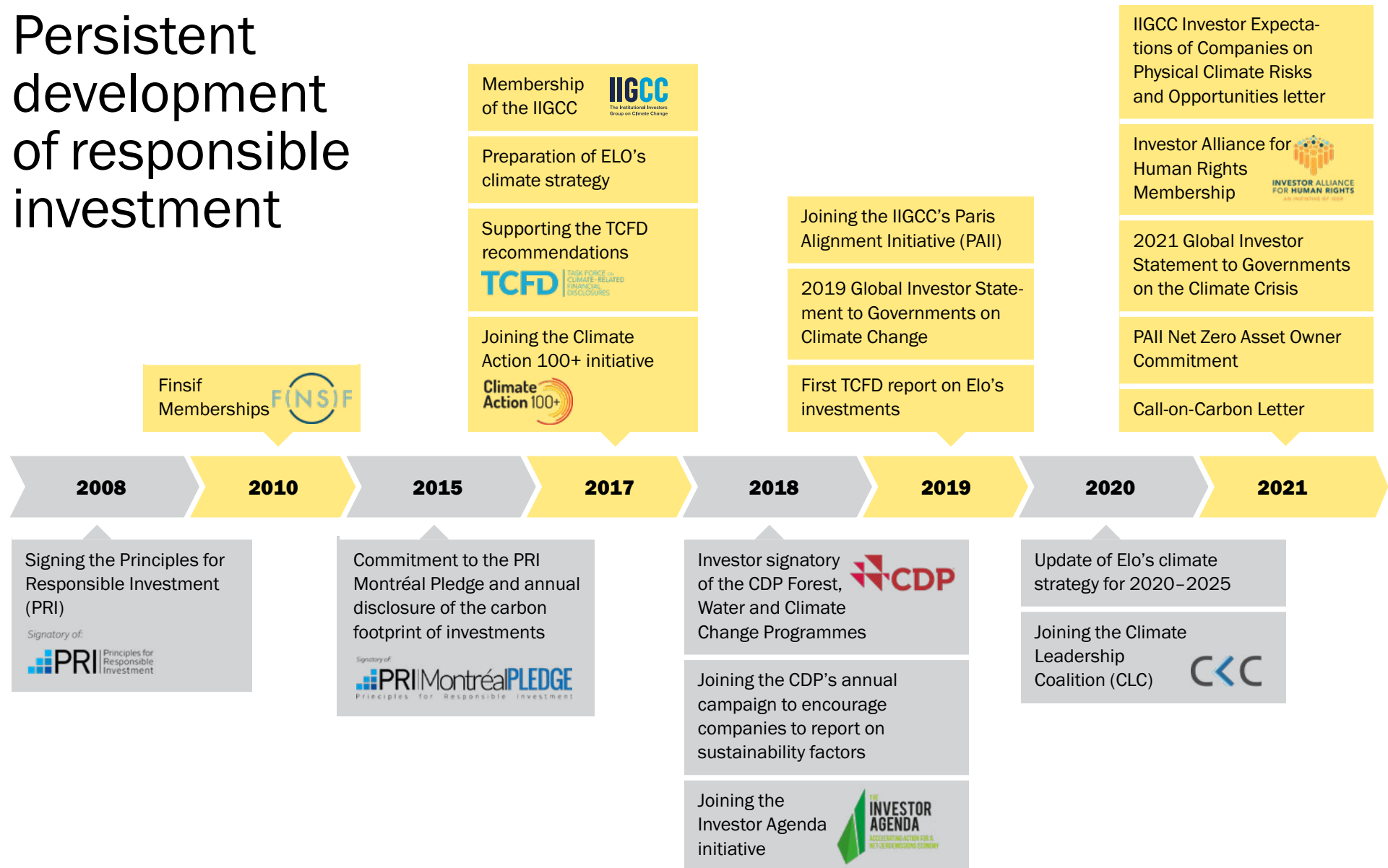


Development of return on investment over ten years



Pro forma figures from 2012–2013 are the combined figures of Pension Fennia and LocalTapiola Pension Company.

Persistent development of responsible investment



The responsibility of own activities

Transparent and cost-effective investment process is important to us. One key aspect of the responsibility of Elo's own activities is a clear governance model that ensures a clear responsibilities and communication between different levels of the organisation.

The majority of our listed equity investments are direct investments. As the number of direct equity investments increases, we have even better opportunities to be active owners and engage with companies. The share of systematic investment strategies has been increased in listed equity investments in recent years. We have integrated ESG aspects into systematic investments through exclusions and the carbon intensity reduction target, among other things.

During 2021, Elo's trading function took over trading on listed equities and developed an analysis of trading costs, allowing the function to increase its efficiency further. The trading function also participates in the development of other asset class trading processes and supports portfolio managers.

The Board of Directors steers responsible investing

The Board of Directors of Elo has approved the principles of responsible investing and it receives regular reports on the sustainability of the investments. Active dialogue on the development of responsible investment takes place with the Board of Directors.

Elo's management regularly discusses matters of responsible investment at its meetings. (GRI 103-2) The management and investment activities are supported by the responsible investment and ownership steering groups.

The task of the responsible investment steering group is to develop Elo's responsible investment process, align activi-

ties and share information and best practices between asset classes. The steering group also monitors the achievement of the objectives set in the principles of responsible investment and climate strategy. The responsible investment steering group includes a representative from each asset class. The responsible investment steering group met nine times in 2021.

The ownership steering group provides guidelines on active ownership based on Elo's ownership policy. The group consists of members from management, investment management and professionals. The ownership steering group met three times in 2021.

Responsible investment is developed by the responsible investment function in co-operation with portfolio management, financial and other departments. Each employee of the investment organisation applies the principles of responsible investment and ownership policy and the climate strategy in their day-to-day work. (GRI-103-2)

Norm-based screening

In assessing the responsibility of investments, we monitor the compliance of companies with international standards and agreements, such as the UN Global Compact, which includes ten principles concerning the environment, corruption, human rights and labour.

For norm-based screening of direct listed equity and corporate bond investments, we use an external service provider and other analysis and public sources of information. We assess the severity of the breach and, if necessary, its content, causes, consequences and the actions taken by the companies. If necessary, we are in contact with the company alone or in co-operation with others. We can disinvest if the company in question fails to take credible action to improve its practices. Norm-based screening and decisions on engage-



ment are made in co-operation between portfolio management and the responsible investment function. During the reporting year, the external service provider's norm-based screening covered 98 per cent of listed equity investments and 87 per cent of corporate bond investments.

Ethical and climate-related exclusions

In our principles of responsible investing, we define the sectors in which we do not invest directly. From our direct investments, we exclude the following on ethical grounds: companies in the tobacco industry and companies that manufacture controversial weapons, such as cluster munitions, anti-personnel mines, biological and chemical weapons, nuclear weapons and depleted uranium.

To mitigate climate change, we have excluded from our direct investments companies that derive more than 25 per cent of their revenue from activities related to coal production or the use of coal in energy production without a clear strategy for reducing the use of coal. In the future, we will assess whether to tighten these principles.

In 2021, there were a total of 177 companies excluded from direct investments based on our exclusion criteria.

We evaluate the corporate bond investment universe annually and exclude countries that are at a very weak level regarding responsibility and are not expected to achieve a turn for the better.

Cannabis-associated companies in the pharmaceutical industry and other sectors are subject to critical monitoring.

We are active owners

As a long-term shareholder, we aim to improve the responsibility of our investments and monitor the compliance with good corporate governance. We primarily implement active ownership in three ways: by attending the general meetings of the companies in which we are a shareholder either by ourselves or by proxy, participating in nomination boards and engaging with the management and, if necessary, Boards of Directors of the companies. Elo's ownership policy defines our principles as a significant and active shareholder in more detail. (GRI 103-3)

Attendance at general meetings

	2021	2020
Direct equity investments		
Attendance at general meetings in Finland (number)	77	77
Attendance at general meetings outside Finland (number)	225	153
Associated companies related to real estate investments		
Attendance at general meetings (number)	53	38
Attendance rate (number)	83%	73%
Unlisted investments		
Attendance rate (of managed assets)	99%	98%
Attendance rate (number)	83%	57%
Infrastructure investments		
Attendance rate	100%	100%

The five approaches of our responsible investment strategy

ESG integration

- Responsible investment is integrated in the investment process

Exclusion

- Coal
- Tobacco
- Controversial weapons

Commitments and co-operation

- Membership in various organisations
- Investor initiatives

Active ownership and engagement

- Shareholder meetings
- Nomination boards
- Dialogue between investee companies and managers

Reporting

- PRI report
- TCFD reporting framework
- Annual and Responsibility Report
- Non-financial disclosures

As a rule, Elo attends the general meetings of all the companies in Finland in which it is a shareholder. Outside of Finland, we attend companies' general meetings based on Global Compact violations, the implementation of a climate strategy or the assessment of corporate governance.

Due to the coronavirus pandemic, the 2021 Annual General Meetings were still held mainly remotely and the votes were carried out in advance electronically. The amendment to the Shareholder Rights Directive (EU 2017/828) brought advisory vote on the remuneration policy of the company's management to the agenda of general meetings for the first time in 2020 and the remuneration report in 2021.

In 2021, we voted against at least one proposal on the agenda of a general meeting in a total of 133 general meetings. The number of agenda items that Elo voted against was 332, including proposals by shareholders. Most of these agenda items pertained to the Board of Directors or management, capital structure or remuneration. In 2021, we were on the nomination committees of nine Finnish companies. The

increased importance of sustainability and climate change is also reflected concretely in the agendas of general meetings, which we consider to be important.

In our private equity investments, we participated in 84 investor council meetings in 2021. The purpose of investor council meetings is not to participate in the decision-making of the investments but, for example, to resolve potential conflicts of interest.

Collaborative engagement focused on the environment and social themes

Engagement and co-operation are key ways to implement responsible investment. Engagement means dialogue with investee companies and managers and other stakeholders with the aim of more sustainable business practices.

Elo's engagement strategy for investments was updated in 2021. The engagement strategy complements Elo's principles of responsible investment and ownership policy as well

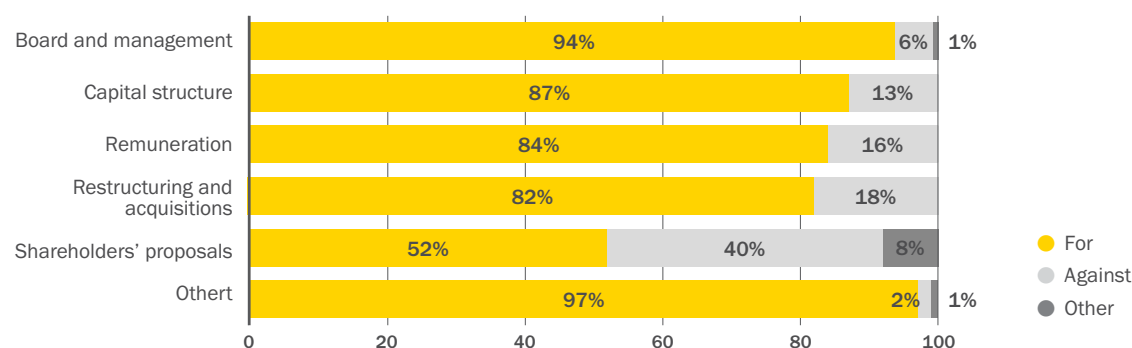
as the climate strategy. The engagement strategy includes the key objectives, themes, governance and practices. Asset class specific engagement processes will be further defined during 2022.

We engage with our investment companies and managers either by ourselves or in co-operation with other investors and stakeholders. We prefer engaging in collaboration with other investors.

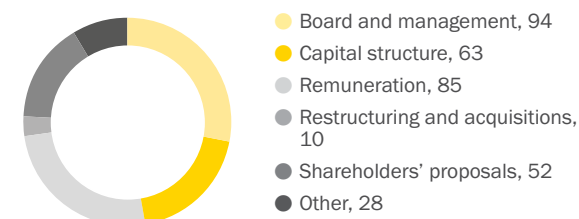
Public commitments and declarations are a visible way of attracting attention to important matters. Goal-oriented collaboration can significantly increase the value and possibilities of success of engagement.

In 2021, collaborative engagement focused particularly on the environment and social issues. We continued co-operation in environmental investor networks. During the year, we participated in the 2021 Global Investor Statement to Governments on Climate Crisis and in the Call-on-Carbon (via Climate Leadership Coalition) letters. We also participated through the CDP in encouraging companies to report on the

Voting in general meetings of listed companies in 2021



Agenda items voting against in general meetings of listed companies in 2021 (number)



Engagement initiatives and collaborations

		Commitment	Co-operation	Reporting	Engagement
General	PRI	Yes	Yes	Yes	Yes
	Finsif	Yes	Yes	No	No
Environment	CDP	No	Yes	No	Yes
Climate	TCFD	Yes	No	Yes	No
	IIGCC	No	Yes	No	Yes
	Climate Action 100+	Yes	Yes	No	Yes
	Montréal Pledge	Yes	No	Yes	No
	The Investor Agenda	Yes	Yes	Yes	Yes
	Climate Leadership Coalition	No	Yes	No	Yes
Social	Investor Alliance for Human Rights	No	Yes	No	Yes

risks and management relating to climate change, water resources and deforestation. In addition, we signed IIGCC's Investor Expectations - Physical Risk letter that was sent to 50 companies regarding the assessment and reporting of the physical risks of climate change.

We joined the Investor Alliance for Human Rights. Together with other investors, we signed the Investor Statement on Human Rights and Business Activities in Myanmar letter, calling companies to examine the changed situation in Myanmar.

One of our approaches of engagement is direct dialogue with companies and other stakeholders. During the year, we had discussions mainly on issues relating to the environment and social factors. In addition, we intensified our engagement with companies together with a smaller group of investors.

We participated in various projects and theses of university students. The topics included just transition, sustainability reporting and the exclusion of certain investments from the investment universe as one of the approaches to responsible

investment. We were also involved in projects or theses that focused on responsibility from the perspective of a particular company. In addition, we guest lectured about responsible investment and practices in related courses.

Reporting

In our own reporting, we comply with the regulations set for employment pension companies as well as our own transparency principles and other commitments. We report annually on the achievement of the objectives of responsible investment on Elo's website, Elo's annual and responsibility report and in the non-financial disclosures in the Board of Directors' report.

We signed the UN-supported Principles for Responsible Investment (PRI) in 2008. PRI revised its reporting framework, in connection with the new reporting tool the signatories did not yet receive their results during 2021.

We have signed the PRI Montréal Pledge and support reporting in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) reporting framework on the economic impacts of climate risks and opportunities. Climate-related information is provided in Elo's TCFD report.

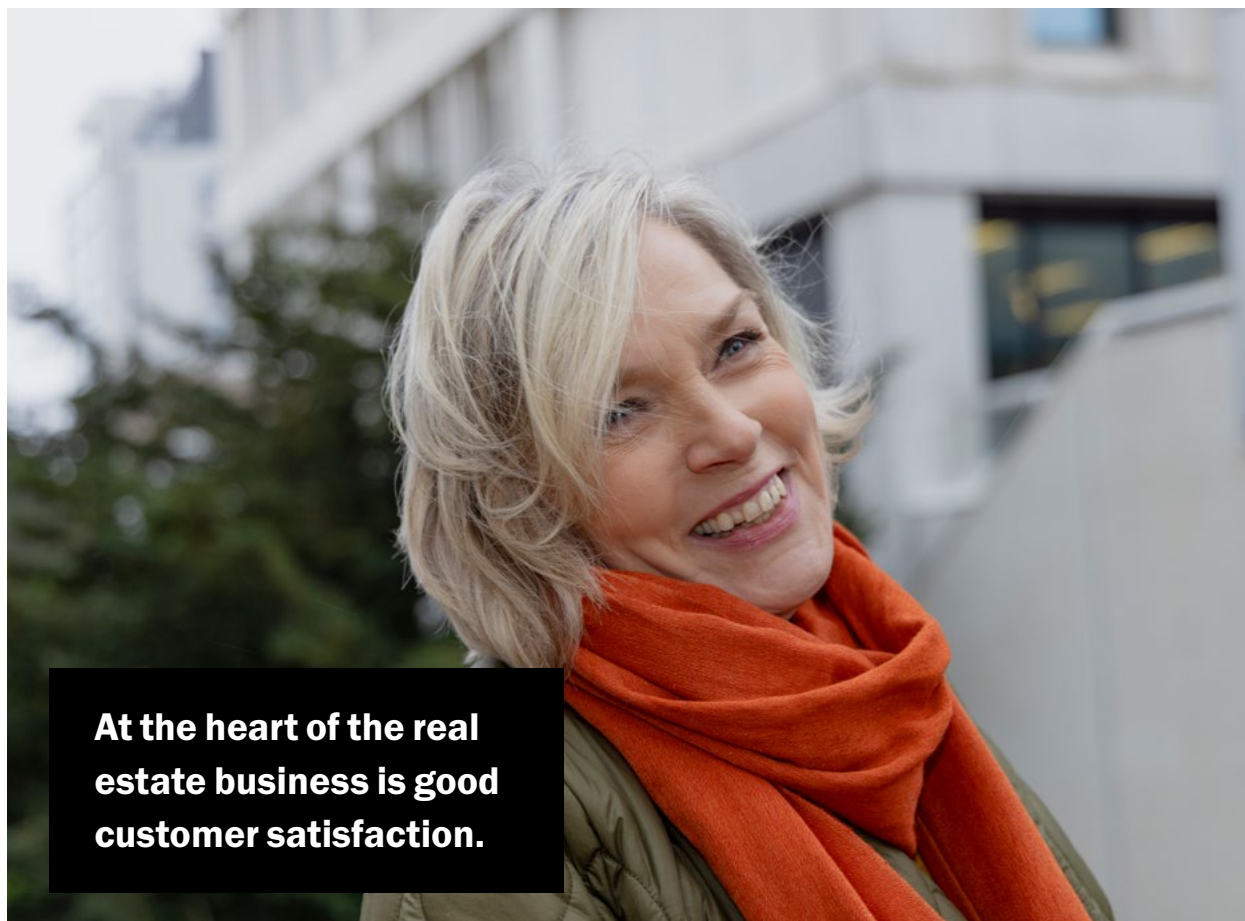
Monitoring solvency and risk level of investments as part of risk management

Elo employs a solvency management model developed by the company, describing how the company will act in different solvency situations. Solvency is analysed using the internal models and scenario and stress tests available to the company. The solvency management model sets a risk exposure level that accounts for the prevailing market conditions, investment views and solvency.

As a result of the strong recovery of investment markets, Elo's solvency improved in 2021 and was already well above the pre-COVID-19 crisis level at the end of the year. For the same reason, the overall risk level assessed by the solvency limit was somewhat higher at the end of 2021 than in the previous financial statements. (GRI 103-1)

The solvency capital at the end of the year amounted to EUR 6,573.4 million (EUR 5,055.4 million). The solvency ratio was 128.1 (123.7) per cent. The solvency capital was 1.6 times (1.6) the solvency limit. [Read more in the report of the Board of Directors of Elo 2021](#) ►

We developed the energy efficiency of buildings and co-operation with stakeholders



At the heart of the real estate business is good customer satisfaction.

Through responsible real estate investment, we ensure the best long-term return and competitiveness of the real estate portfolio in all market conditions.

Long-term energy and environmental management reduces the climate burden on properties and improves the conditions and customer experience of the properties. At the heart of the real estate business is good customer satisfaction, which is built on active dialogue with real estate users and measuring the tenant experience.

In 2021, we invested in energy efficiency and improving the conditions in the properties. We increased the use of renewable energy. We updated the environmental guidelines for maintenance. We also focused on managing and improving the tenant experience.

In real estate investments, responsibility is linked to all aspects of real estate business throughout the supply chain.

KPI TARGET

Our goal is energy-efficient properties. We measure success with improving energy use of real estate investments.

The starting point is the selection of long-term profitable and secure investments. Active leasing activities ensure the sustainability of the properties' rental income and high occupancy rates. Carefully selected partners committed to shared objectives and operating principles play a key role in the responsible management and maintenance of properties.

The responsible use of the properties requires close co-operation with the users of the properties. Advanced systems support the maintenance of good housing and working conditions in buildings. Environmental responsibility in real estate investment operations includes improving energy efficiency, increasing the use of renewable energy sources, material choices in construction and recycling of materials. Environmental impacts are also taken into account in all real estate and urban development.

The coronavirus pandemic also highlighted the importance of interaction with tenants in 2021. The pandemic and the recommendations and restrictions introduced to curb it particularly affected the business operations of restaurants and cafés, shopping centre tenants and hotels. Measures analysed and taken on a case-by-case basis were aimed at providing tenants with the flexibility to cope with the business challenges posed by the COVID-19 crisis and maintaining the value of Elo's real estate portfolio and its long-term cash flow.

The occupancy rate of the real estate portfolio remained at a good level. A diversified portfolio allows for stable returns in

all market conditions. Elo's real estate holdings are concentrated in areas and sites with good demand in the long term.

Energy efficiency through good energy and environmental management

A project to measure temperature and humidity with sensors was completed in all residential buildings. At the same time, the building automation systems were modernised and the buildings were transferred to remote monitoring for more efficient maintenance. Using temperature measurements in the building's temperature control and equipping the system with a limitation of peak power will make the properties even more energy-efficient.

An essential part of efficient energy management is a functioning energy management system, which we have continuously developed. Business intelligence was developed further when a number of significant savings targets were identified in properties using the energy consumption data analysis tool introduced in 2021.

Domestic wind power used in buildings

On-site generation of renewable energy was increased with the construction of two new solar power plants, one located at the headquarters of Elo in Tapiola, Espoo, and the other

in Pasila, Helsinki. Renewable district heat was used in residential buildings in Espoo. In addition, separate heat pump surveys were also made for older blocks of flats in 2021. All sites use domestic wind power produced by Exilion Tuuli Ky, which is partly owned by Elo. The assets in Elo's electricity purchasing portfolio are 100% powered by wind.

Elo has joined the Energy Efficiency Agreements for Commercial Properties and Rental Housing Properties (TETS and VAETS), which aim to reduce consumption by 7.5 per cent from the 2017 level by 2025. We have set an additional goal of reducing the nominal energy consumption of heat by 10 per cent and electricity by 5 per cent. The baseline is the consumption level of 2019. We have also used the stricter energy savings target in setting energy efficiency targets for property maintenance partners. Energy efficiency has improved as a result of the measures taken at the properties and improved energy management. The energy consumption of commercial properties has also been impacted by the increase in remote work among office tenants during the coronavirus pandemic.

Environmental efficiency with guidelines

During 2021, the guidelines for service providers were updated, increasing attention to environmental issues in property maintenance. The main focus of the guidelines is

Reducing the electricity and heat consumption of domestic direct real estate investments. GRI 302-4 (in part)

Commercial properties	2019	2021	change	target 2025	Residential properties	2019	2021	change	target 2025
Electricity kWh/m ³ /a	19.7	17.6	-10.7%	18.7	Electricity kWh/m ³ /a	4.2	3.8	-9.5%	4.0
Heat kWh/m ³ /a	24.5	22.8	-6.9%	22.1	Heat kWh/m ³ /a	36.4	35.0	-3.8%	32.8

on the energy efficiency of the properties and maintaining it. The aim is also to find new energy efficiency measures, for example in connection with renovations. In addition, efforts are made to develop waste management and increase recycling. The principles of opportunities for charging electric vehicles will be assessed in more detail. Environmental aspects of new construction was also updated when preparing the guidelines.

The strategic development of environmental responsibility in real estate investments will continue in 2022.

Some of Elo's domestic real estate investments are co-owned with other real estate investors. The principles of responsible real estate investment are also adhered to in co-owned properties. The shopping centre Sello, for example, has been awarded the EB LEED Platinum environmental certificate as the first shopping centre in Europe. All of the energy used in Sello is produced with 100% renewable energy. The recycling rate of the shopping centre is 79 per cent and the recovery rate of the waste is 100 per cent.

A major energy efficiency investment was made in the Jumbo Shopping Centre in 2021. With the new energy recycling system, waste heat from refrigeration equipment

in grocery shops, property cooling networks and exhaust air can be recovered and utilised in heating Jumbo. Energy savings from heating are equivalent to the annual heating of 300 detached houses.

Dialogue with tenants

A good customer experience and increased customer satisfaction form the basis for successful real estate investment operations. In 2021, we developed the processes and measurement of customer satisfaction in commercial properties and residential properties further. Tenant satisfaction is monitored through regular surveys. We encourage customers to provide feedback for the development of properties and services. Overall satisfaction with the commercial properties, maintenance and customer relationship management increased last year and remained at a very good level. An increasing number of our tenants would recommend Elo as a lessor and premises partner. The customer satisfaction survey of commercial properties resulted in concrete development proposals, for example, for the development

of bicycle parking and social facilities and for improving the quality of property services.

From the point of view of the responsible use and maintenance of the properties, co-operation with the users is important. We aim to influence our customers' operations by developing guidelines and recycling opportunities and by providing customers with information about the environmental indicators of properties. An inclusive campaign during the Energy Awareness Week draws the attention of residents and commercial properties' customers to the environmental responsibility of the premises. In 2021, the theme was recycling.

Good co-operation with the network improves the customer experience

Functioning co-operation with the property management and maintenance partner network has a direct impact on the customer experience. In addition to close interaction, the partner network's operations are monitored with quality indicators, which are used in the operational control of both property management and property maintenance operations. Examples of areas monitored include energy efficiency, property occupancy rate and customer satisfaction. The response to service requests and the time to complete service requests are also measured.

In order to implement of responsible real estate business, our partners commit to comply with Elo's Code of Conduct. The achievement of the objective is supported by means of an online course, for example. In 2021, we increased the resources of property management and developed co-operation practices to improve the service level of our customers. We also developed commercial properties' tenant communications with a pilot project. The strategic development of tenant experience management will also continue this year.

Key environmental figures of direct real estate investments in Finland (GRI 302-1) (GRI 305-4).

	2021	2020
Energy consumption of direct domestic real estate (heating+electricity), MWh	132,694	109,702
Carbon footprint of real estate	14,073	13,128
Carbon footprint of real estate investments normalised by managed assets (tCO ₂ e/MEUR)	7.1	7.0
Emissions intensity, kgCO ₂ e/m ²	21.9	21.8
Water consumption of real estate (m ³)	478,774	409,061
Amount of waste, office premises, tonnes	711	859
Recycling rate, %	44	60

A woman with dark hair tied back, wearing a white button-down shirt, is sitting in a light-colored armchair. She is looking towards the right, at a laptop screen, with a pleasant smile. The background is softly blurred, showing a green wall and a grey sofa.

CLIMATE

Towards net zero investment portfolio and carbon-neutral future

Risks and opportunities of climate change in accordance with TCFD

Elo is committed to supporting the TCFD (Task Force on Climate-related Financial Disclosures) reporting framework. The recommendations help companies and investors evaluate and report on climate-related financial information. According to the recommendation, companies should describe how climate aspects are visible in their governance, strategy and risk management, and metrics and targets.



Governance

Oversight by the Board of Directors of Elo and role of the management

Responsible investment is guided by Elo's strategy and investment plan and the Board-approved principles of responsible investment and ownership policy. Elo's Board of Directors approves Elo's TCFD report as part of the Annual and Responsibility Report. The Board of Directors and management discuss and approve the principles of responsible investment and the updated strategy. The Board and management receive regular reports on climate-related information. The management and investment activities are supported by the responsible investment and ownership steering groups. The responsible investment steering group is tasked with the development and coordination of responsible investing and aligning activities with the climate strategy across Elo's various asset classes. The steering group for ownership steering provides guidelines on active ownership based on Elo's ownership policy. A more detailed description of Elo's responsible investment governance model can be found in the section on responsible investment.

Strategy

Identifying climate-related risks and opportunities over short, medium and long term

Responsibility is one of the three focus areas highlighted in Elo's strategy. Elo's most significant climate-related risks and opportunities are related to its investment assets. The impacts of our own operations are minor. In addition, there are indirect impacts arising from the business operations of Elo's customers. Identifying climate risks and opportunities and addressing them in the investment strategy is one of the key responsibility objectives for Elo. In matters pertaining to the mitigation of climate change, investment operations are guided by Elo's climate strategy, which includes a commitment to aligning the investment portfolio with the Paris Agreement. Elo has a climate strategy which objective is to ensure sustainable returns for investments. It addresses the challenges that climate change imposes on the financial markets and our investments.

Impact of climate-related risks and opportunities on business, strategy and financial planning

There is still ongoing development of assessing the overall risk presented by climate change to investment and evaluating the rate of the political, legislative, technological and business-level changes associated with climate change. In particular, the tools and methods for assessing the economic impact of climate risk and the development of risk and return are inaccurate. We continuously investigate available tools

and develop methods for a more detailed modelling and assessment of climate risks and opportunities.

As part of our climate target, we have excluded companies from our direct investments that derive more than 25 per cent of their turnover from activities related to coal production or the use of coal in energy production without a clear strategy for reducing the use of coal. Our climate strategy has specified the objectives for engagement with regard to climate. Companies and fund managers are recommended to disclose their climate risks and opportunities in accordance with the TCFD framework. In addition, we recommend that our investee companies set science-based emission reduction targets.

Resilience of the climate strategy, taking into consideration climate-related scenarios

Scenario analyses are one of the tools we use to assess risks and opportunities related to climate change. We have conducted various scenario analyses on our listed equity and corporate bond investments to determine the climate warming path of our investments and estimate the financial impacts of various scenarios. Scenario analyses help us establish increasingly comprehensive estimates of the risks and opportunities related to climate change. The analyses still involve considerable uncertainties. Making higher-quality scenario analyses would also require more transparent reporting from companies with regard to climate risks and their effects on business operations.

Risk management

Integrating processes of identifying, assessing and managing climate risks into overall risk management

Elo's investment portfolio is widely diversified to various asset classes to ensure returns required by the pension company's basic mission and to manage risks related to the financial markets. Using the currently available tools, calculating the carbon footprint for the whole portfolio and other climate metrics is challenging for a large institutional investor. We focus on identifying and managing climate-related risks and opportunities at the asset class and portfolio level, especially with regard to listed equity and corporate bond investments as well as real estate. Our goal is to include climate-related risks and opportunities in our strategic asset allocation. Risk management and the measurement of financial impact will become easier as the data reported by companies is unified and once the tools used for analysing the data develop. In risk management, we use our own analyses as well as a database maintained by an external service provider.

Metrics and targets

Metrics and greenhouse gas emissions

Carbon footprint is a common method for measuring the carbon risk and opportunities of investment portfolios. The metric is backward-looking and it is based on data reported by companies or estimated by service providers. In addition to carbon footprints, we use forward-looking methods for assessing climate risks and opportunities, such as scenario analyses and the assessment of physical and transition risks, where possible.

We have disclosed the carbon footprint of our investments since 2016. The metrics have become more accurate as the methodology and calculation methods have evolved. Due to differences, the results should be viewed as the best current estimates. We publicly disclose the carbon footprint of our listed equity and corporate bond investments and also report extensively on the environmental impact of our real estate investments. We also calculate the carbon sink of our forest investments as part of our carbon risk analysis.

We introduced new carbon metrics of our investments in 2021. In addition to the market value-based carbon footprint, we also disclose EVIC-based indicators in accordance with the new TCFD recommendations. In addition, we also disclose scope 3 upstream emissions.

For listed equity investments, we disclose weighted average carbon intensity (WACI, tCO₂e/mUSD revenue, scope 1, 2), market value-based carbon footprint (tCO₂e/mUSD invested, scope 1+2), market value-based carbon intensity (tCO₂e/mUSD revenue, scope 1+2), and absolute emissions (tCO₂e, market value and EVIC, scope 1, 2 and 3). For listed corporate bonds, we disclose weighted average carbon inten-

sity (WACI, tCO₂e/mUSD revenue, scope 1, 2) and absolute emissions (tCO₂e, EVIC, scope 1, 2 and 3). Emissions are based on the most recent data available from the companies. Where publicly verified information is not available, we use service provider's estimates.

The scope 1 greenhouse gas emissions are direct emissions from sources owned or controlled by the undertaking, such as self-generated energy. Scope 2 emissions include indirect emissions from the energy acquired by the company. We use scope 3 upstream emissions. Emissions are calculated for using carbon dioxide equivalents, describing the combined global warming potential of different greenhouse gases. (GRI 103-3)

Different carbon metrics can be used for different purposes. Carbon intensity tells the carbon footprint relative to revenue, which makes it easier to compare companies of different sizes. Absolute emissions have been calculated based on market value and/or EVIC. Comparing absolute emissions with previous years or other investors is difficult, as portfolio allocations and sizes vary.

Our aim for a declining trend of carbon intensities in our investments, although there may be variations between individual years. In addition to changes in our portfolio and the carbon footprint of investee companies, the WACI score is also affected by, for example, changes in the revenues of the investee companies. Market value-based carbon intensity is also affected by stock price fluctuations, for example.

In addition, we disclose a new metric for direct listed equity and corporate bond investments based on the turnover of environmentally and socially sustainable solutions

of the investee companies. For the first time, we are also publishing an estimate of the share of EU taxonomy-eligible investments of our direct listed equity investments.

Targets

We signed the Net Zero Asset Owner Commitment in September 2021. According to the initiative, investors commit to decarbonise their investment portfolio by 2050 at the latest, to engage in line with this commitment and to increase investments in climate solutions. We are committed to the objectives of the initiative and aim for a net zero investment portfolio already significantly earlier. In addition, we are committed to setting interim targets and using the Net Zero Investment framework to align our portfolio with the 1.5°C target and a carbon-neutral future.

The framework is a continuation of the Paris Aligned Investment Initiative of the IIGCC (Institutional Investors Group on Climate Change), whose working groups we have taken part of and whose recommendations are incorporated into Elo's climate strategy updated in 2020. Our climate strategy is based

on a road map with a phased objective setting for asset classes and, later, for the strategic asset allocation level. A Paris aligned investment portfolio will be implemented by reducing the climate risk by reducing the weighted average carbon intensity of the portfolio and by increasing investments in solutions for climate change mitigation and adaptation. Climate change risks and opportunities are also considered in the investment strategies for various asset classes and in the strategic asset allocation. Active engagement and collaboration play an important role in our climate strategy.

During 2021, we set climate targets for sovereign bonds and private equity investments in accordance with the climate road map. We developed a climate risk tool during 2021 for emerging market sovereign debt investments to assess climate change risks and opportunities. The tool is built based on qualitative and quantitative analysis and an assessment of the trend and will be further developed in 2022.

In 2021, we continued to work towards the previously set goal of reducing our weighted average carbon intensity (WACI) of listed equity and corporate bond investments by 25% over the period 2019–2025.

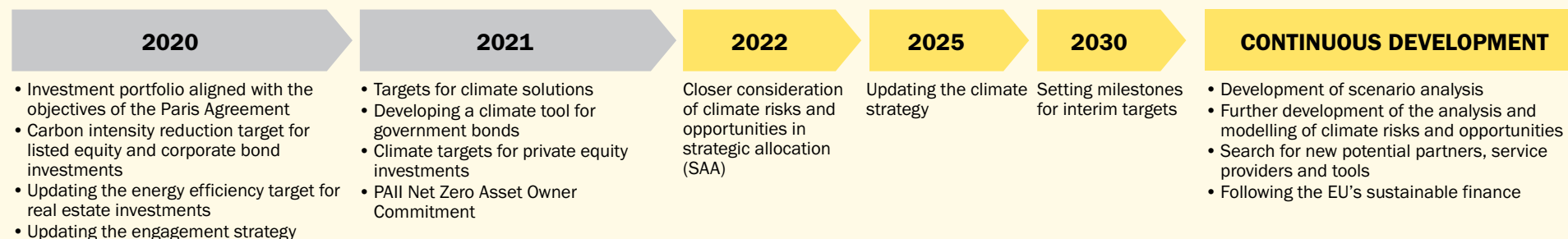
The climate targets for our private equity investments consist of three components: updating the due diligence questionnaire, an annual ESG questionnaire for fund managers, and engagement. The focus of engagement is on the fund managers where our investments are most material to climate change. During last year, we analysed private equity fund managers in order to set more specific climate targets for the asset class.

In accordance with the roadmap, we also clarified the measurement of climate solutions and set the target to increase investments in sustainable solutions in equity, corporate bond and infrastructure investments. As the operating environment changes, we will refine the objectives and aim to include other asset types. We follow the achievement of our targets in our Annual and Responsibility Report.

We constantly look for new methods of assessing the climate risks in different asset classes, sectors and companies. Our aim is to understand how climate risk affects the valuation of each investment.

The real estate investments are described in more detail in a separate section.

Progress according to the road map of Elo's Climate Strategy



Responsible investment key metrics

Carbon footprint of investments and carbon sink of forest investments (GRI 305-4)

Listed equity investments	2021	2020
Weighted Carbon Intensity (WACI), scope 1+2 (tCO ₂ e/MUSD turnover)	139	181
Carbon footprint (market value), scope 1+2 (tCO ₂ e/MUSD invested)	110	112
Carbon intensity (market value), scope 1+2 (tCO ₂ e/MUSD turnover)	205	193
Absolute emissions (market value), scope 1+2 (tCO ₂ e)	1,235,077	
Absolute emissions (market value), scope 3 supply chain (tCO ₂ e)	1,764,296	
Absolute emissions (EVIC), scope 1+2 (tCO ₂ e)	875,599	
Absolute emissions (EVIC), scope 3 supply chain (tCO ₂ e)	1,362,342	
Coverage of carbon footprint calculation data	96%	
Listed corporate bonds	2021	2020
Weighted carbon intensity (WACI), scope 1+2 (tCO ₂ e/MUSD turnover)	143	169
Absolute emissions (EVIC), scope 1+2 (tCO ₂ e)	217,853	
Absolute emissions (EVIC), scope 3 supply chain (tCO ₂ e)	412,274	
Coverage of carbon footprint calculation data	91%	
Direct real estate investments	2021	2020
Carbon footprint (tCO ₂ e)	14,073	13,128
Normalised carbon footprint (tCO ₂ e/MEUR)	7	7
Carbon footprint data coverage	76%	78%
Carbon sink impact of forest investments	2021	2020
Carbon sink of forest investments (tCO ₂)	265,000	260,000
Carbon storage of forest investments (tCO ₂)	6,750,000	6,650,000

Source: Elo, MSCI

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Carbon footprint of the portfolio

In 2016–2021, our weighted average carbon intensity (WACI) of listed equity investments has decreased by 50 per cent and corporate bonds by 61 per cent, compared to the index's 37 per cent reduction.

At the end of 2021, the weighted average carbon intensity (WACI) of Elo's listed equities was 139 (tCO₂e/mUSD revenue, scope 1+2) and it decreased by 24 per cent from the previous year. Based on the market value of listed equity investments, the carbon footprint in 2021 was 110 (tCO₂e/mUSD invested, scope 1+2) and it decreased by 2 per cent compared to the previous year. Carbon intensity per market value of listed equity investments was 205 (tCO₂e/mUSD revenue, scope 1+2), up 6 per cent compared to 2020.

The weighted average carbon intensity (WACI) of Elo's listed corporate bonds was 143 (tCO₂e/mUSD revenue, scope 1+2) and decreased by 15 per cent compared to last year.

At the end of 2021, the absolute emissions of listed equity investments based on market value for scope 1 and 2 were 1,235,077 tCO₂e and for scope 3 upstream 1,764,296 tCO₂e. The corresponding figures for listed equity investments based on EVIC were 875,599 tCO₂e and 1,362,342 tCO₂e, respectively. For listed corporate bonds, the absolute emissions based on EVIC for scope 1 and 2 were 217,853 tCO₂e and for scope 3 upstream 412,274 tCO₂e.

At the end of 2021, 30 per cent of Elo's listed equity investments were in four sectors (utilities, energy, materials and industrials) that cause the highest emissions. They

account for 84 per cent of Elo's weighted average carbon intensity (WACI). The corresponding figures for listed corporate bonds are 20 per cent and 72 per cent, respectively.

Sustainable impact solutions for the environment and society

For 2021, we disclose a new metric for sustainable impact solutions in direct listed equity and corporate bond investments. Sustainable solutions include products and services that help solve the world's major environmental and social

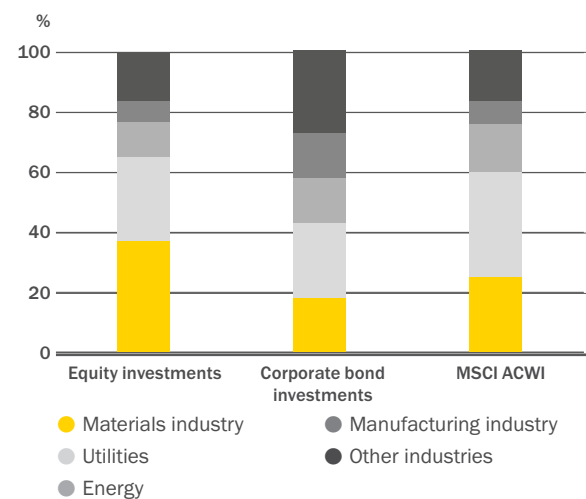
challenges. With regard to environmental solutions, the figure indicates technological solutions related to energy efficiency, alternative energy, green buildings, pollution prevention and sustainable water and agriculture. Social solutions include products and services related to nutrition, affordable real estate, major disease treatment, sanitation, education, SME finance and connectivity.

These are calculated as a weighted average, using portfolio weights and each issuer's percent of revenue generated from sustainable impact solutions. For corporate bonds, green bonds have been separately taken into account in the

calculation. In direct equity investments, sustainable solutions account for 11.4 per cent of companies' revenues and for 11.7 per cent in direct corporate bonds.

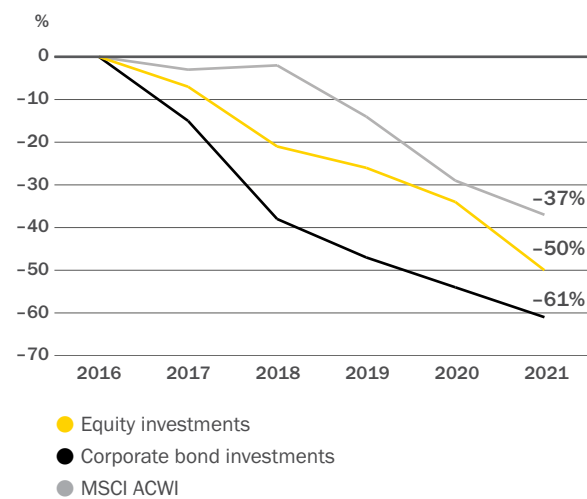
The shares of sustainable solutions in infrastructure investments have been assessed at the fund level. The share of sustainable impact solutions has been calculated by taking into account the market value of the entire fund if there are sustainable solutions in any of the fund's target companies. The figure does not take into account the revenue of enterprises. The share of sustainable solutions of the market value of infrastructure investment funds was 82 per cent.

Industry contribution to the carbon intensity of Elo's listed equity and corporate bond investments (WACI)



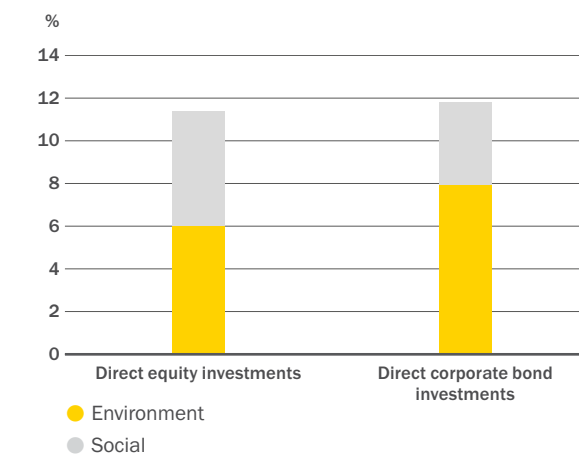
Source: Elo, MSCI

The carbon intensity of Elo's listed equity and corporate bond investments (WACI) has decreased significantly



Source: Elo, MSCI

Share of sustainability solutions of the turnover of Elo's direct listed equity and corporate bond investments (%)



Source: Elo, MSCI



EU taxonomy

The EU taxonomy is part of the ten-point action plan of the EU's sustainable finance legislation. Its purpose is to reorient capital flows towards sustainable investment, integrate sustainability into risk management and to foster greater comparability, transparency and long-termism in the financial sector. Underlying it is the EU's objective of carbon neutrality by 2050.

The taxonomy reflects environmentally sustainable activities. Two environmental objectives are currently defined: climate change mitigation and climate change adaptation. Four other climate objectives are to be set later on in relation to biodiversity, sustainable use and protection of water, the circular economy and prevention of pollution. Taxonomy-eligible activities can support these environmental objectives directly or be enabling activities.

The initial phase will also include transitional activities for climate change mitigation for a limited period of time. While taxonomy-eligible activities must contribute to at least one environmental objective, they must do no significant harm to any other. In addition, all taxonomy-eligible activities must meet certain minimum social safeguards. Currently, the activities specified in the taxonomy focus on those sectors that are seen to have the greatest potential for mitigating climate change or low-carbon transition.

The activities covered by the regulation are known as taxonomy-eligible activities, while taxonomy-alignment refers to activities compliant with the defined technical screening criteria. Taxonomy-eligibility is not yet sustainable from an environmental point of view; only taxonomy-alignment in accordance with the technical screening criteria, is an expression of "green".

We follow the taxonomy-eligibility of our investments. Approximately 40 per cent of Elo's direct listed equity invest-

ments are taxonomy-eligible, which is in line with the broad equity market. Taxonomy-eligibility is estimated based on investee companies' turnovers. Taxonomy eligibility figures are not comparable with those of other investors. Comparability of taxonomy-eligible and taxonomy-aligned figures will increase once companies start to disclose and verify those. The development of taxonomy criteria for the remaining environmental objectives is still in progress. We will disclose more detailed figures of our investments in the future.

Elo's mandatory reporting according to the taxonomy (EU 2021/2178) is available in the non-financial disclosures in the report of Elo's Board of Directors.

The Paris Agreement and scenario analyses

We are committed to a Paris-aligned investment portfolio. In order to achieve the goal, it is essential to assess the emission reduction targets and monitor the development of our investment portfolio with scenario analyses. In 2021, about seven per cent of the companies of our listed equity investments had set a strong emissions reduction target, such as a target compliant with the Science Based Targets. 76 per cent of them had set an emission reduction target of some sort.

In 2021, scenario analyses have focused on examining the risks and opportunities associated with global warming. We have used the Climate Value at Risk method with two-degree scenario modelling to assess our portfolio the potential climate risks and opportunities. This can be used to assess the impacts of physical and transition risks on returns. In 2021, we also prepared a climate scenario analysis of our listed equity and corporate bond investments, according to which our investments do not involve a climate risk diverging from the market.

Physical and transition risks

Risks caused by climate change can be divided into physical risks and transition risks. Risks from the transition to a low-carbon society will be emphasised in the short and medium term. Physical risks related to climate change mean extreme weather phenomena, such as floods and storms, and changes that develop gradually, such as rising sea levels. The physical risks will play an increasingly important role if the transition to a low-carbon society fails. In 2021, we assessed physical and transition risks using two-degree scenario modelling. Physical risks were considered on a country-by-country and sector-by-sector basis, and transition risks were viewed through policy changes and technological opportunities. Among the industries, energy and utilities were emphasised in the modelling of both physical and transition risks.

Fossil fuels

As part of the climate risk assessment, we review the exposure of equity and fixed income investments to fossil fuels. Fossil resources and emissions from fossil sources are under review. In Elo's equity and corporate bond portfolios, the weights of companies that have significant reserves of fossil fuels – such as coal, gas or oil – are lower than in the benchmark indices.



We are committed to a Paris-aligned investment portfolio.

A photograph of an older woman with short blonde hair, wearing a green cardigan over a white top, and an older man with glasses wearing a yellow sweater. They are sitting at a table, looking at a tablet together. The woman is smiling and pointing at the screen. On the table, there is a plate with some orange slices. The background is a modern interior with wooden paneling and a vase of flowers.

RESPONSIBILITY FOR THE CUSTOMERS

**Our customers play a
key role in developing
our services**

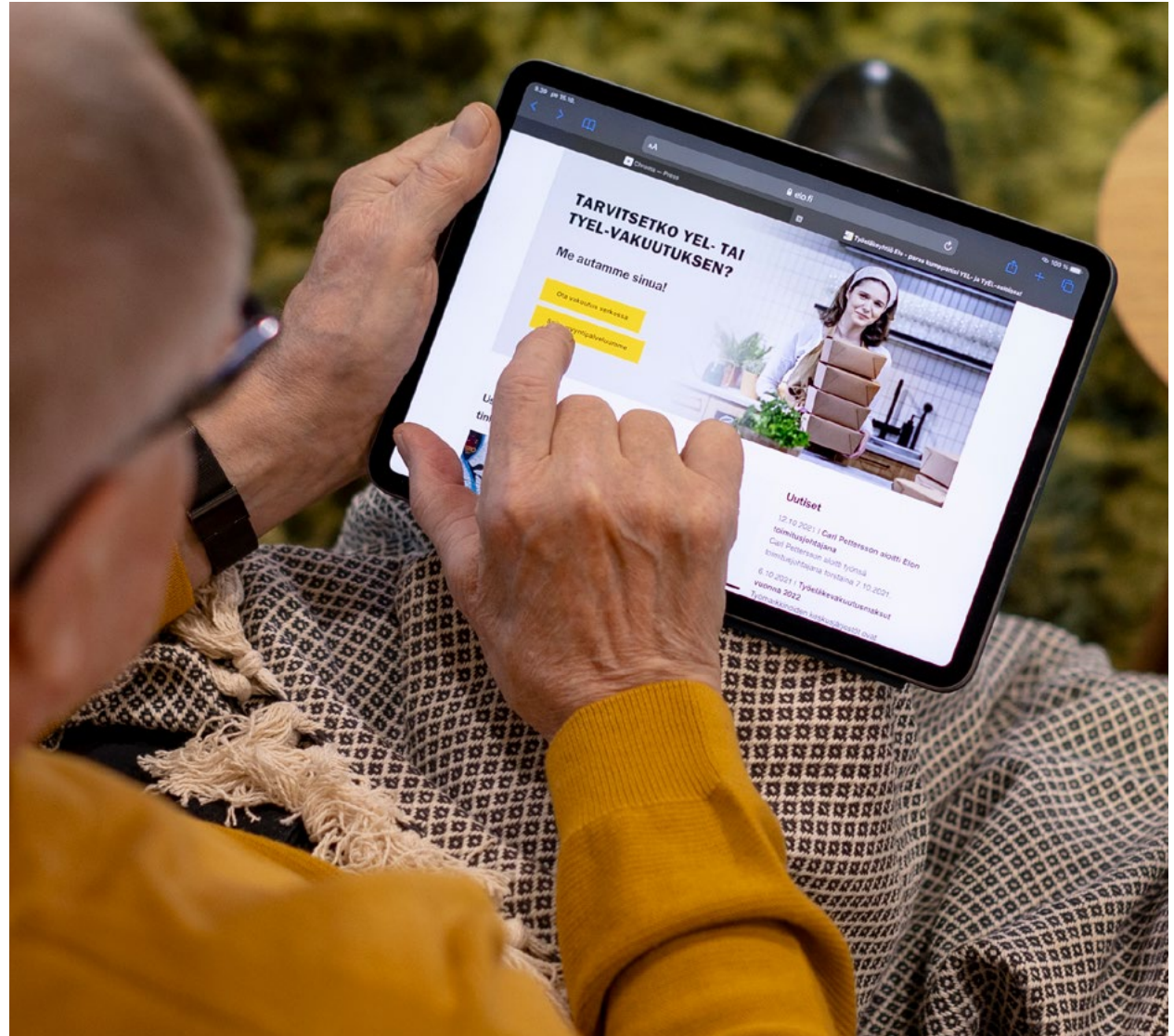
Pension insurance provides security in everyday life

Employees' statutory pension insurance is arranged through TyEL insurance and self-employed persons' pension insurance through YEL insurance.

We insure the employees of client companies that have taken out employment pension insurance from Elo and self-employed persons. Employers are responsible for their employees' pension security with TyEL insurance. Employers and employees jointly employment pension contributions based on employees' wages and salaries. Self-employed

KPI TARGET

Our goal is for our efficiency to improve and the implementation of pension security to be seamless in every situation. We measure success with expense loading ratio and customer satisfaction NPS.



persons, on the other hand, are responsible for their own pension security through YEL insurance. The employment pension contribution of a self-employed person is based on YEL earned income. The earned income must correspond to a reasonable wage that would be paid to another person as wages for the work performed by the self-employed person. Pension is accrued by both employees and self-employed persons according to each year's earnings and age-appropriate accrual rate.

In terms of the number of policies, Elo is the market leader in self-employed persons' YEL pension insurance. One in three employer companies are insured by Elo. At the end of 2021, Elo was responsible for about 84,454 (83,569) self-employed persons' YEL insurance policies and 51,199 (48,327) TyEL insurance policies taken out by employers. The total number of self-employed persons and employees insured by Elo at the end of the year was 499,968 (476,698).

Elo's in-house service is supplemented by long-term, close and effective cooperation with our partners Fennia, LocalTapio and Turva. Our partners have an extensive service network. This guarantees that employment pension insurance services are available to our customers across Finland. Elo's insurance can also be procured directly from Elo's website or from our other partners. Our partners include the invoicing service company Eezy Kevytyrittäjät, the ilona.works webshop and the invoicing and light entrepreneur service Odeal.

The coronavirus pandemic that began in spring 2020 continued in 2021, but its impact on our customers was less pronounced. In most industries, the TyEL payroll returned to the level of 2019 or even slightly higher. However, the hospitality sector still suffered from COVID-19, and the TyEL payroll did not return to the pre-COVID-19 level. The total TyEL payroll was, however, 5.4 per cent higher than in 2020.

We want to take care of YEL earned income

The social security of a self-employed person is based on the earned income confirmed in the Self-employed Persons' Pension Insurance, YEL. In addition to employment pension, it provides security in diverse situations in life, such as when falling ill, having a baby and unemployment. The YEL system is not without problems. It is often difficult for a self-employed person to assess his or her own earned income, i.e. to establish a view on the value of his or her work input. It is also important to recognise that the self-employed person's stereotype no longer exists. Entrepreneurship has taken on many new forms. Light entrepreneurship, entrepreneurs in the platform economy and various forms of secondary entrepreneurship are here to stay.

At Elo, we ensure that self-employed persons' earned income is determined on the right basis. We also seek to instruct entrepreneurs and to maintain discussion throughout the life cycle of entrepreneurship as to why keeping earned income at the right level is particularly important for the self-employed person's own social security.

At Elo, we paid special attention to confirming the right amount of work income, related operating models and reporting. The training of our personnel focused especially on

exercising discretion related to confirming earned income. In addition, we strengthened our partners' skills by training them in the right amount of earned income. We also emphasised earned income strongly in customer communications. For example, we carried out targeted communications to customers whose earned income has not been changed.

Telephone service is at an excellent level

We extended our customer service hours from the beginning of September. The new service hours are from 8 a.m. to 5 p.m. This allows our customers even more flexibility in how to run their business.


In 2021, the insurance customer service received a total of approximately 60,000 customer calls. Our response rate was very high at around 97 per cent (98%). The average waiting time was 34 (28) seconds. The long-term work for customer experience has long been visible as excellent customer feedback, and the year 2021 was no exception.

We measure the customer satisfaction of our telephone service by way of the net promoter score (NPS). In 2021, the NPS score was again excellent 91 (91). In connection with the NPS survey, our customers may also provide open-ended feedback on our service. Open-ended feedback was generally very positive. Based on the feedback, our customers appreciate fast call response times as well as the expertise, flexibility and friendliness of our customer service agents.

We want the use of our services to be as easy and smooth as possible. It is therefore very important to us that our customers can get their TyEL and YEL issues resolved in a single call. Approximately 95 (94) per cent of our customers managed to have their case resolved in a single call. We invest in the continuous training of our personnel, the development of service processes and information systems and the use of

BLOG

YEL income is an important question for every entrepreneur. It is worth relying on experts to ensure proper social and pension security (elo.fi)

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customer data-based tools in customer service. This will continue to ensure that most cases are resolved in a single call.

Our telephone service is at an excellent level, also proven by research. Elo's insurance services ranked second in Dun & Bradstreet's (Bisnode) Customer's Voice benchmark in the small and medium-sized companies' customer service category. The Customer's Voice is an index based directly on customer feedback, which correlates strongly with the NPS.

During the year, we continued our proactive contacts with our customers. For example, we contact customers in person at specific stages of the customer relationship. We ensure that our customers have up-to-date information on insurance, pensions and our services. In addition, we discuss what our customers' wishes and needs are towards us. We have also developed our model of contact. For example, we use analytics to identify what is important to our customers. In this way, we strive to make our customers feel that our contacts are even more necessary. Our customers take a very positive view of our contacts and we will continue to contact them going forward.

The development of electronic services continued

Our online service is used by approximately 84 (83) per cent of our TyEL customers and approximately 84 (80) per cent of our YEL customers. We have further developed our online service in many ways. A new feature was added to the online service for self-employed persons to regularly remind them of revising their YEL earned income. The purpose is to provide the self-employed person with additional support and up-to-date information for determining his or her own YEL earned income. Accounting firms or other parties can now be authorised to use Elo's online service with an electronic power of attorney. In addition, the termination of powers of attorney will be made possible in the


Responsibility in customer service

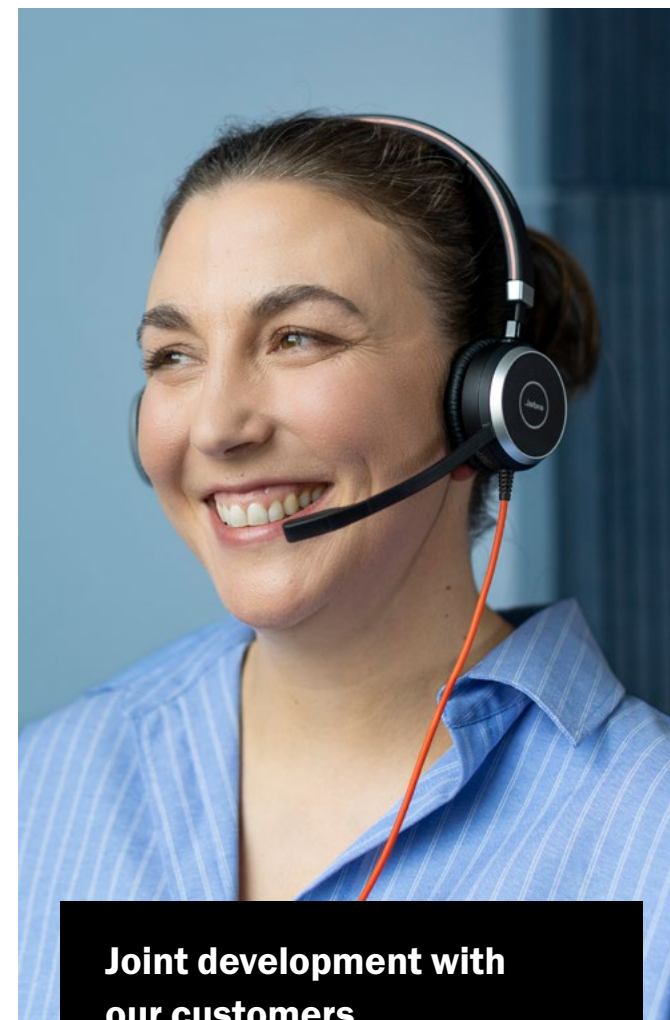
Responsibility is present in our day-to-day work. During 2021, the employees working in the customer service of our insurance and pension services were activated to think about how responsibility is expressed in concrete terms in their customer work or customer interaction and what could be done better.

The key themes that emerged in the discussions included equal treatment of customers, encountering the customer with an eye to the customer's individual starting points and providing the customer with a suitable service method. In addition, clear and comprehensible communication is essential. Communication also involves service in different languages. The aim is to resolve the customer's issue in one way or another, even if no common language is found. All of these can be developed, and the development methods include analytics to support customer service and increasing the expertise of the customer service personnel.

BLOG

What responsibility means in Elo's customer service. Elo.fi

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**Joint development with
our customers**

online service. User management has been revised to make it easier to use. In addition, it is now responsive, i.e. adaptable, and meets the accessibility criteria for online services.

Chat services were also introduced in the online service. EloBotti is a virtual helper for the most common issues related to employment pension insurance. On normal business days, customers can also chat with an Elo customer service representative via chat. EloBotti has been continuously trained to respond even better to customers' concerns. In addition to the online service, the bot serves at Elo.fi and the electronic insurance application.

The development of the online service is directly reflected in our customers' experience. The online service NPS has developed positively year by year. In 2021, the NPS score was the highest ever, 56 (52).

In addition to the development of the online service, we have invested in the development of elo.fi. We have clarified the content offered to employers and self-employed persons. Moreover, we introduced a new payroll calculator for our customers. The payroll calculator gives an estimate of the amount

of the TyEL contribution and other compulsory social security contributions of the employer. The service is particularly useful when our customers are hiring their first employee or planning wage increases.

Joint development with our customers

Our customers play a central role in the development of our services. We use the valuable customer feedback we receive increasingly systematically and efficiently. We involve our customers in designing and testing changes. We listen closely to our customers and engage in dialogue. We make improvements based on the comments we receive. We use analytics and service design methods in development.

E-invoicing is a step towards reducing environmental impacts

The share of insurance customers who chose e-invoicing grew significantly in 2021. Approximately 57 (50) per cent of

TyEL customers and 51 (39) per cent of YEL customers have chosen e-invoicing. (GRI 103-3) We want to offer more e-invoicing options as diversely as possible. Therefore, we have provided a new option for those who have chosen e-invoicing. The e-invoice can now also be paid through the online service.

Our customers benefit from the efficiency of our operations

In employment pension insurance companies, both operational efficiency and the company's solvency have impacts on the customer bonuses which reduce the employer's final insurance contribution.

The measurement of efficiency is based on the expense loading ratio, which indicates the ratio between expense loading and the share of it used to cover operating expenses. In 2021, Elo's operating expenses were 72.4 per cent of the premium expense loading. For 2021, Elo will transfer EUR 100.5 million to client bonuses, which corresponds to 0.68 per cent of the TyEL payroll.

With the new insurance application, insurance security is even easier to get in order

At the end of November 2021, we introduced a new electronic insurance application. The aim was to replace the previous insurance application both technically and functionally with a more modern and easy insurance purchase service. The design and realisation of the new application

placed particular emphasis on user friendliness. Service design was used in the development of the insurance application. Along the way, our customers and partners were involved in the process.

The user can now take out both YEL and TyEL insurance at the same time. More data will be automatically imported to the application from Suomen Asiakastieto based on the user's business ID or personal identity code. The application is now easier to fill in using a mobile device.

Our customers' net promoter score (NPS) for our services on a scale of -100 (lowest) to 100 (highest). (GRI 103-3)

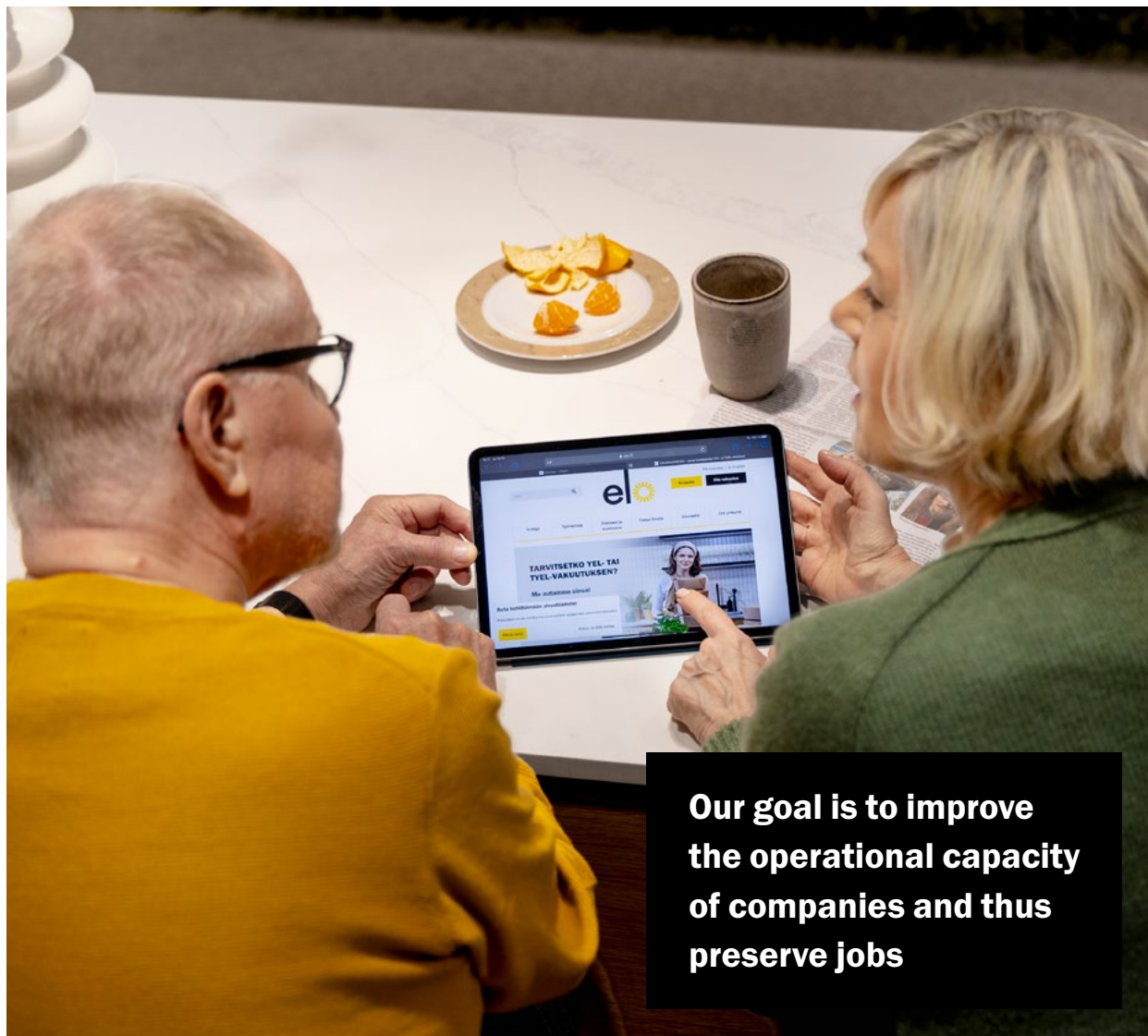
Year	Insurance telephone service	Online service for corporate customers
2021	91	56
2020	91	52
2019	86	33
2018	84	29
2017	83	17

Encountering our financing customers during the pandemic

Elo's diverse financing products support sustainable growth, employment and competitiveness. We provide companies with a customised financing package with our partners, such as banks, Finnvera and accident insurance companies.

Our client companies can apply for Elo's financing for investments, mergers and acquisitions, rearrangement of ownership and financing, international growth and working capital needs. We comply with our principles of responsible investment in the financing decisions. Our products include premium loans, growth loans and SME loans for small and medium-sized companies. We also offer mezzanine financing and investments in unlisted profitable medium-sized growth companies.

During the coronavirus pandemic, it has been important to meet our customer companies and seek suitable financing solutions in co-operation with our partners. Our goal is to provide our customers with better opportunities to cope with the challenges of the pandemic times, improve their operational capacity and thus preserve jobs and develop sustainable business in the long term.



Our goal is to improve the operational capacity of companies and thus preserve jobs



Work ability management is an important part of corporate responsibility

With the transformation of working life and population ageing, long careers that are as solid as possible are more important than ever before. We support our customers in the management of work ability risks and work ability management.

Disability risk management helps a company's management to prevent premature interruptions of careers and reduce the costs of disability pensions and sick leaves. Strategic, systematic and goal-oriented work ability management ensures the personnel's capacity, competence and motivation for working to achieve the company's objectives.

The purpose of Elo's work ability management services is to help to secure our customers' expertise and responsibility in work ability management. The principles of our work ability management services are as follows:

- Advisory services related to work ability risk management are intended for all of Elo's customer companies.
- An assessment of work ability risks provides the starting point for service provision.
- Services and financial support are targeted at identified risks.
- Elo actively monitors the impacts of the actions taken in client organisations and evaluates their long-term impact.

Our aim is that our customers' work ability management programmes partly funded by us are effective, support extending

careers and thereby lower the disability risk of customer companies over the long term. In accordance with the instructions issued by the Financial Supervisory Authority, we have developed tools relating to surveying risks and monitoring effectiveness.

The tools included in Elo's online services enable us to assess the effectiveness of projects implemented in cooperation with our customers and the experiences gained from them. We use the tool to review which measures performed well and which should be developed further.

In the development and provision of our work ability management services, we follow the guidelines issued by the Financial Supervisory Authority regarding the management of disability risk by employment pension insurance companies. According to the guidelines, the costs of activities aiming to manage the risk of disability may only be covered with the disability risk management contribution included in the TyEL insurance contribution. The guidelines also require customers to contribute to the costs of work ability projects with at least the same amount as the employment pension insurance company.

Service development and local expertise for the needs of our customers

We offer various customised tools, training and expert support for different sizes of companies in different phases to assess their strengths and personnel risks. Our experts in work ability management services are partners to corporate management in detecting, managing and preventing work ability risks. Our extensive network ensures that we have the ability to reach our customers across Finland. Our local experts receive excellent feedback from our customers as well as partners.

Elo's aim is to advise companies of all sizes about the benefits of work ability management. SMEs are significant employers in Finland. That is why it is important that the potential of work ability management is recognised in an increasing number of SMEs. Many of our SME customers have adopted a more active approach to introducing our work ability management services.

Our work ability management online service provides information and tools for day-to-day supervisor and the development of work ability management. These tools include a work ability management handbook and a guide on workplace support for employees who suffer from depression.

By using our online service, our customers gain an overview of the current state of the company's work ability management in a single glance. Companies can monitor the costs caused by disability pensions in more detail and better foresee them. As a whole, the service guides to more strategic working capacity management and preventive work, which in turn provides predictability and cost savings.

Several Finnish and international studies have shown that workplace measures are effective in preventing work disability. This research data, along with practices that have been found effective, has been compiled into the first quality



Several Finnish and international studies have shown that workplace measures are effective in preventing work disability.

standard of the Work Disability Management System (The CSA Work Disability Management System Standard), which was published by the CSA Group. The main message of the standard is that workplaces should integrate work ability management into their management systems.

During 2021, Elo's survey concerning the current status of work ability management was updated to survey diverse work ability and work disability risks increasingly deeply. The tool for Elo's large customers is based on the quality standard published by the CSA for the prevention of work disability.

A risk assessment tool, the work ability management risk indicator, is available for Elo's smaller customer companies.

Training develops our customers' work ability management expertise

The COVID-19 pandemic led to unprecedented growth in the trend of remote work and digital meetings, both in our customer companies and in our work with customers. We have moved most of the customer meetings and training online to mitigate the spread of the epidemic.

In 2021, we organised a total of 22 live webinars on work ability management that were open to all of our customers. Representatives of approximately 2,907 customer companies attended the events. The content of the training sessions is built based on our customers' needs and identified work ability risks and work ability management challenges that Elo's experts and our customers consider to hinder the day-to-day operations and success of our customer companies.

The training activities provide assistance in, and perspectives on, matters such as the identification of work ability risks, work ability management as part of managerial work, supporting mental health at the workplace, cognitive ergonomics and change management at the workplace. Our customers found the training to be high-quality and useful. In particular, they valued the topical themes, expert instructors and the tools the training provided for their own work.

Elo arranged two Super Specialist training courses on work ability management in 2021, with 50 persons responsible for work ability management at 41 customer companies attending. It is a training package that lasts for around a year, and it helps to get the company's work ability risks and resulting costs under control. The aim is for the participants to promote systematic work ability management in their own organisation by utilising partners and Elo's tools for work ability management.

The attendees have given very positive feedback on the training. Our customers have received concrete ideas and peer support for their own work as well as work ability management tools to be incorporated into their company practices.

The Master at work ability management online training is part of the service offering for our SME clients. The training aims to provide SMEs with education appropriate for their industry, size and work ability risks in matters relating to work ability management. Two groups started the training in 2021, with 59 participants in total.

Elo's training activities and programmes focused on disability risks reached a record audience in 2021, which enabled us to support a growing number of customer companies in the prevention of disability risks.

Work ability is changing throughout the career

The transformation of working life and the gradual increase in the retirement age are challenges for work ability and the extension of working lives in all industries around Finland. As the operating environment changes, old tasks will disappear and change. New job descriptions will emerge, requiring new types of expertise and continuous learning throughout the career. Employers, supervisors and the employees themselves have a lot of responsibility for maintaining competence.

We support our customer companies in work ability

management, supporting the work ability of employees early in their careers, along the way through changes in life, and in extending careers until retirement. We help companies to develop existing and new processes for supporting work ability in different points of the career.

From the point of view of solid careers, it is important for young people to find their place in working life early and in a sustainable manner. Along the career, there will also be life circumstances that have diverse effects on work ability, and they can require flexibility in working hours or retraining, for example. In the latter stages of careers, it is particularly important to see to expertise to maintain the employees' work ability and motivation.

BLOG

Katja Ekman: Clear direction and goals form the basis for good work ability of a company (elo.fi)

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Rehabilitation is a path back to working life

A career need not end prematurely due to a person's reduced capacity for work. In sustainable working life, everyone, including people with reduced work ability, are provided with opportunities to participate in working life. Vocational rehabilitation plays an important role in creating these conditions.

The goal of vocational rehabilitation is to prevent permanent disability by finding a suitable job for everyone where continuing to work is possible despite restrictions related to work ability and health. We look for sustainable solutions to prolong individual customers' careers. In this way, we are involved in creating a more sustainable working life, also at the level of society as a whole. Rehabilitation customers benefit by continuing to work, gaining not only livelihood but also content and meaning in life, employers and society by saving on disability costs and by holding on to skilled labour.

KPI OBJECTIVES

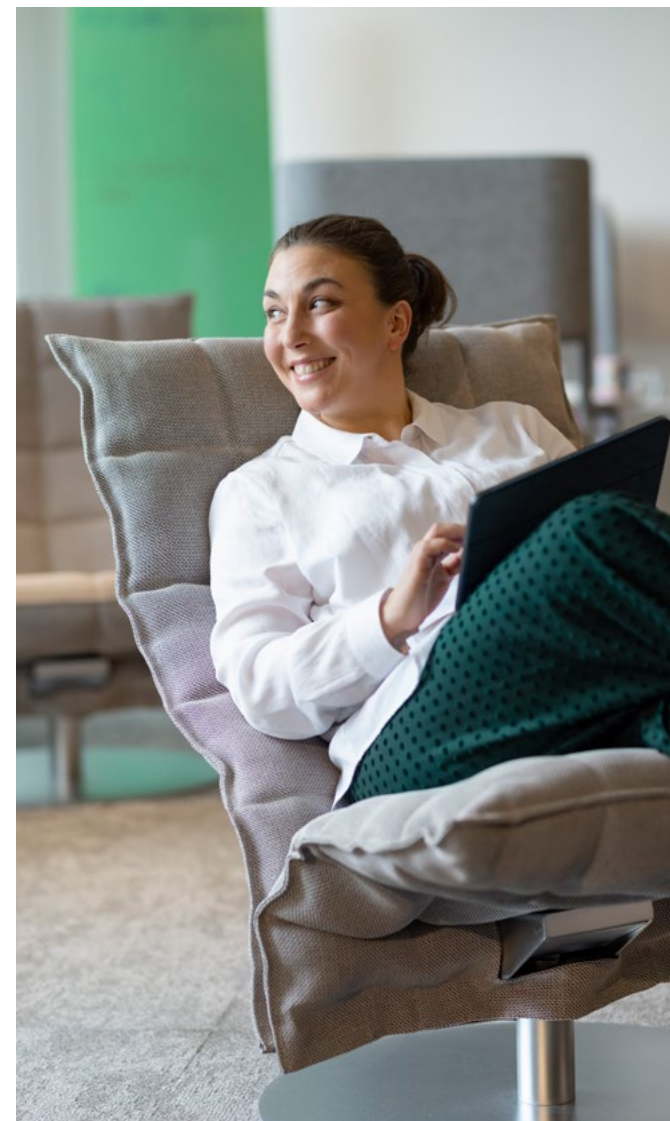
Our goal is equal, high-quality and smooth service. We measure equality, for example, based on decisions not being changed in the proceedings of the Appeal Board. Our goal is to create opportunities for our customers to continue working. We measure success with the effectiveness of rehabilitation.

We believe that we can achieve long-term impact through vocational rehabilitation. It is essential to encounter each customer as an individual and provide support throughout the period of vocational rehabilitation. Vocational rehabilitation provides an opportunity to continue working with an adjusted job description or through retraining.

Elo's rehabilitation activities cover almost 4,000 people

Vocational rehabilitation can be a work trial, job coaching or study support. The primary option is to rehabilitate employees at their own workplaces using job adjustments or entirely new job descriptions. In 2021, there were approximately 3,660 (3,550) people in Elo's vocational rehabilitation.


The number of rehabilitation applications started to decline slightly in 2020 for the first time in years. In 2021, we received 2.9 (3.6) per cent fewer rehabilitation applications than in 2020 and issued 1,990 (2,031) preliminary decisions on rehabilitation applications. The applications also show an increase in the awareness of employers, occupational health and individuals about the possibilities of vocational rehabilitation.





ARTICLE

Retraining can allow an entrepreneur a fresh start

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Work to increase awareness has been systematic in recent years and applications are increasingly received at an early stage.

Rehabilitation supports continuing to work

Positive preliminary decisions on rehabilitation are frequently issued in connection with disability pension decisions. The reason for this is that we want to actively enable our pension applicants to return to work if we see the slightest chance of doing so. We strive to get our pension-seeking customers to see their resources and opportunities. We activate them to take part in vocational rehabilitation when we see the prerequisites for it. We regularly call rehabilitation benefit recipients and those who have received a preliminary decision on vocational rehabilitation. We offer them support in difficult life situations and activate vocational rehabilitation measures. In 2021, we issued approximately 1,270 (1,250) preliminary decisions in connection with the disability pension decision when the conditions for rehabilitation were met.

On average, Elo processed vocational rehabilitation applications in 12 (16) days. The most common reason for applying for the right to rehabilitation was musculoskeletal disorders with a share of 44 (43) per cent. Psychological disorders accounted for 29 (28) per cent of the applications for the right to rehabilitation.

Effectiveness is the key objective of rehabilitation

The success of rehabilitation is illustrated, for example, by the proportion of rehabilitees who are available to the labour market at the end of rehabilitation. In 2021, 75 (70) per cent

of those in Elo's vocational rehabilitation were able to return to the labour market. Correct timing, a rehabilitation plan that corresponds to the customer's needs and the labour market situation as well as the rehabilitee being motivated are crucial to the success of rehabilitation.

The coronavirus has affected the processes of Elo's rehabilitees from time to time, with society increasing or lifting restrictions. Rehabilitation plans have been promoted, although it has taken more time than usual to find work trial positions or the completion of studies has been somewhat delayed. Only a few preliminary decisions on rehabilitation have been made based on COVID-19.

The number of new disability pensions continued to decrease

When the means of vocational rehabilitation are not enough to improve capacity for work, partial or full disability pension may be the right solution. The number of new disability pension decisions granted by Elo decreased by 7 per cent in 2021 year-on-year. Elo granted a total of 3,683 new disability pensions. A total of 11,887 (12,466) disability pension decisions were issued. Last year, fewer people retired on disability pension than in previous years. This is the second consecutive year that the amount of disability pensions has decreased.

The most common grounds cited for disability pension are psychological disorders and musculoskeletal conditions. In 2021, psychological disorders were the most common reason for applying for new disability pensions for the third consecutive year. Psychological disorders bypassed musculoskeletal disorders as the most common cause in 2019. However, the difference between the two largest diagnostic categories narrowed down in 2021, as the share of musculoskeletal disorders grew slightly and the share of psychological disorders in

disability pension applications began to decrease. The share of those aged under 44 of disability pension applications based on psychological disorders is over 60 per cent. Correspondingly, persons aged over 60 in particular retired on disability pension due to musculoskeletal disorders.


The number of disability pension cases due to COVID-19 has been low so far. However, due to the coronavirus pandemic, the last few years have been very exceptional, and therefore no far-reaching conclusions can yet be drawn about the impact of COVID-19 on disability pensions.

Decisions on disability pensions are based on employment pension legislation. In addition, decisions on disability pensions are guided by established decision practices as well as decisions handed down by appeal bodies. Elo rejected 36.9 (36.1) per cent of new disability pension applications in 2021. A disability pension cannot be granted if the conditions for granting it are not met. The Pension Appeal Board changed 9.6 per cent of Elo's disability pension decisions appealed by Elo's customers. For all pension institutions, the corresponding figure was 11.6 per cent.

The rejection rate of disability pensions increased throughout the employment pension industry. In total, pension employment companies rejected 38.2 (36.8) per cent of new disability pension applications.

BLOG

Everyone needs help with work ability, but who can help?

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Co-operation to support work ability

Reacting to challenges related to work ability at an early stage and providing timely support can prevent dropping out of the workforce. Elo investigates each disability pension applicant's opportunities for receiving vocational rehabilitation and find work that suits them. Reacting to challenges related to work ability at an early stage and providing timely support with concrete alternatives can prevent dropping out of the workforce if they provide options for a new career. This requires co-operation within Elo as well as at workplaces and in occupational health care. Co-operation provides access to all possible means in a timely manner.

As an employment pension company in the co-operation network, Elo has an important task to ensure that employers understand the importance of surveying disability risks and preventing them and means of vocational rehabilitation as part of the management of work disability risks. Through our service model, we aim to ensure that our customer companies have up-to-date information about the means of vocational rehabilitation. We offer the help of our experts to HR personnel.

We have developed the reporting to identify work disability risks. Reporting allows us to provide our customers with up-to-date information about rehabilitation and disability pensions and their causes. We analyse this data and provide our customer companies with information to support work ability management.

We develop the service to be meaningful to the customer

In 2021, we developed our vocational rehabilitation and disability pension services and our decision-making processes in various ways, including analytics and service design. In

order to improve the success of rehabilitation, we have conducted experiments with our partners, for example, to create new kinds of services, tools and indicators for rehabilitees in need of special support.

We actively collect feedback and a recommendation score (NPS) from our rehabilitees so that we can focus development on issues that are relevant to the customer. In the customer satisfaction survey, the share of respondents giving an excellent grade has risen continuously, with more than 90 per cent giving an excellent grade. In particular, our customers appreciate our service attitude and availability.

Timely information about rehabilitation supports the continuation of self-employed persons' careers

Self-employed persons often seek help with work ability challenges too late, and they are not familiar with the means offered by employment pension companies. We have developed our expertise and services for self-employed persons in co-operation across organisational boundaries. We want to reach out to self-employed persons and their awareness of what rehabilitation can be for a self-employed person so that they know how to exercise their rights to vocational rehabilitation.

The investments are producing visible results, as in 2021 more than 70 per cent of the self-employed persons included in the scope of rehabilitation activities returned to work. This means an increase of over 10 per cent in the share of successful rehabilitation compared to the previous year's figures for Elo or the sector. We have invested in the comprehensive service of self-employed persons so that they could easily use Elo's services.

Smooth retirement

We are responsible for the pension security of 246,100 current pensioners and almost 500,000 future pensioners. In 2017, we paid out pensions totalling EUR 3,655 million.

Retiring means a major change in a person's life. It does not only have effects on personal livelihood, but also social relations, everyday life and the rhythm of life.

At Elo, we help our customers to plan their retirement in advance and identify different pension options. We ensure that applying for a pension is smooth and that pension decisions are correct. For us, it is a priority that pensions are always paid on time and that there are no breaks in our customers' livelihoods.

High-quality and fast pension decisions

It is important to us that our customers' retirement goes as smoothly as possible. Therefore, we have systematically developed pension application processing to make it fast and easy for the customer. We continuously monitor the quality of pension decisions to ensure that our customers receive correct and timely pension decisions. (GRI 103-2)

KPI TARGET

Our goal is for the implementation of pension security to be seamless in every situation. We measure success by the speed of pension processing and NPS indices of customer satisfaction.

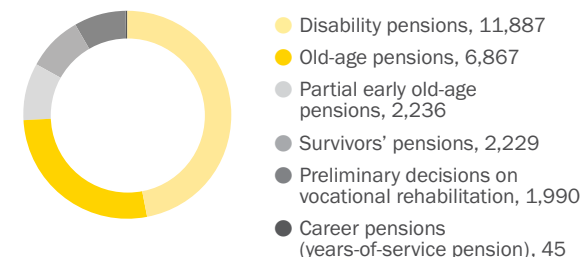
We issued 6,867 (6,815) old-age pension decisions. We made decisions in 2 days, while the sector's average was 9 days. We issued 2,236 (2,248) decisions on partial early old-age pension. In the best-case scenario, customers received the decision during the same day, usually no later than the day after the application. The average processing time for partial early old-age pensions in the sector was 3 days.

Similarly to previous years, the pension decision activity was fast and high-quality. On average, Elo made pension decisions 7 (4) days, or 32 (18) per cent, faster than the overall average for other employment pension companies. In 2021, slightly fewer pension decisions were issued than in the previous year, a total of 25,254 (25,800).

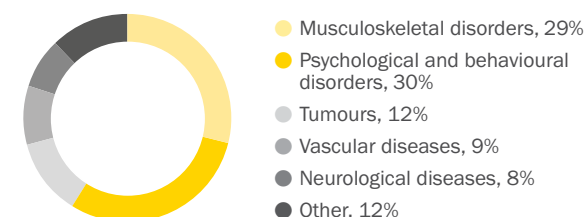
In other forms of pension, too, we issued decisions faster than the sector average. We issued 2,229 (2,221) survivors' pension decisions, approximately one week faster than the industry average. We issued 11,887 (12,466) disability pension decisions. In disability pensions, our processing time was shorter than the sector's average and the processing time was 27 days. We issued 45 (28) years-of-service pension decisions. We issued 1,990 (2,031) preliminary decisions on vocational rehabilitation on average in 12 days, while the sector's average was 17 days.

In 2021, we paid pensions monthly to 246,141 (243,600) pension recipients. The total annual amount of pensions paid was approximately EUR 3,655 million. Old-age and dis-

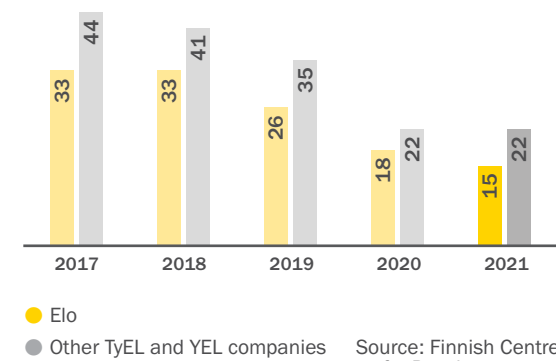
Number of pension decisions by pension type



Medical reasons for new disability pensions granted in 2021



Pension application processing times, days



ability pensions are the two largest items in claims expenditure. A total of EUR 3,090.0 million (EUR 2,998.7 million) was paid in old-age pensions, and EUR 273.1 million (EUR 309.4 million) in disability pensions during the year.

High-quality customer service

We continuously develop our pension and rehabilitation services for our personal and employer customers, listening to the customers. Online services are increasingly used and our customers can handle their pension and rehabilitation issues online from start to finish. The development of other service channels has not been overshadowed by the development of the online service. We take care of our customers with the help of a multi-channel service, and we can also be contacted by telephone if the customer needs a discussion to clarify their pension issues.

Of the customers responding to the pension services customer satisfaction survey, 94.1 per cent (92.5 per cent) gave an excellent grade for our service. The customer call response time was very short, averaging about 20 (20) seconds, and the call response rate was 98 (99) per cent. The NPS for telephone service was 75 (73).

We developed the online service for private customers to be even more customer-friendly, for example, through

customer profiling and the introduction of a chatbot to help our customers. The development was reflected in increased customer satisfaction. The NPS for the online service was 69 (66).


We offer our customers easy online service. The smooth use of the service is also illustrated by the fact that in recent years, our pension recipients have increasingly opted for the electronic service. Letters are no longer sent to those who have opted for online services; instead, our customers receive their letters on the online service and an SMS when the letter can be read. This is also ecological. In 2021, approximately 28,000 of our pension recipients had chosen the online service as their service method. In 2019, it had been chosen by 16,400 pensioners.

Preparing for the survivors' pension reform

Year 2021 was a year of preparation for the survivors' pension reform. The system changes related to the reform were initiated early in the year in both Elo's internal and the sector's joint systems. The project proceeded well on schedule and the system changes were implemented in time. In the autumn, we communicated the changes to our customers and trained our customer service representatives in answer-

NEWS

Changes to survivors' pensions from the beginning of the year – concerned calls from customers

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ing any questions. At the end of the year, we issued nearly 1,000 survivors' pension decisions to our customers. By doing this, we ensured that our customers will be informed of changes, including the extension of the payment of the orphan's pension, well in advance.

The aim of the survivors' pension reform was to update legislation, allocate benefits especially to children and families with children and secure the funding of the employment pension system. In the future, the right to a surviving spouse's pension will be fixed-term, common-law widows will be entitled to a widow's pension and children will receive pension for a longer period than before. The amendments entered into force on 1 January 2022.

Old-age pension decision in two days.

Our customers' net promoter score (NPS) for our services on a scale of -100 (lowest) to 100 (highest). (GRI 103-3)


	2021	2020	2019
Pension telephone service, NPS	75	73	70
Online service for insured persons and pension recipients, NPS	69	66	59
Customer satisfaction survey after pension and rehabilitation decisions, share of excellent scores, %	94%	93%	88%



BLOG

Cross-border communications - a year full of electronic data exchange between EU countries

Finnish pension institutions started electronic exchange of information on pensions between EU countries in December 7, 2020.

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Electronic exchange of information between EU countries

In December 2020, like other pension institutions, we joined the Electronic Exchange of Social Security Information (EESSI) system and started the electronic exchange of pension information between EU countries. Both the deployment and the introduction of the new operating methods of the system went well at Elo. We have also already carried out further internal development related to EESSI.

Pensions and benefits included in the Incomes Register

The Incomes Register was launched at the start of 2019, at which time the reporting of wages in the Incomes Register was initiated. The deployment of the Incomes Register has gradually expanded. For pensions and benefits, the Incomes Register was successfully deployed in January 2021. All pensions paid to our customers and the recovery of pensions are reported to the Incomes Register. Approximately 3,000,000 notifications were made in 2021. The deployment project went very well and the automation rate for notifications is high.

Call appointment service and development of the pension consulting service

The trial use of the new call appointment service for pension consulting started in September 2021. In practice, our customers can schedule a call through our website for pension advice. By calling Elo directly, our customers can get in touch with our experts faster, but with the call appointment service, customers can book an appointment 24/7 and we will call

NEWS

People would work longer if experience was valued more

Attitudes towards ageing have an impact on the length of working lives. 64 per cent of pensioners believe that working careers would be longer if experience was valued more highly. This is indicated by a survey by the employment pension company Elo carried out in November and December, to which 4,800 recipients of Elo's old-age pension responded.

 [READ MORE \(IN FINNISH\) ►](#)

the customer at the scheduled time. This way, customers can prepare for the discussion. The service has found its place in the service offering of pension consulting, and customers have been very pleased with it.

At Elo, pension consulting is handled by the staff of several teams. A working group on the development of pension consulting was established in early 2021. The group gathers pension consultants from different pension service teams. Its aim is to provide pension consulting of the highest possible quality and uniformity throughout the pension service. On the basis of the work of the development team, precision training sessions have been organised for different teams, which has improved the good consulting work even further.

RESPONSIBILITY FOR THE PERSONNEL

Elo employees feel their work is important





Elo people are united by the desire to revise their skills for the benefit of customers.

Responsibility for the personnel

As an employment pension company, we want to be a pioneer in sustainable working life. We take care of our employees' work ability throughout their careers.

In accordance with our HR vision, we want to be an appreciated and developing work community where everyone can learn and experience success. Elo employs approximately 530 pension insurance specialists. In addition to pension insurance, Elo employees' extensive expertise focuses on investments, risk management, information system development and work ability management, among other things. We employ both long-term professionals with solid knowledge of the field of employment pensions and new talent who bring fresh knowledge to Elo.

KPI OBJECTIVES

Our goal is that Elo is an example of creating the preconditions for a sustainable working life, equality creates the preconditions for diversity and the working careers of Elo's people are long. We measure success with the personnel satisfaction survey, the number of cases of discrimination and the retirement age of Elo people.

HR work is a co-operative activity

An HR plan supporting Elo's strategy is drawn up annually in accordance with the principles of co-operation. The plan takes into account competence development needs and anticipates the organisation of work, the necessary resources and the need to support the employees' work ability.

In addition, the objectives and principles of HR work are laid down in the equality plan prepared once every two years and the annual training plan and well-being at work action plan.

Elo's cooperation forum, corresponding to the joint committee referred to in the Act on Cooperation within Undertakings and the cooperation agreement, discusses personnel-related issues that concern all or the majority of employees. The co-operation forum also monitors the implementation of the aforementioned plans (GRI 403-1).

The co-operation forum convened four times during 2021. Elo's HR management and employee representatives meet regularly, approximately once a month, to discuss topical matters. The results of HR work are regularly monitored by the Executive Group and also annually by the Board of Directors.

The development of well-being at work and occupational safety and health is coordinated by the occupational safety and health committee, which convened four times during the year. In addition to representatives of employees and the employer, occupational health care specialists take part in the activities of the occupational safety and health committee. (GRI 403-1)

The occupational safety and health committee annually defines the key areas of occupational safety and health to be focused on. The aim is to foresee and prevent any occupational safety problems with the key areas. In 2021, the focus was on the prevention of musculoskeletal disorders, the reduction of psychosocial stress factors and supporting supervisors in work ability management.



As part of occupational health and safety and co-operation, Elo has created and communicated a process to address inappropriate behaviour. The Occupational Safety and Health Act requires the employer to take action after becoming aware of harassment or other inappropriate treatment causing hazards or risks to an employee's health. The procedure of investigating bullying has been described from the points of view of the bullied person, their supervisor and the occupational safety and health delegate. (GRI 406-1)

The challenging year was reflected in the results of the personnel survey

Elo annually conducts a personnel survey. In 2021, 85 per cent of Elo employees responded to the survey. The trend of positive development since 2014, when Elo was established, was discontinued. The PeoplePower index measuring the personnel experience fell short of the previous year and was 70.9. Despite the decrease, the overall personnel experience at Elo is at a reasonably good A+ level. We were slightly below the Finnish expert standard of 71.5.

Although the overall result decreased, we still have many strengths. Work motivation, work management and working conditions are at a better level than expert standards. These areas include the fact that the employer is perceived to support professional development, there is sufficient feedback for work and the workload is perceived to be reasonable. The assessments of immediate management are also higher than the standard at Elo. This is reflected, for example, in the fact that Elo provides good induction and the supervisors recognise good work performance.

According to the personnel, the recent development of Elo, the outlook, trust in management and the consultation of personnel in making decisions were below the standard for experts.

Elo's units and business functions will review the results of their immediate work community and collectively decide on development measures for the next year. The aim is to have the focus areas and selected development themes be reflected as improvements in next year's results. This has been the case with regard to many of the goals concerning the work community during the year, but assessments of the company as a whole did not develop in a positive direction in 2021.

Maintaining high functional capacity throughout careers

Elo aims to look after its employees' work ability so that employees of different ages perceive their work as meaningful and retain their work motivation and work ability at a high level throughout their careers.

At Elo, we illustrate the personnel practices we have available for different phases of our career with the Elonkaari model. We have divided the career stages into six Elonkaari phases. The stages are integration into working life, balancing of work and personal life, changes in work ability, career crossroads,

being a veteran in the work community and termination of the employment relationship.

Many practices apply to all Elo people, such as orientation in the integration phase, or are equally available to everyone, such as flexibilities facilitating work-life balance. Even if all the stages do not take place for everyone, we consider it important that the different practices are described and known to all Elo people and their supervisors. Finding out the needs and expectations of people at different stages of their careers is part of Elo's performance reviews.

We strive to detect changes in work ability as early as possible. Everyone who is subject to risks related to work ability or have reduced work ability is provided with a personalised multidisciplinary treatment plan and an assessment of how to move forward. Designated occupational health physicians are used for treatment. Elo has 10–15 employees with reduced work ability on average each year.

One of our sustainability indicators is the retirement age of Elo people, which we think is a good illustration of how successful we have been in supporting their careers. The more meaningful the job and the better anticipated the work ability risks and, if necessary, reacted to are, the higher the retirement age. In 2021, the average retirement age at Elo was 63.8 years (63.1 in 2020).

Employees enjoy long careers at Elo. The average duration of employment is 13.6 years (permanent employment relationships). The employee turnover rate was 5.6 per cent in 2021. (GRI 401-1)

Elo is seen as a responsible employer

Elo participated in the Responsible Employer campaign launched in 2020 for the second year. The campaign annually examines how Finnish employees perceive the responsi-



bility of their employers. At Elo, 246 respondents responded to the survey. The total number of respondents in the study was approximately 6,000.

The responsibility index of Elo was 3.92 on a scale of 1 to 5, and this put us in second place in the category of large companies. Elo's score had improved from the previous year, when the index was 3.79. The average responsibility index of all employers participating in the survey was 3.70.

The best grade was for the applicant experience. This question was put only to those who had worked at Elo for three years. The second best grade from Elo employees was 4.27 on the meaningfulness of work and development at work. Elo people feel that they are doing important work and having a positive impact on society.

This was followed by work-life balance and well-being (4.14) and investing in managerial work (4.11). A score of less than four was given to non-discrimination (3.91), sustainable development (3.80) and pay in line with the requirements of the position (3.04). All of the weakest grades had seen a positive development compared to the previous year. During the year, our experts wrote a blog about each of these areas. The blogs are available on the elo.fi website.

BLOG

Why use gender-neutral job titles? (elo.fi)



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Diversity and equality are part of responsibility

At Elo, equality is a prerequisite for the diversity of our personnel and governance. To be able to genuinely benefit from diversity, we first need to accept the members of the working community as equals and appreciate the added value provided by diversity.

Elo has zero tolerance for discrimination. All possible cases of discrimination are referred to the HR function for more detailed investigation. Each case is handled with care and the necessary corrective measures will be taken. There were no incidents of discrimination reported in 2021. (GRI 406-1)

Principles of an equal and non-discriminatory workplace are an integral part of our HR policy, and their realisation requires that everyone is committed to the principles. Elo prepares an equality plan once every two years, and its implementation is monitored by the cooperation forum. Statistics are compiled annually on the gender, pay, education and age distribution of employees. The results concerning these focus areas reviewed by the cooperation forum and published on Elo's intranet.

During 2021, Elo moved to gender-neutral job titles. A few individual titles were changed. At Elo, no particular problems in the positioning of women and men in different roles have been observed. Both men and women work at all organisational levels, all professional groups and teams. There are, however, many things that can be done to develop equality and gender-neutral titles are one act among others.

Equal remuneration

Elo has a remuneration policy aimed at facilitating the achievement of Elo's strategic goals and fairness and equality in remuneration. Elo does not accept pay differentials due to age, gender or other discriminatory grounds. Remuneration



is based on how demanding the task is, the employee's qualifications and performance at work at all organisational levels. A job evaluation system (HAY) is used with regard to Elo's specialist and managerial positions. Elo uses a reward system covering the entire personnel.

The average pay of women in executive positions at Elo (excluding the CEO) was 102.7 per cent of the average pay of men in 2021. With regard to the rest of the personnel, the average pay of women was 76.4 per cent of the average pay of men. (GRI 405-2)

Individual and collective self-direction support in the transformation of work

The rapid changes in working life and the development of digital transformation are changing the nature of expert work, which requires our employees to have new kinds of

skills and competencies. The development of the competence of Elo's personnel will play an increasingly major role in the years to come.

In our current operating environment, expertise and operating practices must change more quickly in accordance with the requirements of our customers and the operating environment. The need for reform will be so rapid in the future that it cannot be controlled from above; instead, the teams themselves must identify the need for change and ensure sufficient expertise. This is what we are trying to do by developing individual and collective self-direction. A pilot project on individual and collective self-direction carried out in late 2019 and early 2020 was expanded to all of Elo during 2021.

Most of Elo's employees worked primarily remotely during the year. Investments in the development of individual and collective self-direction have contributed to the fact that remote work has gone well in the light of the results. During the summer and autumn, Elo worked on the principles and practices for the end of the remote work recommendation. Elo aimed to introduce a hybrid model after the end of the remote work recommendation, making it possible to work half of the working hours remotely and half at the office. Due to the recommendation for remote work issued again in the autumn, the practice could not be experimented properly in 2021.

Competence development is continuous

Each Elo employee is subject to an annual performance review. The current state of the individual's competence in relation to the target state of the position is assessed and a personal development plan is prepared as part of it. All Elo employees are covered by the performance reviews (GRI 404-3).

The Elossa 2030 programme launched a few years ago is still relevant. The purpose of the programme is, in accordance

with the perspective of individual and collective self-direction, to awake individuals and functions to consider the changes that the transformation of working life will introduce to our tasks and competence requirements as well as how we can prepare for the changes. (GRI 404-2)

The Elossa 2030 programme includes a career coaching package aimed at Elo employees who want clarity concerning their own future direction with the help of an external coach. To date, 23 Elo employees have participated in career coaching. The experiences gained from career coaching have been good, and the participants have recommended the training to others at Elo.

Expertise needs are also examined at the company level. HR services hold annual personnel planning discussions with supervisor and senior management. The key themes of these discussions include the competence development of Elo's personnel and the organisation's long-term human resource needs.

Remote work has steered learning to online training, and Elo's own online course offering was increased or updated. Everyone at Elo must take online courses on the following topics: Elo's strategy, data security, safety, continuity planning, personal data, Elo's Code of Conduct, Elo's remunera-

tion system Hay, operational risks, responsibility, anti-bribery and anti-corruption and the prevention of money laundering. In addition to online training and webinars, there were approximately 1 day of training per Elo employee in 2021. The number of days of training strongly reflects the remote work recommendation that was in effect almost throughout the year.

Responsible summer jobs for the seventh summer


In addition to presenting challenges to Elo's permanent employees, remote work created challenges in the recruitment and induction training of summer workers. Elo hired 34 summer workers who worked remotely for the most part. An induction training partner was assigned to each summer worker and they provided support to the summer worker during the summer. The induction training partner discussed the summer worker's duties, tools, team rules and occupational safety issues with the summer worker and provided or relayed feedback throughout the summer.

Again, we noticed that successful induction training is not dependent on being in the same physical location. Remote induction training can also be successful.

In a study of responsible summer jobs, Elo's summer job experience was estimated at 3.71 (on a scale of 1 to 4). With this result, we rose above the averages of our own category (large companies), the financial sector and the entire study. Satisfaction with Elo and the summer job was evident in the desire to recommend Elo to friends (3.83) and work at Elo in the future (3.67). It was particularly pleasing that we were again able to offer tasks that the summer employees felt were genuinely meaningful and interesting (average of the meaningfulness of tasks in the study 3.7).

BLOG

Summer jobs remotely - what it was like from the students' perspective (elo.fi)

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Personnel responsibility in figures

Personnel indicators

	2021	2020
Average work contribution	489.7	490.4
Share of women, %	64.8	64.8
Share of men, %	35.2	35.2
Full-time employees, of permanent employees, %	91.3	90.3
Part-time employees, of permanent employees, %	8.7	9.7
Fixed-term employees, %	8.2	9.4
Employee turnover, of permanent employees, %	7.5	4.6
Number of sickness absences, day/person	3.8	4.9
Average retirement age	63.8	63.1

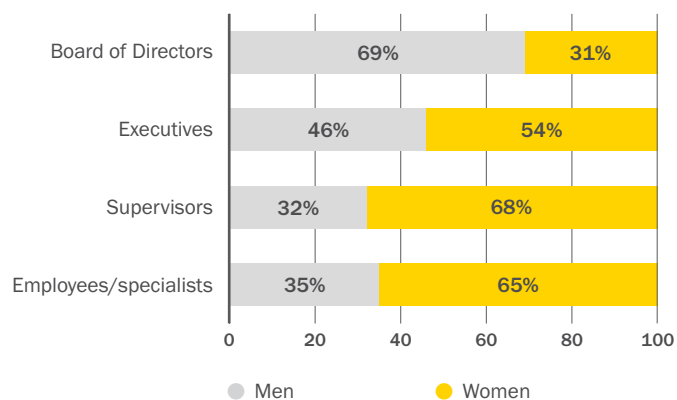
Personnel by employment relationship, employment contract and sex (GRI 102-8)

	2021	2021 %	2020	2020 %
Permanent employment contracts, total	480	91.8%	484	90.6%
Permanent employment contracts, women	309	64.4%	315	65.1%
Permanent employment contracts, men	171	35.6%	169	34.9%
Permanent full-time employment, total	438	91.3%	437	90.3%
Permanent full-time employment, women	273	62%	277	63.4%
Permanent full-time employment, men	165	38%	160	36.6%
Permanent part-time employment, total	42	8.8%	47	9.7%
Permanent part-time employment, women	36	86%	38	80.9%
Permanent part-time employment, men	6	14%	9	19.1%
Fixed-term employment contracts, total	43	8.2%	50	9.4%
Fixed-term employment contracts, women	30	69.8%	31	62.0%
Fixed-term employment contracts, men	13	30.2%	19	38.0%

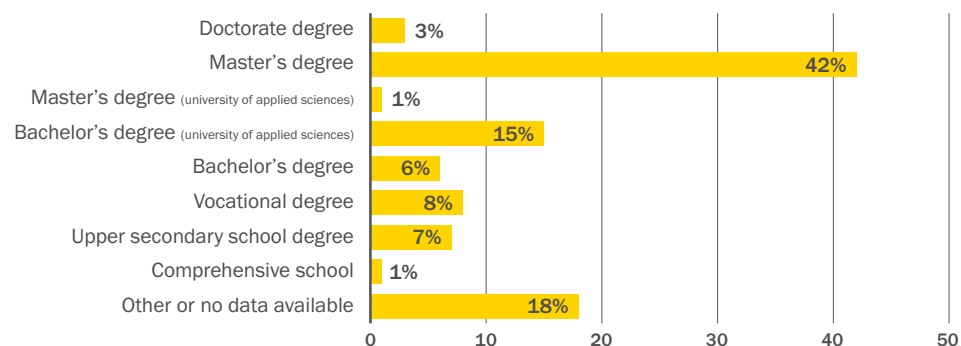


Personnel responsibility in figures

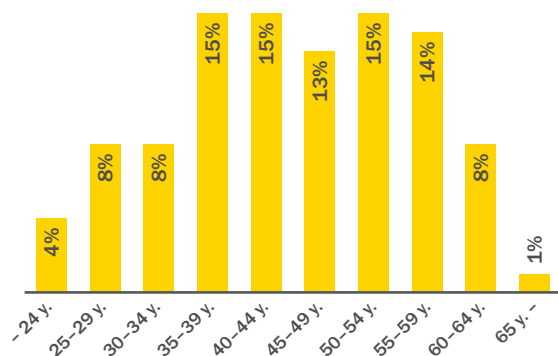
Gender balance by position (GRI 405-1)



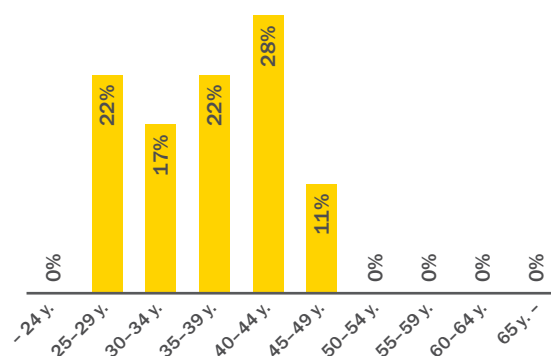
Education distribution



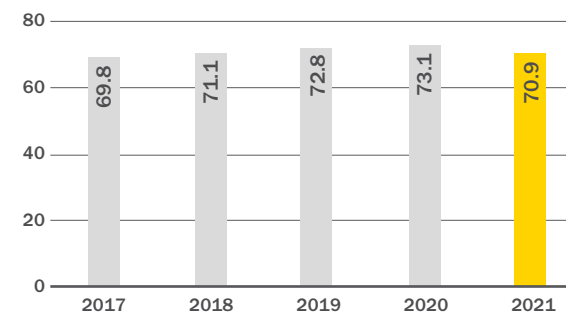
Age distribution of entire personnel 2021



2021 age distribution of recruited people



Workplace wellbeing, development of the PeoplePower index, scale 0-100



RESPONSIBLE PRACTISES

Elo's Code of Conduct guides ethical work practices

Compliance activities

Compliance is about adhering to laws, decrees, regulations issued by the authorities, sector practices, good insurance practice, internal guidelines and principles and the Code of Conduct. It is an integral part of a responsible corporate culture.

Compliance activities are part of Elo's internal control. Its starting point is to comply with the regulations issued by the authorities and general best practices of internal control. Compliance activities are also part of Elo's risk management, where its purpose is to support business operations especially in identifying and managing legal and compliance risks as well as to oversee and report on them to the Audit and Risk Committee and senior management. (GRI 102-33)

KPI OBJECTIVES

Our goal is that our governance is good and transparent. We measure the achievement of the goal with, for example, the number and treatment of critical compliance risks and the percentage of completion of the Code of Conduct online course.





In 2021, Elo's Compliance function was responsible for steering the compliance organisation. In addition to the Compliance Officer, the compliance organisation comprised unit-specific people responsible for compliance. Compliance activities begin from the senior management, i.e. the CEO and the Board of Directors, who are responsible for the lawfulness of the company's operations. During 2021, the compliance function was strengthened as part of the development of Elo's governance and Elo appointed a Chief Compliance Office who took up the post at the beginning of 2022. The Chief Compliance Office is a member of Elo's Executive Group and is also responsible for risk management.

Elo has a confirmed process for processing identified compliance risks, taking into account their degree of sever-

ity. The Compliance Officer has primary responsibility for reviewing risks, reporting on the situations to the Board of Directors and CEO. With regard to critical risks, the reporting takes place immediately. (GRI 102-33) Elo has a compliance board with three members in addition to the CEO. The board is tasked with handling observations that are critical or otherwise significant to Elo's operations and severe compliance situations and making decisions on them. There were no critical compliance risks in 2021. (GRI102-34)

Elo has a whistleblower channel, allowing the reporting of concerns and violations related to the Code of Conduct anonymously. The Compliance function processes the reports and submits the matter to the compliance board to decide on, if necessary. One report was received via the whistleblower channel in 2021. The Compliance function directly received questions and requests for clarification on a weekly basis as well as around ten reports of minor issues.

Anti-corruption guidelines and insider guidelines

Elo has an anti-bribery and anti-corruption policy, which is published on Elo's website. A mandatory online course on the policy for all Elo employees was completed by 98 per cent by employees in 2021. (GRI 205-2) In accordance with the principle, Elo uses a gift register in which all gifts given and received are recorded. No cases of bribery were identified at Elo during 2021. (GRI 205-3) In addition, the risk surveys did not reveal any corruption-related risks. (GRI 205-1)

The anti-corruption guidelines include separate guidelines on sponsorship and joint projects. Elo's partnerships and donations to charity in 2021 are published on Elo's website.

Elo follows an insider guideline pursuant to the Act on Employment Pension Insurance Companies. The insider

regulations are applicable to Elo's investment activities and any securities transactions being executed by personnel belonging to the company's sphere of insiders. Individuals are included among the permanent insiders by virtue of their position or responsibilities. The insider regulations are also applicable to temporary insiders who may receive project-specific insider information.

Elo's Code of Conduct

Elo's Code of Conduct specifies how Elo acts in different situations. It is based on the cornerstones, or values, and operating models of Elo's corporate culture. The Code of Conduct addresses, among other things, good corporate governance, data protection, corruption, working life and human rights.

Elo has an online course on the Code of Conduct that is mandatory for everyone, with a 100% completion rate among the management and 99.4 per cent among other Elo employees in 2021. (GRI 412-2) Each Elo employee has an obligation to comply with the Code of Conduct and report any suspected breaches of the operating procedures.

Elo assessed human rights risks as part of the risk surveys across all functions. The participants of the surveys were also trained on human rights principles and how to take them into account in their activities. A company-level summary of human rights risks has been prepared. (GRI 412-2) Elo's own business and supply chains are mainly in Finland. There have been no reported human rights violations at Elo.

Data security and data protection

We are responsible for the pension security of hundreds of thousands of insured people. For us, data protection means protecting the privacy of our private and corporate customers as well as our employees, i.e. keeping the information confidential and processing it carefully.

We perform a statutory function as a Finnish employment pension insurance company. It is essential for us to protect the data of our customers, employees and other stakeholders. Our tasks require extensive daily processing of personal data.

Data security plays a significant role in data protection. Obligations pertaining to data security are laid out by legislation and the supervisory authorities, with data protection legislation, pension insurance legislation and the orders and guidelines issued by the Financial Supervisory Authority being the most important of these.

We continuously develop data protection

Data protection at Elo involves preserving the accuracy and integrity of data, protecting data from unauthorised access and safeguarding the confidentiality of data.

The confidential data processed by us can be divided into personal data and business secrets. The protection of personal data and customers' business secrets is governed by various pieces of legislation as well as orders and instructions issued by the authorities. Privacy and the protection of personal data are based on the Finnish constitutional provision according to which everyone's private life is guaranteed and more detailed provisions on the protection of personal data are laid down in Finnish legislation.

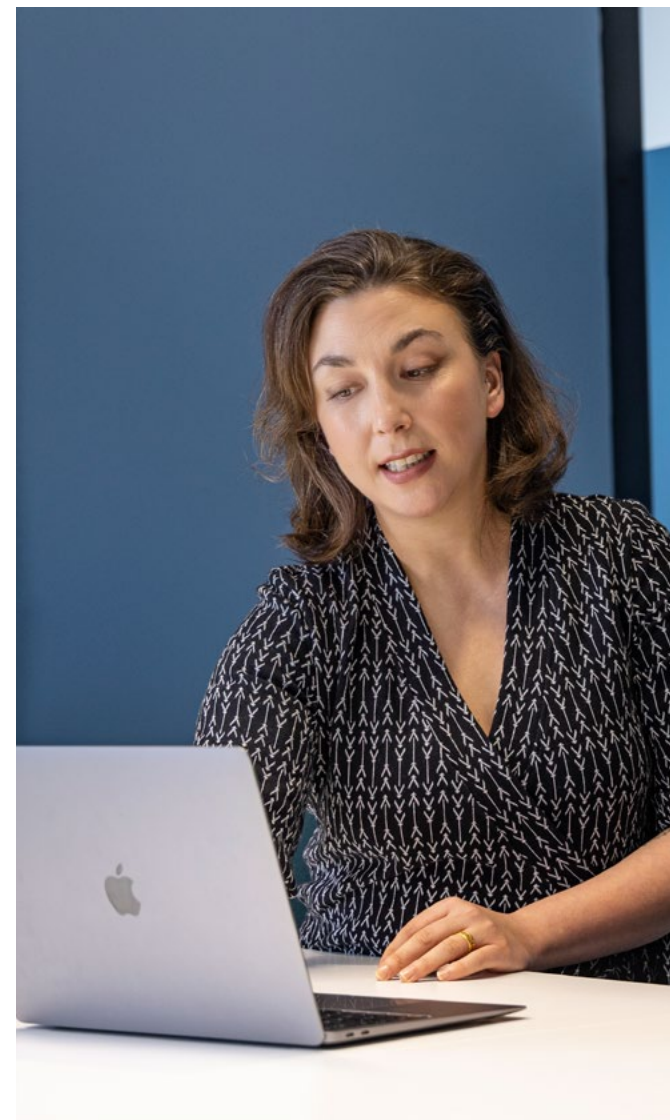
We continuously develop our operations with regard to data protection to enable us to assess data protection risks in advance and avoid them. All of Elo's employees receive training on data protection. We also require our service providers to maintain a high level of data protection. Data protection is part of our standard contractual requirements.

In order to maintain an overview, Elo has a Data Protection Committee headed by Elo's Data Protection Officer. The Data Protection Committee is responsible for preparing company-level data protection guidelines, instructions and practices and for processing data protection incidents that have arisen in various activities. (GRI 103-2)

In the previous reporting year, 2020, we prepared the first data balance sheet for our internal use. The related operat-

KPI TARGET

Our goal is that our governance is good and transparent. We measure the achievement of the goal, for example, by the number of notifications made to the Data Protection Ombudsman. The aim is to minimise the number of notifications.



ing models are still being developed for the future. The data balance sheet and the data collected for it support our data protection work. We are developing the data balance sheet so that we will be able to communicate more about our data protection and security level to our stakeholders.

In 2021, we made seven reports of data security incidents to the Office of the Data Protection Ombudsman. The impact and severity of the events have been assessed and, according to our assessment, they did not cause any significant harm to the data subjects. We have not received any complaints from the authorities regarding data security or data protection. (GRI 418-1)

Data security is everyone's responsibility

Acting responsibly is the most important principle of Elo's data security. The objective of data security is to safeguard the reliability, usability and availability of the data processed by Elo and to prevent confidential information from falling into the wrong hands.

Good management of data security requires continuous monitoring of activities, long-term planning and resourcing, preparation for diverse threats, compliance with the agreed procedures, guidelines, training and communication. Data security is an integral part of the quality of our operations and services, overall security and every Elo employee's daily processing of data.

Our data security is based on the data security policy approved by the Board of Directors in 2019. We have updated our data security principles and the guidelines derived from them to comply with the revised policy.

In a key role in Elo's data security management is a security team consisting of representatives from different departments of the company. The security team reports to



the executive group of Elo. Data security in practice is coordinated by the Data Security Manager working in IT administration. We see to the high level of data security through continuous training and data security audits of different systems. Every Elo employee must complete an online course on data security annually. In addition, we provide training customised based on duties to the different functions. (GRI 103-2)

We closely cooperate with our various IT service providers and data security partners. As a company critical to emergency supply, we cooperate with various authorities with regard to data security. In 2021, special emphasis was placed on updating and developing data protection documentation and the data security of e-mail solutions. Due

to the coronavirus pandemic, Elo people primarily worked remotely. Secure remote work practices were communicated throughout the year via Elo's intranet and by supervisors. In some functions, processes were changed to reduce risks from teleworking. As a result of the experience gained in 2020, data protection and data security were realised well during the second year of COVID-19 as well.

Environmental aspects of our own operations

One of the objectives of our responsibility programme is to create a sustainable environment by taking environmental aspects into account in our operations.

We develop our own environmental work through WWF's Green Office system, for example, having been a member of it since early 2020. The Green Office guides and supports us in acting in a more responsible way. Our Green Office work is in an early phase, but we have taken environmental aspects into account in our office environment even before membership.

Elo has a Green Office team with representatives from all over Elo. The team met remotely four times during the year. With the help of the Green Office commitment, we aim to reduce the carbon footprint of our offices and use natural resources efficiently. One important objective is to increase awareness of environmental impacts and targets. During the year, a blog series was launched to make Green Office

KPI TARGET

Our goal is to take environmental aspects into account in our operations and strive to minimise negative impacts. Our KPIs are the direct and indirect carbon dioxide emissions of our operations.



Small steps towards a sustainable environment

known to the personnel and illustrate the impacts of day-to-day actions. During remote work, however, campaigning and communications related to the energy saving of offices were lower than planned.

Resource-wise change in the working environment

In 2021, we continued to implement an extensive working environment project. The circular economy and low-carbon approaches were taken into account in planning the project. Layout solutions for the office environment were designed to suit different working methods. The aim of the change was to achieve privacy at work, efficiency and communality. The project used existing elements and structures as much as possible while also preferring recycled materials and locally produced goods. In accordance with our objectives, we introduced energy-efficient lighting and lighting control. The well-being of facilities is also maximised through ventilation.

Consideration of the environment is also visible in the office environment as concrete small everyday choices. Cardboard cups are no longer used, certified coffee is chosen and the aim is a paperless office. The service provider of our personnel restaurant has goal-oriented responsibility objectives, which take into account the entire chain from the choice of suppliers to the reduction of food waste.

Carbon footprint calculated for the first time

The biggest environmental impacts of Elo arise through investment activities. In our materiality assessment carried out in 2020, environmental aspects of also other activities were also highlighted as more important than before. One



of the goals of the 2021 responsibility programme was to find out the carbon footprint of Elo's own operations and set goals for it.

In 2021, Elo calculated its direct and indirect carbon dioxide emissions according to the Greenhouse Gas Protocol (GHG) for the first time. The aim is to reduce the CO₂ emissions that can be affected by the activities of Elo.

Elo's total carbon dioxide emissions in 2021 were 7,674 tCO₂e (excluding investment operations), of which Scope 1

emissions were 147 (GRI 305-1), Scope 2 was 323 (market-based) (GRI 305-2) and Scope 3 was 7,203 (GRI 305-3). Emissions are classified into three categories: scope 1 emissions are direct emissions from owned and managed resources, scope 2 emissions are emissions from purchased energy and scope 3 emissions are indirect emissions from own activities, such as purchases and commuting.

Indirect scope 3 emissions are the highest. Elo can reduce the scope 3 emissions of its own operations, for example, through efficiency and indirectly through its own operating principles with guiding principles and increasing environmental awareness, for example. The principles for calculating the carbon footprint can be found on page 69. The carbon footprint of investments is described on page 35 of the report.

Electricity for the Elo building with wind and solar energy

Elo's office in Tapiola, Espoo, is a renovated property built in 1975. Starting from 2020, the property uses renewable wind energy. The target for reducing the scope 2 emissions of Elo's electricity and energy consumption has been linked to the Energy Efficiency Agreements of the real estate sector as part of Elo's direct investments in domestic real estate.

During 2019, an extensive energy survey was carried out at Elo's office building. The measures continued in the course of 2021. Among other measures, a solar power plant was built at the property in 2021. Investing in solar energy is one of the measures that will promote Elo's energy efficiency targets. Elo is committed to energy efficiency agreements and has set precise energy-saving targets for its properties. Reducing electricity consumption can also be influenced through Green Office practices and training, for example, and this work will continue.

Reporting principles

Elo's annual reporting is comprised of the annual and responsibility report, the Board of Directors' report and financial statements, the non-financial disclosures included in the report of the Board of Directors and a separate corporate governance statement. Elo's financial statements include a risk management note.

The Board of Directors of Elo approves the annual and responsibility report as part of the company's overall financial annual reporting. Elo publishes an annual and responsibility report every year. The previous report was published in March 2020. The reporting period is January 1 to December 31, 2021. (GRI 102-32) The annual and responsibility report is mainly prepared from the perspective of the parent company of Elo Mutual Pension Insurance Company.

The financial indicators are based on Elo's accounting, financial reporting and financial statements. The financial statements are prepared in accordance with the Accounting Act, Limited Liability Companies Act and Insurance Companies Act and the acts on employment pension insurance companies. The financial statements comply with the Ministry of Social Affairs and Health decree on the financial statements and consolidated financial statements of insurance companies, the Accounting Decree, calculation bases adopted by the Ministry of Social Affairs and Health and the regulations and guidelines issued by the Financial Supervi-

sory Authority. The personnel figures cover the parent company's personnel and the key figures have been calculated with the HR systems.

Elo's annual and responsibility report has been prepared by reference to the Global Reporting Initiative (GRI) standards. In addition to these, we also report information related to Elo's own essential topics of responsibility. The scope of the report mainly corresponds to the Core level of the GRI standards. Elo's annual and responsibility report 2021 includes a report on the risks and opportunities related to climate change in investment activities in accordance with the TCFD. The report includes an assessment of the consideration of climate issues of investment operations in Elo's management, strategy and risk management, as well as objectives and indicators related to climate issues.

Emissions accounting of Elo's own operations (excl. investment operations)

The biggest environmental impacts of Elo arise through investment activities. In our materiality assessment carried out in 2020, environmental aspects of also other activities were also highlighted as more important than before. Elo reports the carbon dioxide emissions of its own operations in accordance with the Greenhouse Gas Protocol (GHG) as carbon dioxide equivalents. Elo's emissions accounting covers scope 1, scope 2 and scope 3 emissions. The most recent available relevant emission factors for the different categories are in the accounting. The accounting is based on Elo's accounting guideline.

Responsible investment

With the currently available tools, calculating the carbon footprint for the entire portfolio and other climate risk metrics is inaccurate for a large institutional investor. We focus on identifying climate risks and opportunities at the asset class and portfolio level, especially in listed equity and corporate bond investments and real estate.

The weighted average carbon intensity of listed equity and corporate bond investments is calculated from the emissions of the investee companies in relation to their revenue (WACI, tCO₂e/mUSD revenue, scope 1, 2). The market value-based carbon footprint (tCO₂e/mUSD invested, scope 1+2) is calculated in relation to the USD invested and the market value-based carbon intensity (tCO₂e/mUSD revenue, scope 1+2) in relation to revenue. Absolute emissions have been calculated based on market value and/or EVIC in tonnes of CO₂ equivalent (tCO₂e, market value and/or EVIC, scope 1, 2 and 3).

The calculation of the key figures takes into account the scope 1 and 2 emissions of the listed investee companies. The companies' scope 3 emissions in absolute emissions are calculated for upstream. The scope 1 greenhouse gas emissions are direct emissions from sources owned or controlled by the undertaking, such as self-generated energy. Scope 2 emissions include indirect emissions from the energy acquired by the company. Emissions are accounted for using standardised carbon dioxide equivalents, describing the combined global warming potential of different greenhouse gases.

Company-specific emissions for listed companies are based on the most recent data available. Where public ver-

ified data is not available, estimates based on the service provider's calculations are used. Elo's investment are per the last day of the year.

Sustainable impact solutions in direct listed equity and corporate bond investment are calculated as a weighted average, using portfolio weights and each issuer's percent of revenue generated from sustainable impact solutions. The green bonds are fully noted in the calculation. The shares of sustainable impact solutions in infrastructure investments have been assessed at the fund level. The share of sustainable solutions has been calculated by taking into account the market value of the entire fund if there are sustainable solutions in any of the fund's target companies. The figure does not take into account the revenue of target companies.

EU taxonomy eligibility has been calculated as a weighted average of the value of listed equity investment in taxonomy-eligible economic activities of investee companies in relation to Elo's direct listed equity investments. Taxonomy-eligibility is estimated based on investee companies' turnovers.

For domestic real estate investments, market-based scope 2 emissions of direct real estate holdings are reported. The emission factors used for district heating are obtained from energy companies. The reporting covers 89% of direct real estate assets. The weighting is based on the rentable floor area.

Elo's GRI content index 2021

DISCLOSURE CONTENTS		REPORTING, PAGE NUMBERS AND FURTHER INFORMATION
GENERAL CONTENT		
Description of the organisation		
102-1	Name of the reporting organisation	Elo Mutual Pension Insurance Company
102-2	Activities, products and services	p. 7, 40, 45, 48, 51
102-3	Location of the company's headquarters	Revontulentie 7, 02100 Espoo
102-4	Location of operations	p. 15
102-5	Ownership structure and legal form	Elo is a mutual insurance company.
102-6	Market served	p. 15
102-7	Scale of the organisation	p. 7, 8
102-8	Information on employees and other workers	p. 60, 61
102-10	Significant changes in the organisation and supply chain	p. 6, Report of the Board of Directors and Financial Statements , www.elo.fi
102-11	Precautionary Principle or approach	p. 26, 63 Report of the Board of Directors and Financial Statements
102-12	External principles or initiatives approved or promoted by the organisation	p. 22, 24, 26, 28
102-13	Membership in organisations and advocacy organisations relevant to corporate responsibility	p. 15, 16, 22
Strategy		
102-14	CEO's review	p. 5, 6
Business ethics		
102-16	Values and business principles	p. 9
102-17	Mechanisms for advice and concerns about ethics	p. 64
Corporate governance		
102-18	Governance structure	Corporate Governance Statement, www.elo.fi
Stakeholder engagement		
102-40	List of stakeholder groups	p. 15, 16
102-41	Collective bargaining agreements	Collectively negotiated collective agreements 92% (31 Dec 2021).
102-42	Identification and selection of stakeholders	p. 15, 16
102-43	Principles of stakeholder engagement	p. 15, 16
102-44	Key issues and concerns raised	p. 12, 41, 43, 50, 52

DISCLOSURE CONTENTS		REPORTING, PAGE NUMBERS AND FURTHER INFORMATION
Reporting policy		
102-45	Entities included in the consolidated financial statements	Report of the Board of Directors and Financial Statements
102-46	Defining report content and topic Boundaries	p. 11, 14, 69
102-47	List of material topic	p. 11, 12
102-48	Changes in previously reported information	Any significant changes explained in connection with the texts.
102-49	Changes in reporting	Most of the scope of the GRI Core reporting was implemented this year.
102-50	Reporting period	1 January – 31 December 2021
102-51	Date of last report	3/18/2021
102-52	Reporting cycle	The report is published annually
102-53	Contact details for more information	viestinta@elo.fi
102-54	Claims of reporting in accordance with the GRI Standards	Corporate responsibility is reported using the GRI framework as a reference. At present, the scope is mostly at the Core level.
102-55	GRI Content Directory	p. 71
102-56	External assurance	The report has not been assured
MANAGEMENT APPROACH		
103-1	Explanation of material topics and its Boundaries	p. 10, 12, 21, 26
103-2	The management approach and its components	p. 23, 51, 65, 66
103-3	Evaluation of the management approach	p. 11, 25, 33, 43, 52
ECONOMIC IMPACT (SUSTAINABLE SOCIETY)		
Economic performance		
201-1	Direct economic value generated and distributed	Partly, p. 8, 18
201-2	Financial implications and other risks and opportunities due to climate change	TCFD Report, p. 31-34
203-2	Significant indirect economic impacts	p. 8, 14, 20-26, 47, 48, 49, 52
205-1	Operations assessed for risks related to corruption	Partly, p. 64
205-2	Communication and training about anti-corruption policies and procedures	Partly, p. 64
205-3	Confirmed incidents of corruption and actions taken	p. 64

DISCLOSURE CONTENTS		REPORTING, PAGE NUMBERS AND FURTHER INFORMATION
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302-1	Energy consumption within the organization	Partly p. 29
302-4	Reduction of energy consumption	Partly p. 28
Emissions		
305-1	Direct GHG emissions	Partly, p.64
305-2	Energy indirect GHG emissions	Partly, p. 35, 64
305-4	GHG emissions intensity	p. 29, 35
SOCIAL IMPACT (SUSTAINABLE WORKING LIFE)		
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401-1	New employee hires and employee turnover	p. 58, 60
Occupational health and safety		
403-1	Occupational health and safety management system	p. 56
403-2	Accident identification, risk assessment, and incident investigation	p. 56
Education		
404-1	Average hours of training per year per employee	p. 59
404-2	Programs for upgrading employee skills and transition assistance programs	p. 59
404-3	Share of employees covered by regular performance assessments and development discussions	p. 59
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	p. 61
405-2	Ratio of basic salary and remuneration of women to men	p. 59
Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	p. 56, 58
Human rights assessments		
412-2	Employee training on human rights policies and procedures	Partly p. 64
Privacy of customers		
418-1	Confirmed complaints related to violations of customers' privacy and loss of customer data	p. 66



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