



**2023**

**Sustainability Report**

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This is Elo's Sustainability Report 2023. We have published the Board of Directors Report, Financial Statements, Corporate Governance Statement and Remuneration Report as separate reports.

SUSTAINABILITY AT ELO

# We provide lifelong security

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WE ARE ELO

## Sustainability at Elo

The core task of Elo Mutual Pension Insurance Company is to secure pensions by investing the assets accumulated as pension contributions in a responsible and profitable manner. An earnings-related pension company has statutory products and services.

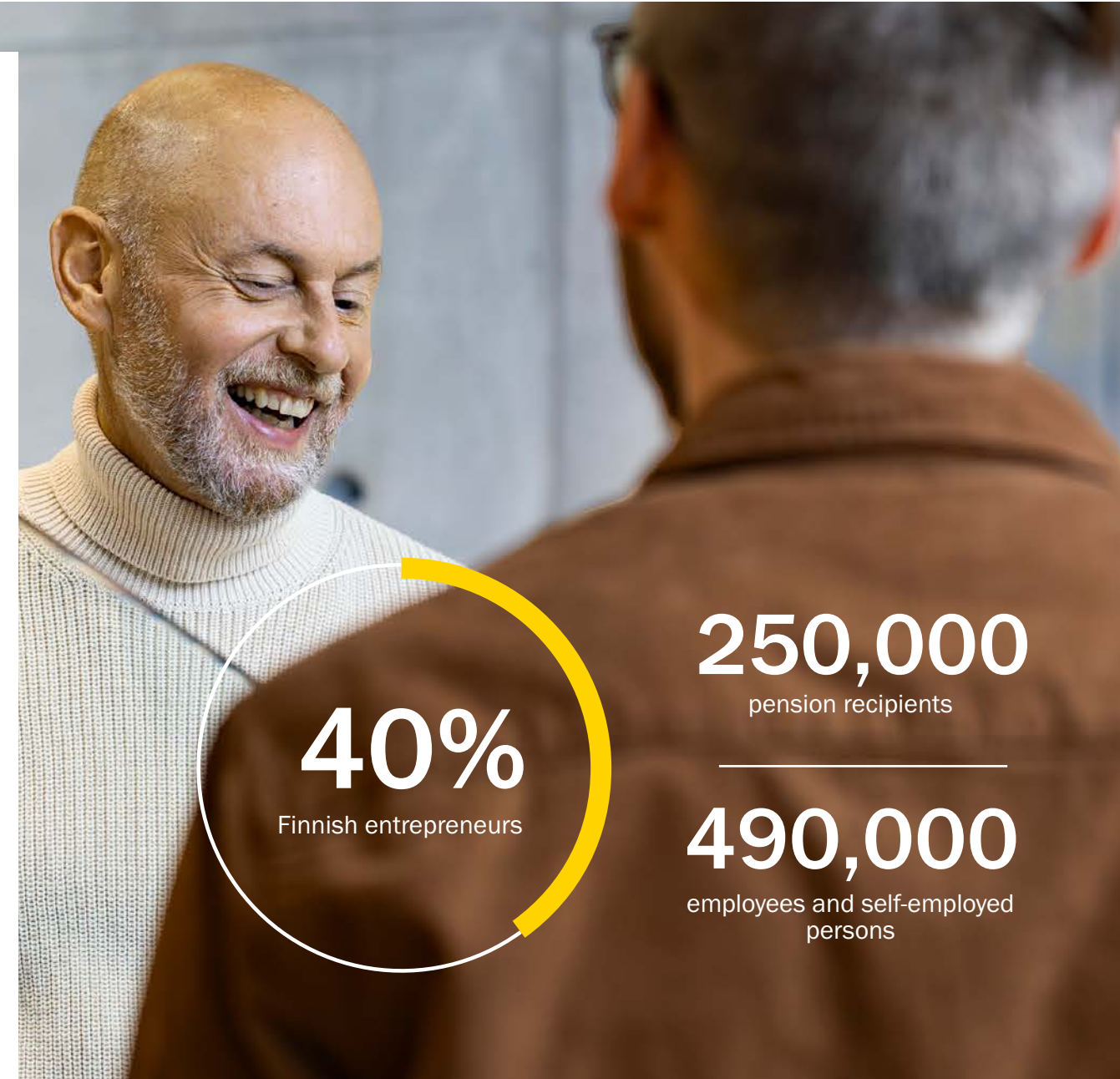
The value chain of the company consists of the sales and management of insurance policies, the investment of pension assets and the payment of pensions. Responsibility is an integral part of our operations. We report on our sustainability annually, this report is for the financial year 2023. The report has been approved by Elo's Board of Directors and it has been pre-verified by an external verifier.

We insure the employees of client companies that have taken out earnings-related pension insurance and self-employed persons. Employers are responsible for their employees' pension security with TyEL insurance. Employers and employees jointly pay earnings-related pension contributions based on employees' wages and salaries. Self-employed persons, on the other hand, are responsible for their own YEL insurance. Almost one in three Finnish companies and approximately 40 per cent of entrepreneurs have chosen Elo as their earnings-related pension insurer. We are responsible for the future pensions of 490,000 employees and self-employed persons and the current pensions of 250,000 pension recipients. The sale and management of Elo's insurance policies is

complemented by the extensive service network of our non-life insurance partners. Thus, we can offer earnings-related pension insurance services across Finland. Elo's shareholders are our customers, i.e. policyholders and employees insured by Elo.

In order to secure pensions now and in the future, we take care of EUR 30 billion of investment assets. We ensure the profitable, secure and responsible investment of earnings-related pension assets. We diversify our investment assets both into different asset classes and geographically. Our investment portfolio consists mainly of fixed income, equity and real estate investments as well as hedge fund investments. We invest the assets on a long-term basis in compliance with the company's strategy and policy. We also offer corporate financing to our client companies.

Our disability risk management services help customer companies to identify and foresee disability risks and ensure that the companies have expertise in disability risk management. Operations are directed on a risk-based and systematic basis to reduce the identified disability risks and costs.



40%

Finnish entrepreneurs

250,000  
pension recipients

490,000  
employees and self-employed  
persons

# Our work is meaningful



Sustainability has developed from a business trend into the foundation of a sustainable and successful business and part of organisations' strategy. Today we are more aware of the impacts of climate change and biodiversity loss, challenges to well-being and cracks in the foundations of the economy.

Consumers' corporate responsibility-related expectations have grown stronger. Employees also want meaningful work and the responsibility and impact of one's own workplace has emerged as an increasingly important dimension of the employee experience. Young people, in particular, require and drive change towards an even more sustainable society and business activities.

Still, the fundamental aspects of corporate responsibility have not changed. Companies still need to think about what is relevant and material, they need to listen to their stakeholders and determine what supports their strategy and business. We need to know

the regulatory framework. Sustainability aspects as well as risk assessments need to be evaluated as part of a company's strategy process. This is also how we work at Elo. We launched a new sustainability programme in 2023. The priorities outlined in the programme – We insure responsibly, We build a human working life and We invest for the future – gather the most important themes of our business and are strongly grounded in our strategy. We apply these themes as we challenge ourselves in sustainability and keep learning all the time.

Our sustainability reporting for 2024 will follow the new Corporate Sustainability Reporting Directive (CSRD). At Elo, we have prepared for the change in

” Sustainability is one of the areas in which we can never say that we are ready. Therefore, it is important that we remain curious, follow what is happening in the world and experiment agilely with new approaches.

reporting by completing a gap analysis between the current reporting standards and new standards as well as defined a description of the value chain in several workshops. As part of this development work, we pre-verified this sustainability report 2023.

In Elo's investment operations, we have been working on sustainability issues for a long time. We have ambitious targets for our investment portfolio, clear plans and measures, as well as strict monitoring of how well we have reached our targets. During the year, we launched a sustainability programme for Finnish real estate and an update of the principles of responsible investment.

Another development project was related to biodiversity. Our roadmap of biodiversity includes four stages: review, analysis, integration and reporting. When the situational picture of biodiversity-related

dependencies and impacts is clear, the following step will be to set goals and integrate them into action. We will refine our approaches as the frameworks and data for assessing risks and opportunities related to biodiversity aimed at investors evolve.

In accordance with our sustainability programme, the principles guiding our operations are comprehensive and up to date. An excellent employee experience is our key strategic priority and part of social responsibility. As part of our work, we defined the management principles and prepared a development programme for middle management. We developed our remuneration policies and defined our workplace skills and employer's statement. We organised training for all employees on diversity, equity & inclusion (DEI) awareness and will continue this work. Furthermore, we defined our human rights principles.

Our work ability services are an integral part of our responsibility operations. We support our client companies in identifying disability risks and our insured persons with vocational rehabilitation in the event of a decrease in their work ability. The prevention of disability is in the interests of society as a whole. As concrete actions, we developed, for example, the online service for corporate customers so that our customers can better identify their disability risks and the resulting payment effects.

As an earnings-related pension company, we know that retiring means a major change. We help our customers to plan their retirement and identify different pension options. Our pension application process is fast and easy so that pension recipient will have no interruption of income.

Sustainability is one of the areas in which we can never say that we are ready. We learn and get new information, regulation develops and expectations grow. Therefore, it is important that we remain curious, follow what is happening in the world and experiment agilely with new approaches.

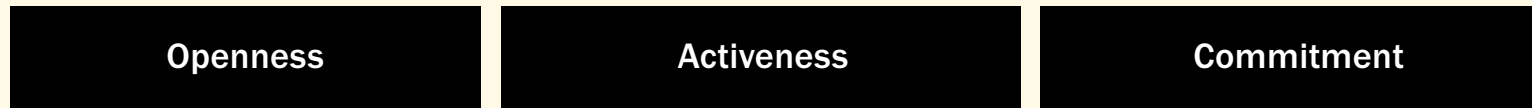
A pension company must act responsibly in all situations – and this is how Elo works.

I would like to thank all employees and our partners for their excellent collaboration during the past year.

**Carl Pettersson**

# Strategy

## Values



## Mission

We provide lifelong security

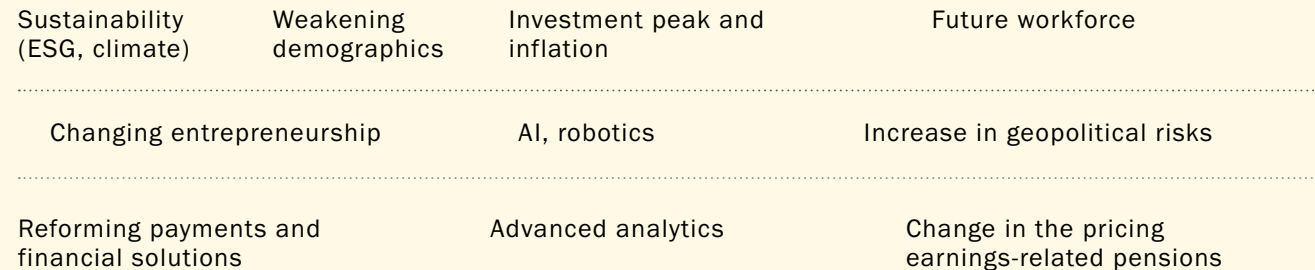
## Vision

The most preferred pension company in 2025

## Strategic objectives



## Changing operating environment



Elo’s strategic vision is to be the most preferred Finnish pension company in 2025 and our mission is to create lifelong security. Our values are openness, activeness and commitment. The vision is pursued through five strategic key objectives: adequate solvency, excellent employee experience, trailblazer in work ability services, strong performance in services and the most customer-centric and fastest growing.

Sustainability is integrated into all strategic objectives and the sustainability programme describes the focus areas of development activities in more detail.



# Sustainability programme and materiality assessment

In line with the strategy, we at Elo promote sustainability. In summer 2023, Elo's Board of Directors approved a new sustainability programme, the spearhead of which is We provide lifelong security in line with our mission. The sustainability programme has three focus areas: We insure responsibly, We build a human working life and We invest for the future.

**We insure responsibly** - reflects our trustworthy and efficient operations. Our customers receive reliable and understandable service and information, as well as the correct pensions. Our operations are transparent and their principles are clear, up-to-date and comprehensive. We promote responsibility by communicating about our own activities and actively participating in the responsibility discussion.

**We build a human working life** - we promote a human working life, where it is good to work and to be an entrepreneur. We support entrepreneurship and sustainable growth. We work for the future and work-life skills of the youth. Our work ability management services help to reduce disability risks and extend working careers. An excellent employee experience is at the heart of our operations.

**We invest for the future** - focuses on our investment assets, with which we secure the fiscal sustainability of the Finnish pension system and the livelihoods of different generations. It is essential to incorporate responsibility into the investment process to manage investment risks and achieve good returns. Through collaboration and active engagement, we promote the implementation of sustainable development targets.

The sustainability programme was based on a materiality analysis carried out in 2020. The analysis was carried out among employees, business decision-makers and our other stakeholders. It consisted of a quantitative survey and qualitative interviews. The stakeholder survey for the 2020 materiality assessment was carried out with an electronic questionnaire and supplementary telephone interviews. A total of 662 people completed the survey. In summary, the materiality analysis indicated that taking care of the earnings-related pension company's core function is the most essential part of responsibility. Safeguarding solvency and making pension decisions smoothly were also among the most significant issues. Questions related to work life and social responsibility were essential to the respondents. Communicating about responsibility and transparency also emerged as important topics.



In 2023, when preparing the sustainability programme, the materiality analysis was not carried out again, because reporting will be based on the dual materiality analysis going forward. The dual materiality analysis assesses how our operations affect society and the environment and, on the other hand, what kind of impacts the risks and opportunities related to responsibility issues have on Elo. We conducted this analysis in late 2023. Likewise, we prepared an analysis of the differences and gaps between future sustainability reporting requirements and Elo's current reporting.

To help build the sustainability programme, we used workshops of the responsibility network and personnel, as well as interviews with the Executive Group. The operational environment analysis and strategic choices of Elo's strategy, completed in late 2022, also served as a basis. We compiled the metrics related to the sustainability programme in accordance with the programme's priorities, and they are partly metrics of our core business. Responsibility is an area of continuous development, and the metrics will also evolve and in some cases change with the future sustainability reporting.

In 2023, we applied for EcoVadis certification for the first time and our operations were ranked at the silver level. The best quarter of companies reach this level. EcoVadis is one of the world's largest companies carrying out sustainability assessments, and it has assessed more than 100,000 companies from more than 200 different industries. The methods used in the assessment and the resulting classification are based on international sustainability standards, such as the UN Global Compact initiative, the Global Reporting Initiative (GRI) and ISO 26000.

# We provide lifelong security

The infographic features a yellow background with three white thought bubbles. The first bubble contains the text 'We insure responsibly' and is illustrated with a person in a white coat assisting a person in a wheelchair, and another person in a yellow jacket carrying a briefcase. The second bubble contains 'We build a human working life' and is illustrated with two people sitting at a table with laptops, and a whiteboard with a pie chart and bar graph. The third bubble contains 'We invest for the future' and is illustrated with a person in a yellow safety vest kneeling to plant a tree, and a bus with a person inside and another person standing outside.

**We insure responsibly**

**We build a human working life**

**We invest for the future**

**Elo's Sustainability Programme 2023–2025**

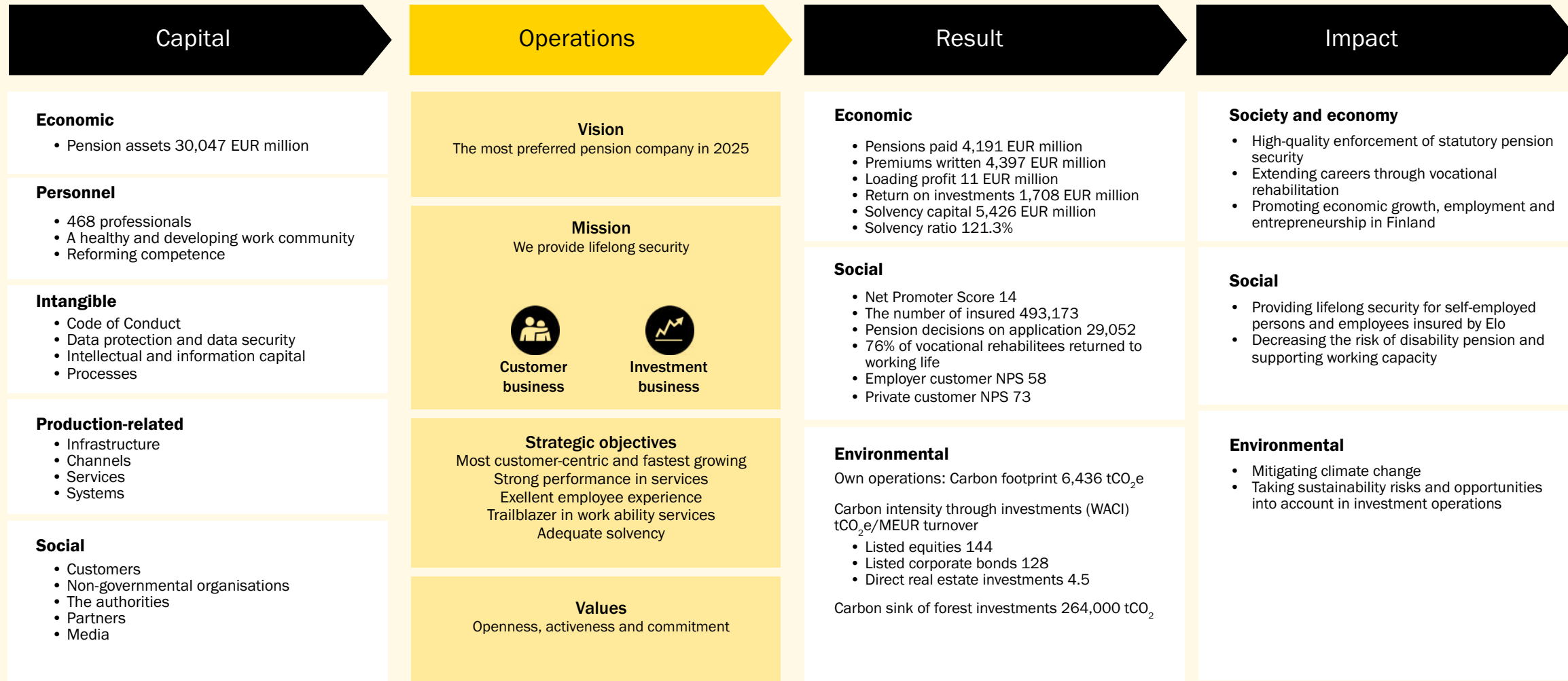


# Sustainability programme key metrics (KPI)

Focus area	Objective in Elo's operations	Metric	Outcome in 2023	Target level
We insure responsibly	We reduce the environmental impact of our operations	Carbon footprint	-9,0%	Decreases
	Our customers receive reliable and understandable services	Customer satisfaction of private customers	73	NPS over 75
		Customer satisfaction of employer customers	58	NPS over 65
	Pension decisions are fast	Speed of decisions, processing time index	93 (The target level was achieved)	At least equal to the industry average
	We communicate about responsibility	Trust & Reputation survey, overall reputation	3.3 (The target level was not achieved)	Above the industry average
Our operations are trustworthy	Completion of Elo's mandatory online courses	93.3% 96.6%	Management 100% Employees 95%	
We build a human working life	Excellent employee experience	Net Promoter Score	The score was 14 (8 in Dec 2022) The score improved.	The score improves
	We help extend careers	Rehabilitees' return to work life	76%	Over 70%
	Excellent employee experience	Perception of one's own work ability	The score was 8,2 (8,3 in Dec 2022) The target level was not achieved.	Rising
We invest for the future *)	Responsibility of investment activities	Responsibility assessment (PRI score)	PRI score rose to 85. The target level was achieved.	Rising
		Participation in shareholder meetings	3.3-fold	A threefold increase from 2022 to 2023
	We take climate change and biodiversity into consideration	Carbon footprint of investments (WACI of investments in listed equities and corporate bonds)	Decrease 37% listed equities Decrease 40% listed corporate bonds	A decrease of 25% in listed equities and corporate bonds from 2019 to 2025.
		Energy efficiency of direct real estate investments in Finland	Reduction in heating 10.8% business properties and 12.1% rental homes Reduction in electricity consumption 12.8% business properties and 13.5% rental homes (kWh/m <sup>3</sup> /a)	From 2019 to 2025, a 10% reduction in heating and a 5% reduction in electricity consumption

\*) Progress towards longer-term objectives is monitored annually. The metrics are derived from the climate strategy and the Finnish real estate sustainability programme.

# Value creation



## Elo and society

As an earnings-related pension company, Elo plays a responsible role in society as an insurer of Finnish statutory pension security.

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 earnings-related pension system has been regularly and responsibly developed in response to changes in society. In 2023, the earnings-related pension sector headed towards the reform of the pension system. The long-term target set for the reform is to strengthen general government finances by 0.4 percentage points relative to GDP. The Government Programme also mentions the development of self-employed persons' pensions (YEL). The Ministry of Social Affairs and Health established a working group to investigate the reform of the earnings-related pension system. The proposal to the Government is due to be completed by the end of January 2025.



# Stakeholders and interaction

Listening to and interacting with stakeholders and knowing their expectations is important to us. Responding to expectations requires open and active interaction with stakeholders. The aim is to raise awareness of Elo and the pension system and to strengthen mutual trust. We follow Elo's communications policy to ensure appropriate disclosure of information. Customer surveys and feedback help us to meet customer expectations and develop our service.

We listen to our employee experience and measure the quality of management through regular personnel surveys and pulse surveys. In stakeholder work, we prepared for the introduction of the national transparency register, which will enter into force in 2024. The purpose of the transparency register is to improve the transparency of decision-making, prevent inappropriate influence and strengthen citizens' trust in central government and democracy. The public register maintained by the National Audit Office of Finland (NAOF) includes, among other things, companies' lobbying targeted at Parliament and ministries. Lobbying activities refer to contacts aimed at promoting the realisation of a certain interest or goal in the preparation and decision-making carried out by Parliament and ministries.

Elo's operations are supported by the advisory committees of self-employed persons, employers, the insured and general pension interests. The key task

of the advisory boards is to provide feedback on our activities and thus help us in our development work. We also discuss topical issues related to the industry. Our experts participate in the work of various bodies promoting the development of the sector, such as the Finnish Pension Alliance Tela, Finance Finland and the Finnish Centre for Pensions (ETK). Some of the working groups in the pension sector are permanent and some are temporary. We also issue statements on matters under work to the authorities. In addition to working groups, we are members of, for example, Tela and Finance Finland. We paid EUR 474,800 in membership fees to Tela and EUR 306,000 to Finance Finland.

The expertise of our Elo's employees is utilised and developed in active interaction with our stakeholders.

## Our key stakeholders include:

- customers
- our strategic partners in insurance
- labour market organisations
- entrepreneur and industry associations
- the authorities and decision-makers
- the earnings-related pension sector's collaboration and supervision of interest bodies
- employees
- investments
- members of our governing bodies and advisory committees

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

Responsibility is not only about actions, but also communication, and communication is always two-way. We want to listen to our stakeholders, understand their expectations and develop our operations according to their feedback. To gain a broader understanding, we regularly participate in T-Media's Reputation&Trust study for the financial sector. The study examines the reputation of financial sector organisations operating in Finland and the industry in general among the general public. The study is also one of our key metrics. In the December study, we received an overall rating of 3.27 on a scale of 1 to 5. Our result improved from last year's corresponding survey (+0.3). We had set exceeding the industry average as our objective and did not reach the target level. We will review the study results in Elo's Executive Group, analyse the results and develop our operations to better meet or even exceed expectations.

## We support entrepreneurship, employment and diversity

We collaborate with non-profit organisations as part of our social role. We promote Finnish entrepreneurship and employment as well as diversity and we work to prevent marginalisation. By collaboration and sponsorship, we refer to collaboration involving consideration or a partnership that equally benefits Elo and the sponsored entity.



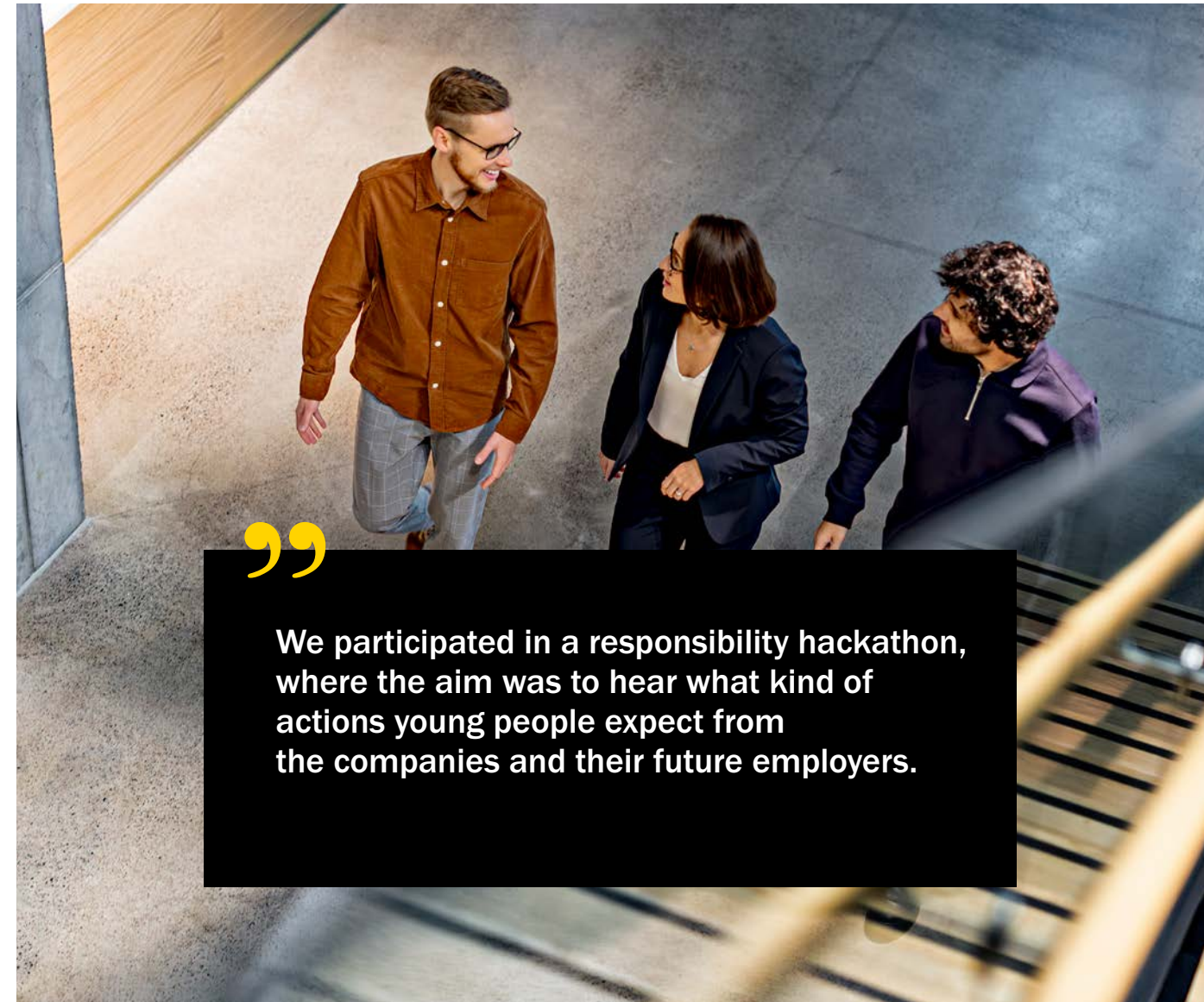
For the fifth time, we took part in organising the Migrant Entrepreneur of the Year competition with Suomen Yrittäjät. The aim of the competition is to heed and highlight entrepreneurs with immigrant backgrounds and their significance in the Finnish business sector. We also participated in the UusioUra event, which promotes employment opportunities for people over 45 years of age, telling how pension and social security are taken care of in a self-employed person's career. We took part in rewarding the national Woman Entrepreneur of the Year and Young Woman Entrepreneur of the Year. The Woman Entrepreneur of the Year award is given to an entrepreneur who has done exemplary and trailblazing work as a developer of her own company and sector. The criteria for the Young Woman Entrepreneur award, in turn, are courage, originality, open-mindedness and innovation.

We also took part in the Entrepreneur of the Year growth entrepreneur competition and Junior Achievement Finland's entrepreneurship education programme. In the EOY Growth Entrepreneur competition, we awarded the annual growth entrepreneur, family entrepreneur and start-up entrepreneur awards. In Junior Achievement Finland's Uskalla Yrittää competition final we recognised a special award for the best sales team. As part of the Job Shadow Day, organised by Junior Achievement Finland, two young people took part in our managers' workday. The young people had participated in the JAF entrepreneurship education programme at their school. We participated a hackathon with a corporate responsibility theme for financial sector students. The hackathon was organised by the Finance Academy

network. The aim of the event was to hear students' views on what kind of responsibility measures they expect from companies in the sector and what young people want from their future employer. Discussing and sharing views also develops Elo's operations.

Mental health has become a key theme in work life, and awareness of the impact of the work environment on mental health has increased. We have joined the Peace of Mind (Mielenturvaa) network because, as members of the network, we can have an impact on other companies with our operating models and example and relay our disability risk management expertise. The aim of the network is to make the enhancement of mental health part of day-to-day life in all workplaces.

Elo may make donations for non-profit purposes in accordance with the Pension Insurance Companies Act. In 2023, we donated EUR 15,000 to the Finnish Red Cross Disaster Relief Fund to help those affected by the war in Ukraine and EUR 1,000 to the Federation of Mother and Child Homes and Shelters. In addition, employees had the option of donating their share of funds reserved for the personnel's Christmas greetings to Hope ry (support work for deprived families and children in custody in Finland), Finn Church Aid (emergency aid collection for Ukrainian children) and the Finnish Red Cross (victims of accidents and crises in Finland and around the world).



”  
**We participated in a responsibility hackathon, where the aim was to hear what kind of actions young people expect from the companies and their future employers.**

# Collaborations and commitments

		Year	Commitment	Collaboration	Reporting	Engagement	Analysis tool
GENERAL	PRI	2008	✓	✓	✓	✓	✓
	Finsif	2010	✓	✓			
	Fibs	2016		✓			
	Ecovadis	2023			✓		
ENVIRONMENT	CDP	2015		✓		✓	✓
	Montréal Pledge	2015	✓		✓		
	TCFD	2017	✓		✓		✓
	IIGCC	2017		✓		✓	✓
	Climate Action 100+	2017	✓	✓		✓	✓
	TETS ja VAETS	2017	✓		✓		
	Investor Agenda	2018	✓	✓	✓	✓	
	Climate Leadership Coalition	2020		✓		✓	
	Green Office	2020			✓		
	Net Zero Asset Owner Commitment	2021	✓	✓	✓	✓	✓
	Transition Pathway Initiative	2022					✓
	Nature Action 100	2023					
	SOCIAL	Investor Alliance for Human Rights	2021		✓		✓

Additional information about investment-related initiatives and collaboration is presented below in a separate section.

# Elo's cash flows - Sustainability in figures

We insure the employees of customer companies that have taken out earnings-related pension insurance from Elo and self-employed persons.

We take care of future pensions by investing the pension assets profitably and securely.

Earnings-related pension secures income when an employee or entrepreneur retires. We pay pensions to pension recipients correctly and on time.

Employers

**46,400**

Employees

**409,700**

Self-employed persons

**83,500**

Premiums written

**4,397**  
EUR million

Elo's investment assets

**30,000**  
EUR million

Pensions and other benefits paid

**4,461**  
EUR million

Pension recipients

**249,800**

Investment income 1,708 EUR million  
 To strengthen solvency 243 EUR million  
 To funds for future pensions 1,262 EUR million  
 Elo's operating costs 74 EUR million  
 Transfer to customer bonuses and management fee refunds 65 EUR million





# Summary of key figures

		31.12.2023	31.12.2022
<b>COMPANY SIZE</b>	Premiums written, EUR million	4,397.5	4,348.3
	Pensions and other benefits paid, EUR million <sup>1)</sup>	4,461.0	4,147.9
	Technical provisions, EUR million	25,733.7	24,252.8
	Pension assets, EUR million <sup>2)</sup>	30,922.6	29,015.0
	TyEL payroll, EUR million	16,001.0	15,685.7
	YEL earned income sum, EUR million	1,878.7	1,811.8
	Number of TyEL policyholders	46,400	47,000
	Number of TyEL insured	409,700	419,300
	Number of YEL policyholders	83,500	84,400
	Number of pensioners	249,800	248,000
Number of personnel (average work contribution)	434	473	
<b>RESULT</b>	Loading profit, EUR million	10.9	33.2
	Transfer to client bonuses (%) of TyEL payroll	0.34 %	0.54 %
	Solvency capital, EUR million	5,426.2	5,109.0
	ratio to solvency limit	1.5	1.5
	Pension assets, % of technical provisions	121.3 %	121.4 %
	Net investment income at fair values, EUR million	1,707.9	-1,078.6
	Net return from investment on capital employed, %	6.0 %	-3.7 %

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

<sup>2)</sup> Technical provisions + solvency capital

Overall return on investments

6.0%

Pensions and other benefits paid, eur million

4,461 EUR million



## Managing sustainability

### The organisation of sustainability at Elo

Elo's Board of Directors approves the company's strategy. The strategy confirms the values, mission and vision, as well as the strategic objectives, while also taking into account sustainability aspects. The Board evaluates the progress of sustainability and the implementation of the strategy on a regular basis. The Board of Directors monitors the implementation of the strategy monthly and annually in connection with the Sustainability Report.

The Board of Directors approves the key sustainability policies, such as Elo's sustainability programme. The Board of Directors also approves the Sustainability Report before its publication and evaluates the success of sustainability work on the basis of the achievement of the set objectives. Before the approval of the Board of Directors, the report is discussed by the Board of

Elo has a sustainability network consisting of experts from different business areas, tasked with promoting sustainability as part of strategy and corporate culture. The network updates the sustainability programme and is responsible for its implementation together with supervisors. Every employee ensures that sustainability practices are applied in their work. To ensure this, we have mandatory online courses for everyone, for example on Code of Conduct. The extensive sustainability training opportunities of the corporate responsibility network FIBS are available to all our employees.

Responsible investment is guided by Elo's strategy and investment plan, the principles of responsible investments and ownership policy, as well as the climate policy for investments, all approved by the Board of Directors. The Responsible Investment Steering Group steers responsible investment and reporting, shares

### Every Elo employee ensures that our responsibility practices are applied in their work.

Directors' Audit and Risk Committee. If necessary, the level of sustainability is also assessed by an external verifier.

Based on the guidelines approved by the Board of Directors, the Executive Group steers sustainability at Elo. Topics are regularly discussed by the Executive Group. The Director of People and Culture is responsible for sustainability as a whole in the Executive Group.

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. The management of responsible investment is described in more detail in a separate section.

## Corporate governance

The corporate governance choices of an employment pension company are determined by legislation. Some of the members of Elo's Supervisory Board and Board of Directors are elected on the proposal of labour market organisations. The election of the Board of Directors is also guided by the principles for the election of the members of the Board of Directors confirmed by the Supervisory Board. There are also legal provisions on the avoidance of conflicts and associated operating principles. Both genders must be represented on the Supervisory Board and the Board of Directors. In addition, the members of the Board of Directors must have good knowledge of the earnings-related pension insurance sector and there must be sufficient investment expertise in the Board of Directors. The Financial Supervisory Authority assesses the reliability and suitability of the members of the Board of Directors. The Chair of the Board of Directors is not in an employment or service relationship with Elo. The Chair can be considered independent of Elo because there is no other material relationship with the company besides being a member of the Board of Directors.

Elo has a written policy on the identification and prevention of situations involving conflicts of interest. Transactions with related parties are carried out in accordance with the related-party guideline. Significant transactions with Elo's management and related parties will always be decided on by the Board of Directors. Moreover, we have an anti-bribery and anti-corruption policy and a Code of Conduct, which must be complied with.

## Elo's sustainability management model

<b>Board of Directors</b>	Decides on the focus areas and metrics of the sustainability programme. Monitors implementation. Decides on principles and policies.
<b>CEO</b>	The CEO decides annually on priorities in accordance with the focus areas.
<b>Executive Group</b>	Prepares the programme and guidelines for the Board of Directors. Monitors implementation. Prepares principles and policies for the Board of Directors. In the Executive Group, the Chief People and Culture Officer is in charge of the sustainability programme and its implementation.
<b>Responsibility network</b>	Promotes responsibility as part of Elo's strategy and corporate culture, updates Elo's sustainability programme and is responsible for its implementation in collaboration with supervisors. Monitors the operating environment and stakeholder expectations and assesses impacts. Reports to the Executive Group.
<b>Functions</b>	Implement the sustainability programme and responsible operating practices.
<b>Supervisors</b>	Are responsible for ensuring that the operating practices established by the principles are known and complied with.
<b>Elo employees</b>	Act in accordance with Elo's values, operating practices and principles and pursue training in accordance with Elo's practices.

# Data security and data protection

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

Data security is an integral part of the quality of our operations and services, overall security and every employee's daily processing of data. Obligations pertaining to data security are also 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 require a high level of data protection from ourselves and our service providers**

It is important for us to ensure that we maintain the accuracy and integrity of data, protect data against unauthorised access and protect confidentiality. In 2023, we made five notifications of data security incidents to the Office of the Data Protection Ombudsman. The impact and severity of the events have been assessed carefully 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, that is, there were zero complaints.

## **Acting responsibly is the most important principle of 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. Our data security principles are derived from the data security policy confirmed by the Board of Directors, which was updated in 2023. The update paid particular attention to the management of data security.

A key role in data security management is played by the data security team comprising representatives from different functions. Practical data security issues are coordinated by the Head of Security working in IT administration. We ensure a high level of data security by, for example, auditing the information systems we use. During 2023, we carried out an extensive survey of the level of our data security, on the basis of which we identified areas for development in the near future. All employees also complete an online course on data security annually, in addition to which employees are offered customised training based on their duties.

We closely collaborate with our various IT service providers and data security partners. As a company

critical to emergency supply, we collaborate with various authorities with regard to data security. We systematically assess the level of data security of service providers and related development measures. This is done as part of managing the risk level of service providers. In particular, we have invested in assessing the data security level of our key service providers.

## **Bug Bounty programme found to be useful**

We continued the Bug Bounty programme we launched in 2022. We pay a reward for identified security vulnerabilities that are reported to us in accordance with the rules of our programme. The programme is a useful and cost-effective way to find potential needs for fixes. For now, our Bug Bounty programme is private, meaning that only separately invited vulnerability seekers and white hat hackers can participate.



**Data security is an integral part of the quality of our operations and services, overall security and every employee's daily processing of data. It is essential for us to protect the data of our customers, employees and other stakeholders.**

## Elo's tax footprint

Our tax footprint describes the taxes we pay on our operations and partly describes the economic impact of our operations in society.

Tax footprint reporting is voluntary for companies and there are no fixed formats or models for the calculation or presentation of the report. Elo's tax footprint reporting is based on financial statements information. Our 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. We spend the majority of the revenue on paying current pensioners' employment pensions, while we fund the rest 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 2023, we paid a total of EUR 4,182.6 million in taxable pensions and benefits, of which EUR 858.1 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 are included in our tax footprint. The withholding taxes paid on the earnings of Elo's employees 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 is not deductible for Elo. We paid value added tax totalling EUR 4.4 million on our own purchases.

### Investments are also subject to international taxation

Elo is generally liable for tax on all of its income in Finland, 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 us are not subject to unnecessary income tax, however complying with tax laws and regulations in Finland and other countries.

We do not accept aggressive tax planning in Elo's

investments. 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 investments. Elo has a tax policy confirmed by the Board of Directors, which defines the principles of how different tax-related matters are handled and how they are managed in the company.

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	208.9			208.9	
Dividend income	715.3	-11.1	4.6	708.8	-6.5
Real estate income and expenses	67.0	-1.7		65.2	-1.7
Other investment income and expenses	35.3	-2.1		33.2	-2.1
Value adjustments in bookkeeping	264.3			264.3	
Change in valuation differences	427.5			427.5	
<b>Investment income, total</b>	<b>1,718.2</b>	<b>-14.9</b>	<b>4.6</b>	<b>1,707.9<sup>4)</sup></b>	<b>-10.3</b>

<sup>4)</sup> Net investment income at current value

### Taxation of other operations

EUR million	Tax base	Taxes paid
Wages and salaries of personnel	37.4	11.8
Other operating expenses	63.5	4.4
<b>Pensions paid</b>	<b>4,182.6</b>	<b>858.1</b>



INVESTING

# We invest responsibly for the future

- 24 Investments
- 30 Real estate and infrastructure investments

## We invest responsibly for the future

The responsibility for pension assets extends decades into the future. As a long-term investor, we believe that responsibility strongly integrated into the investment process plays an essential role in managing the risks, ensuring good returns on investments and identifying societal changes and systemic risks.

Responsible investments in Elo means that we do not only consider the expected returns but also ESG perspectives, i.e. environmental responsibility (E), social responsibility (S) and governance (G). The different approaches to responsible investment are integrated into investment processes, taking the special characteristics of different asset classes into consideration.

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. Thus, sustainability factors affect the investment returns and, on the other hand, investments have an impact on the environment and society (“double materiality”). Through responsible investment, we also aim to identify systemic risks that may affect the business models of our investee companies. Our investment strategy is to seek to achieve good, sustainable and sufficient returns through a selected strategic allocation and a successful asset allocation. Investment operations across different asset classes are implemented cost-efficiently and transparently throughout the investment process.





## We developed reporting and tools – Continuous development is part of responsible investment

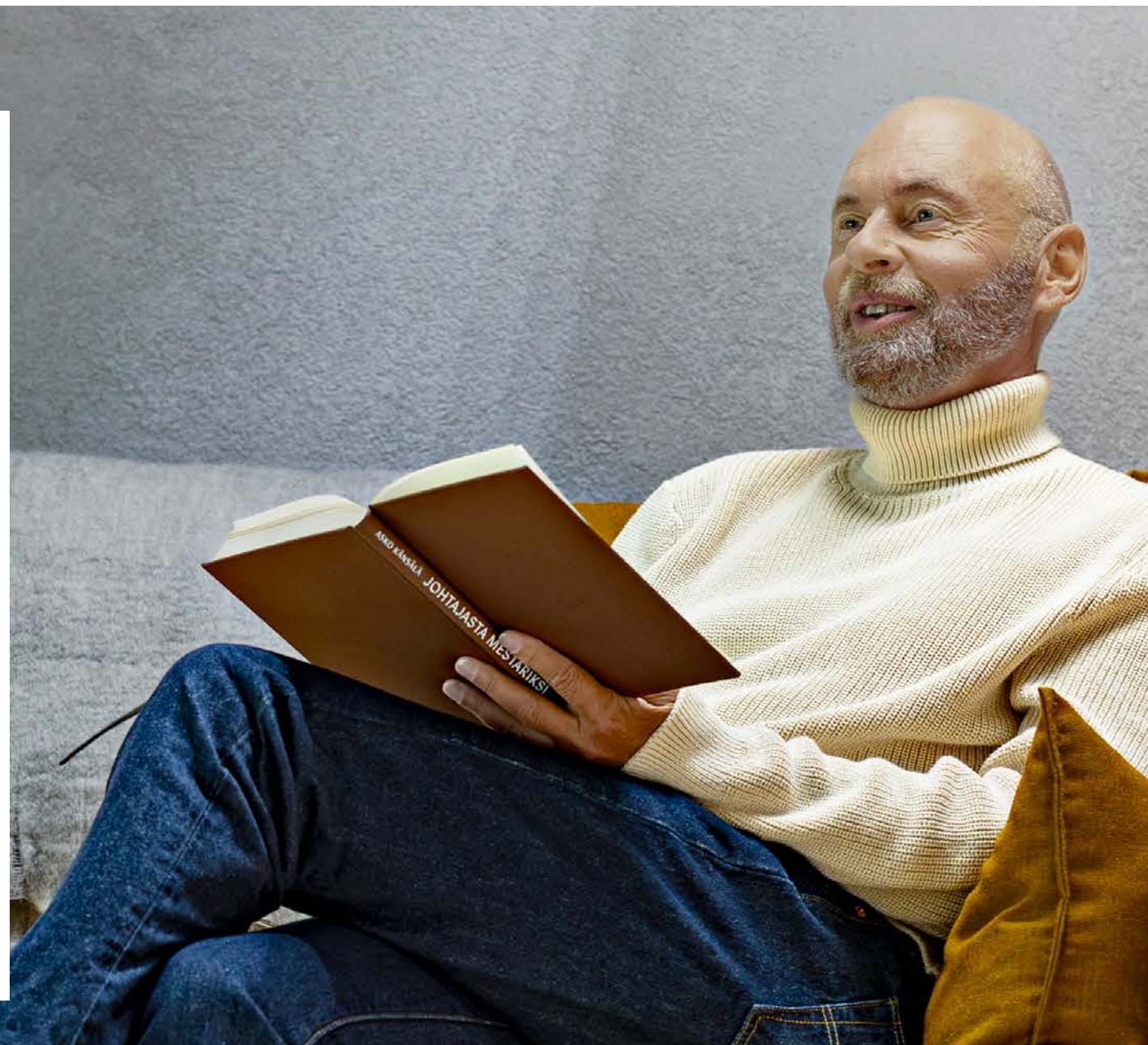
Our responsible investments are guided by Elo's strategy, the sustainability programme supporting the strategy and the annual investment plan, as well as the Principles of Responsible Investments, the Ownership Policy and the Climate Policy for Investments. Asset type-specific guidelines complement the implementation of the Principles of Responsible Investment. During 2023, we updated the Principles of Responsible Investment, the real estate sustainability programme for 2023–2030, and the Climate Policy for Investments, in which we set targets until 2030.

We developed responsible investment tools and reporting during 2023. In sovereign debt investments, we expanded the ESG tool to also cover developed countries. The tool takes into account climate risks, themes related to the living environment and natural resources, the recognition of human rights, equality and people's basic needs, as well as the functioning of governance, institutions and legislation, among other things.

## Biodiversity roadmap

Human beings and the economy are dependent on nature. For investors, biodiversity loss is an economic systemic risk similar to climate change, and it is necessary to identify risks and opportunities. Biodiversity is significantly affected by climate change, over-exploitation of natural resources, changes in land use, invasive species and pollution of air, water and soil. Investing pension assets in a profitable and securely also requires paying attention to biodiversity. Elo aims to identify the biodiversity-related dependencies and impacts of its investment portfolio as well as the associated risks and opportunities.

In order to integrate biodiversity into the investment processes, a Biodiversity Roadmap for Elo's investments was developed in 2023. The roadmap consists of four steps: knowledge-building, analysis, integration and reporting. In practice, these steps do not always progress linearly and they require constant review, self-assessment, and improvement within the organisation. When the situational picture of biodiversity-related dependencies and impacts is clear enough, the next step is to set goals and integrate them into action. Some of the actions are already in use and are constantly being developed. We will refine its approaches as the investor frameworks and data for assessing risks and opportunities related to biodiversity evolve.



# Biodiversity Roadmap

	▶ Knowledge-building	▶ Analysis	▶ Integration	▶ Reporting
Started/ done	<ul style="list-style-type: none"> <li>• Knowledge building and seeking information from an investor point of view</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of biodiversity impacts on dependences of direct equity investments</li> </ul>	<ul style="list-style-type: none"> <li>• Biodiversity as a part of norm-based screening</li> <li>• Environmental targets of the sustainability programme for direct Finnish real estates</li> <li>• Investments in sustainable solutions</li> <li>• Biodiversity integrated into annual manager ESG questionnaire</li> <li>• ESG-tool for sovereign bonds</li> </ul>	<ul style="list-style-type: none"> <li>• Starting to report on nature</li> </ul>
Currently developing	<ul style="list-style-type: none"> <li>• Building more in-depth knowledge of nature related frameworks and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Identifying biodiversity related factors:                             <ul style="list-style-type: none"> <li>• impacts and dependencies</li> <li>• risks and opportunities</li> <li>• material sectors</li> <li>• risk commodities</li> <li>• biodiversity sensitive areas</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Updating manager ESD due diligence</li> </ul>	<ul style="list-style-type: none"> <li>• Taskforce on Nature-related Financial Disclosures (TNFD)</li> <li>• CSRD reporting</li> <li>• Development of internal reporting</li> </ul>
Planned-to-do	<ul style="list-style-type: none"> <li>• Internal training</li> </ul>	<ul style="list-style-type: none"> <li>• Asset class-specific analysis of biodiversity impacts and financial risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Possibility to implement biodiversity related constrains and exclusions</li> <li>• Biodiversity integrated into risk management and investment strategies</li> <li>• Updating the engagement policy</li> </ul>	<ul style="list-style-type: none"> <li>• EU taxonomy-reporting</li> </ul>
On-going development	<ul style="list-style-type: none"> <li>• Following the development and regulation and building own knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of data, data service providers and tools</li> </ul>	<ul style="list-style-type: none"> <li>• Integration into investment and asset class processes</li> <li>• Engagement</li> <li>• Collaborative initiatives</li> <li>• Proxy voting</li> </ul>	<ul style="list-style-type: none"> <li>• Developing nature related reporting</li> </ul>

## Engaging towards a more sustainable environment and society

Engagement and collaboration are the key ways to implement responsible investment. Engagement means collaboration or dialogue with investee companies and other stakeholders with the aim of more sustainable business practices. We engage with our investee companies either by ourselves or in collaboration with other investors and stakeholders.

The most effective impact on investee companies is achieved through engagement projects involving a significant number of 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 the scale of effectiveness of engagement.

We focused particularly on the environment in global collaboration projects for institutional investors. We signed the Open letter to Governments on the Water Crisis calling on policymakers to deliver robust water action. We joined an investor statement on just transition aimed to oil and gas companies, and joined the collaborative engagement focusing on methane emissions. We also supported a statement about investor expectations of chemical companies' transition to net zero. We took part in CDP's Non-disclosure campaign to encourage companies to disclose their climate change, water and forest impact, and in the Science-Based Target Initiative Campaign to encourage companies to set science-based emission reduction targets. In addition, we joined the Nature Action 100,

a global investor engagement initiative driving greater corporate ambition and action to reverse nature and biodiversity loss.

We also focused on social engagement through various collaboration projects. We joined the PRI Advance, a collaborative stewardship initiative on human rights and social issues, as an endorser. Initiative aims to engage with companies and enhance positive impacts on employees, communities and society. We also continued collaboration in the Investor Alliance for Human Rights, for example in labour rights and cybersecurity from perspective of human rights. During the year, we were involved in a more targeted engagement of companies in the automotive and clothing companies.

Through our engagement projects in 2023, we engaged with 128 companies with regard to environmental issues and 50 companies with regard to human rights. In addition, we engaged with thousands of companies through joint investor letters and campaigns, and we participated in initiatives with effects on hundreds of companies. Through the initiatives, we also obtain more information for our own engagement process.

In addition to collaborative initiatives, we were in contact with 42 companies through our own engagement process. In 2023, climate-related direct engagement targeted 30 companies that were the largest greenhouse gas emitters in our portfolio. The focus was particularly on steel companies, as SBTi's science-based target-setting guidance for steel sector

was launched. In addition to these, 12 cases of engagements related to human and labour rights.

We have active dialogue with our fund managers to discuss how they are integrating sustainability into their operations and investment strategies. We also encourage them to engage with their investee companies and to address any observed shortcomings. We expanded the annual questionnaire and used it to assess how fund managers integrate climate change, human rights, international norms, standards and biodiversity into their account in their investment activities. Nearly 90 per cent of all fund managers in Elo's fund investments responded to the survey, covering about 95 per cent of Elo's fund investment assets under management. Slightly less than 75 per cent of the respondents had a climate-related

investment policy, principles or similar covering Elo's fund investments, the corresponding figure for human rights was over 65 per cent and for biodiversity nearly 40 per cent. Over 20 per cent of the respondents had set human rights targets and nearly 15 per cent had set biodiversity targets. Compliance with international standards was followed by more than 65 per cent of the respondents. We will continue the annual surveys to investigate the practices of asset managers and to continue engagement and dialogue with them.

We signed the UN supported Principles for Responsible Investment (PRI) in 2008. As part of the commitment, we report on our responsible investment activities to PRI. In the 2023 PRI reporting, the modules covering all asset classes was Policies, governance and strategy and Confidence building measures. The



**Through our engagement projects, we engaged with 128 companies with regard to environmental issues and 50 companies with regard to human rights. The most effective impact on investee companies is achieved through projects with other investors.**

other modules concerned Elo's indirect investments in different asset classes. External evaluation is important to us in order to develop our practices. The policy, governance and strategy module is also one of the key performance indicator of our sustainability programme.

### Norm-based screening

We monitor how our investments comply with international norms and standards. We expect investee companies to comply with the following international standards, among others: The UN Global Compact, the OECD Guidelines for Multinational Enterprises, the ILO Labour Conventions and Recommendations and the UN Guiding Principles on Business and Human Rights (UNGP). Companies with an alleged or verified significant violation will be added to the exclusion, engagement or monitoring list according to our processes. Primarily, we aim to have a change in

the companies towards more sustainable practices via collaborative engagement together with other stakeholders.

Norm-based screening covers all asset classes. In addition to in-house analysis and public sources, screening is carried out with the help of an external service provider. During the reporting year, the external service provider's norm-based screening covered 96 per cent of direct listed equity investments and 95 per cent of direct listed corporate bond investments. In fund investments, the screening mainly takes place through fund managers, with whom we engage in regular dialogue.

### Participation at general meetings is part of our active ownership

As a long-term shareholder, we aim to improve the responsibility of our investee companies and assess

the compliance with good corporate governance. We primarily implement active ownership in three ways: by participating the general meetings as a shareholder of our investee companies either by ourselves or by proxy, participating in nomination boards and engaging with the management and, if necessary, Boards of Directors of the companies. The ownership policy defines our principles as a significant and active shareholder in more detail, and it is available on our website.

We usually participate the general meetings of all the listed companies in Finland in which we are shareholders. Outside of Finland, we attend companies' general meetings based on our climate policy implementation, norm-based screening or the assessment of corporate governance, among other things. The 2023 annual general meetings in Finland were mainly held as physical meetings, with the majority offering the option to vote in advance. The number of actual hybrid meetings with remote connections was higher than last year. We participated in 98 general

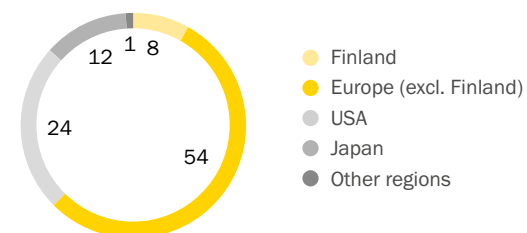
meetings in Finland and voted against one motion concerning a remuneration report on the agenda. In 2023, we were on the nomination committees of 11 Finnish companies.

A key performance indicator of our sustainability programme was to triple our general meeting participation from 2022 to 2023. Our general meeting activity was 3.3 times higher, so we exceeded the set target level. Including international general meetings, we participated in a total of 1,164 general meetings in 2023. We adopted a sustainability-tilted voting policy in international general meeting votes. In our private equity investments, we participated in more than 200 investor council meetings. The purpose of investor council meetings is not to participate in the investment decision-making but, for example, to resolve potential conflicts of interest.

### Participation in general meetings (% , number)

	2023	2022
Direct equity investments		
Attendance at general meetings in Finland (number)	98	99
Attendance at general meetings outside Finland (number)	1,066	257
Direct unlisted investments		
Attendance rate (of AUM)	99%	100%
Direct infrastructure investments		
Attendance rate (of AUM)	100%	100%

### Participation in annual general meetings in 2023, (geographically, %)



## Sustainable solutions for the environment and society

Sustainable development refers to development that meets the needs of present, without compromising the ability of future generations to meet their own needs. In autumn 2015, the UN published the Sustainable Development Goals (SDGs), which aim to find solutions to the world's biggest environmental and social challenges. The SDGs comprise 17 Sustainable Development Goals (SDGs), which take the environment, the economy and people into account on an equal basis.

Elo strives to promote the implementation of the UN Sustainable Development Goals. Our goal is to increase investments in sustainable solutions. Sustainable solutions refer to activities that respond to significant societal and ecological challenges. These include products and services relating to energy efficiency, alternative energy, pollution reduction, health care, waste management or education, for instance. In direct listed equity investments, sustainable solutions accounted for 12.5 per cent of companies' revenues and for 16.0 per cent in corporate bonds in 2023. For corporate bonds, green bonds were calculated separately. The sustainable solutions in infrastructure investments were assessed at the fund level. The share of sustainable solutions was calculated by taking into account the market value of the entire fund if there

are sustainable solutions in any of the fund's investee companies. The figure did not take into account the revenue. The share of sustainable solutions of the market value in infrastructure investment funds was 84 per cent.

### Economic activities under the EU Taxonomy in Elo's direct listed equity investments

We assess the EU taxonomy-eligible and environmentally sustainable functions of our direct listed equity investments. The EU taxonomy defines with specific criteria what environmentally sustainable activities mean. The criteria have been defined for the sectors with the biggest impact on environmentally sustainable activities. The activities included in the regulation are referred to as taxonomy-eligible, while environmentally sustainable activities describe activities that comply with the defined technical assessment criteria.

In Elo's direct listed equity investments, the service provider estimates that taxonomy-eligible turnover is approximately 57 per cent. On the basis of the figures reported by the companies themselves, the taxonomy-eligibility turnover of these investments is eight per cent and environmentally sustainable activities four per cent. The reporting obligation covers only part of the companies in our investment portfolio hence, the figure based on the companies' own reporting is lower.

The figures take into account the taxonomy-eligible and environmentally sustainable economic activities related to climate change mitigation and adaptation reported by companies within the scope of EU regulation. Elo's mandatory taxonomy-aligned reporting (EU 2021/2178) is available in the Report of Elo's Board of Directors.

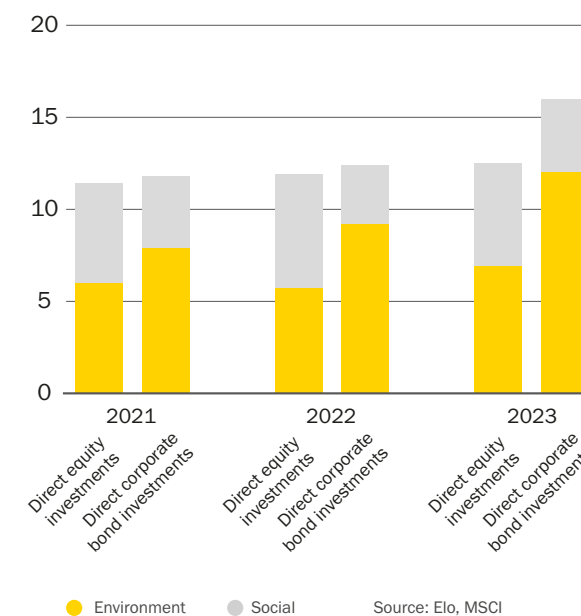
### Exclusions based on ethical decisions and climate

In our Principles of Responsible Investment, we define the sectors in which we do not invest directly. From our direct investments, we exclude the following for ethical reasons: tobacco manufacturer companies 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 exclude from our direct investments coal companies that derive more than 15 per cent of their revenues from activities related to coal production or the use of coal in energy production without a clear strategy for reducing the use of coal. From the beginning of 2024, we will tighten the portfolio restrictions for fossil fuels in direct listed equity and corporate bond investments. We will exclude energy companies from these investments if more than five per cent of their revenue is related to Arctic oil or gas production or extraction of oil sands. Moreover,

we do not invest in companies that are planning new coal investments. At the end of 2023, 261 companies had been excluded from our direct investments on the basis of our criteria. We evaluate the sovereign bond investment universe annually and exclude countries that are at a very weak level regarding responsibility and are not expected to achieve a turn.

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



# Energy efficiency, customer experience and good conditions at the core of real estate and infrastructure investments

We are one of Finland’s largest real estate investors and lessors of business premises and housing.



Through sustainable long-term real estate business, we reduce the environmental burden caused by properties, provide good living and working environments for property users, and secure good returns on our real estate investments in the future. As a major infrastructure investor, we are also involved in enabling the green transition.

In the real estate sustainability programme published in 2023, we set new ambitious targets for all sustainability areas. Our target is to be carbon-neutral in the energy use of directly owned real estate investments in Finland by 2027. All of the electricity we purchase is already carbon-neutral, and we have begun a gradual switch to renewable district heat. In 2023, we continued the concept development and energy efficiency development of our properties, increased the number of certified properties and updated our customer experience programme of commercial properties. In infrastructure investments, we continued to make significant investments in renewable energy.

### Towards more energy-efficient properties with high-quality energy management

Globally, the building stock accounts for a significant share of energy consumption and CO<sub>2</sub> emissions. As a major property owner, Elo plays an important role in reducing emissions from the building stock. We are committed to the real estate sector’s energy efficiency agreements (VAETS and TETS) in business premises and housing. We have also set our own additional targets for reducing specific consumption in direct real estate investments, which are more demanding than the energy efficiency agreement for the real estate sector. This also serves as a key metric of our

sustainability programme: We will save 5 per cent of the specific consumption of electricity and 10 per cent of the specific consumption of heat from the 2019 level by 2025. In 2023, specific consumption was further reduced compared to 2019: in our residential properties, consumption decreased by 12.1% for heat and 13.5% for electricity, in business premises by 10.8% for heat and 12.8% for electricity. Energy savings achieved in our properties is indicative of successful energy management and energy saving measures. This will also support the achievement of the 2025 target.

We continuously monitor the energy consumption of our properties with an energy management programme and quickly react to deviations. We also monitor the development of the carbon footprint of our direct owned properties on an annual basis. In 2023, the carbon dioxide emissions of the direct Finnish real estate portfolio decreased. Emission intensity decreased to 14.3 (15.5) kgCO<sub>2</sub>e/m<sup>2</sup>. The emissions of the property portfolio are influenced through active energy management and separate energy efficiency measures. In 2023, building automation was renewed in four large commercial properties.

### Change in nominal consumption 2019 ▶ 2023

Commercial properties	
Electricity kWh/m <sup>3</sup> /a	-12.8 %
Heat kWh/m <sup>3</sup> /a	-10.8 %
Residential properties	
Electricity kWh/m <sup>3</sup> /a	-13.5 %
Heat kWh/m <sup>3</sup> /a	-12.1 %

In line with our sustainability targets, we will use carbon-neutral energy in the entire Finnish direct real estate portfolio by 2027. We will achieve carbon neutrality in energy use by gradually switching to green district heat in the entire portfolio and by increasing our own energy production. Elo's electricity procurement portfolio properties have been using zero-emission electricity since 2020. In 2023, the use of green district heat was increased in accordance with the real estate sustainability programme for example, in properties in Espoo and Tampere.

To increase our own energy production, several of our commercial properties have an on-site solar power plant. In 2023, the fifth solar power plant in our Elo's direct real estate portfolio was built at Kiinteistö Oy Pendoliino in Tampere. In addition, we carry out at least one new geothermal or exhaust air heat pump project every year. In Helsinki, a major renovation of three residential properties was completed, in which also exhaust air heat pumps were installed. We also carried out a survey of the possibility of using heat pumps in our entire direct real estate portfolio. Our goal is to use renewable energy produced in our own properties in 30 per cent of direct real estate investments by 2030.

In 2023, we increased the number of certified commercial properties in our real estate portfolio. The Swing House office building in Keilaniemi, Espoo, received the highest-level WELL Platinum work environment certification. In addition to environmental aspects, the focus of the WELL certification is on the well-being of employees. In the centre of Helsinki, the Kluuvikatu 8 hotel property received the first Platinum-level LEED v4 (for Interior Design & Construction)

certificate in the tourism sector in Finland. In 2024, we will launch an environmental certification process for several commercial properties. At the same time, we will continue the climate risk surveys of our properties. In accordance with our sustainability programme, at least 15 of our commercial properties, corresponding to almost 70 per cent of the value of commercial property investments, will have been certified with an in-use environmental certificate by 2030. In addition, we are piloting environmental certification in our own housing production.

### We invest in tenant satisfaction and good conditions in properties

The starting point for success in the real estate business is the good customer experience of the users and residents and good conditions in the properties owned by Elo. We measure the customer satisfaction of users and residents on a regular basis and strive to improve the quality of operations and our properties in the long term on the basis of the results of surveys. We have set ambitious goals for customer satisfaction, which are also taken into account in our partner network's objectives for the development of operations.

In order to improve customer satisfaction, we prepared and introduced a customer experience programme of commercial properties during 2023. The customer experience programme defines the objectives and measures for the development of customer relationships as well as properties and associated services and processes. We strive to provide high-quality and responsibly managed premises and to be a long-term preferred partner to our customers.

Ensuring good conditions in properties is part of our responsibility as a lessor. We systematically develop the quality, concepts and services related to the business premises and apartments we own. Examples of the development of property services include bicycle parking and social facilities to promote sustainable commuting, as well as providing high-quality restaurant services to the users of the premises. Most of our residential properties feature apartment-specific sensors, allowing us to ensure good housing conditions. In order to ensure a good customer experience, it is important that service requests and any faults are dealt with promptly. We have set metrics and objectives for our service partners in terms of response time and completion of service requests.

Active and regular interaction with the users of business premises and residents is important to us. We will continue to develop tenant communications, both in terms of content and communication methods. With high-quality and timely communication, we do not only contribute to customer satisfaction, but also the energy-efficient use and maintenance of the premises,

and we encourage the users of apartments and business premises to act sustainably. We share information about the energy consumption of properties, any actions on energy saving, as well as tips on waste sorting and recycling. We also invite customers to participate in the events of the Energy Awareness Week. We surveyed the development needs of the recycling and sorting opportunities at the properties during 2023 and will continue the improvement measures in 2024.

### Sustainability measures in shopping centres also require responsibility from Elo's partner network

Elo's real estate portfolio includes significant shopping centre holdings together with other real estate investors. Together with our investor partners and the shopping centre organisation, we set targets for all areas of sustainability. In 2023, the sustainability efforts of our shopping centres also received external recognition: Jumbo-Flamingo's new responsibility programme was awarded an honourable mention in the responsibility category of the shopping centre deed of the year competition. For the third

### Key environmental figures of direct real estate investments in Finland

	2023	2022
Energy consumption of direct domestic real estate (heating+electricity), MWh	141,474	141,895
Carbon footprint of real estate	9,549	10,932
Carbon footprint of real estate investments normalised by managed assets (tCO <sub>2</sub> e/EUR million)	4.5	4.8
Emissions intensity, kgCO <sub>2</sub> e/m <sup>2</sup>	14.3	15.5
Water consumption of real estate (m <sup>3</sup> )	604,188	525,600
Amount of waste, office premises, tonnes	999	976
Recycling rate, %	55	51

year in a row, the Sello shopping centre achieved the highest possible LEED EB Platinum level environmental certification.

Our shopping centres have been making determined efforts to mitigate climate impacts for years. The Sello shopping centre uses a smart property management system and a virtual power plant consisting of solar panels located on the roof of the property, a battery installed in the parking garage and automatic smart energy control. The energy efficiency project previously carried out at the Jumbo-Flamingo shopping centre has resulted in significant savings: the energy recycling system, which was the biggest in Finland at the time of its completion, efficiently uses the condensing heat from the shops' refrigeration machines and thereby covers a large part of the purchased energy required for heating.

In addition to environmental impacts, the sustainability efforts of shopping centres require action from an extensive partner network, collaborate with nearby communities, have impacts on the work conditions of people working in shopping centres and improve the customer experience. Shopping centres play an important role in creating a sense of community in the area, a safe environment and a comprehensive range of services.

### **A good partner network and active ownership as the foundation of responsibility management**

Elo's real estate portfolio management is guided by clear and comprehensive guidelines. We update the guidelines in accordance with the changes in

the operating environment and in order to improve the efficiency of processes. We take sustainability aspects into account in the metrics of our most significant service providers and regularly monitor their implementation. We equally treat our service provider network as well as the users and residents of the premises we own.

We engage in determined work to combat the grey economy. We require all our of contractual partners to be reliable and to fulfil their social obligations appropriately. We have clearly defined our procurement principles related to the maintenance and construction of properties and continuously develop the responsibility of procurement as well as related risk management. In the maintenance of our properties, it is important to us that our properties are safe. During 2024, we will carry out a risk survey on the management of our properties, as well as a cyber security survey of the properties.

Long-term engagement in the governing bodies of our property holdings and active board work is one of our key operating principles. In international and Finnish indirect real estate investments, we actively participate in the administrative bodies of investors and contribute to the sustainability work of funds and investment companies. Several of our real estate funds carry out significant energy efficiency projects and goal-oriented development work in different areas of sustainability. In 2023, we continued active engagement and promotion of sustainability work in various real estate investment bodies and positions of trust. We participate in the development of sustainability work in the real estate sector as a whole, for example, by working in the

institutions of the real estate industry association Rakli.

As part of the continuous development of the responsibility work management model, we will participate in the Global Real Estate Sustainability Benchmark (GRESB) for the first time in 2024.

### **Infrastructure investments contribute to the implementation of the energy transition**

Infrastructure investments are long-term investments and therefore play a particularly important role in facilitating sustainable development. Most sustainable development goals explicitly require the improvement of society's infrastructure. In recent years, the changed investment environment and changes in energy availability have further increased the need for active ownership in infrastructure investments. The global general increase in costs has also resulted in new challenges to infrastructure investment, such as new taxes on renewable energy production proposed in some markets.

Elo's infrastructure investments emphasise investments in renewable energy, the energy sector and forest, as well as projects that implement the energy transition critical to society and industry. Elo has more than 36,000 hectares of forest holdings. This is equivalent to more than 50,000 football fields or one and a half times the land area of Helsinki.

We are also a significant investor in Finnish renewable energy production. For example, we are a shareholder in Exilion Tuuli Ky, one of Finland's largest wind power producers with 13 wind farms and a significant development portfolio. In 2023, the company had two new wind farms under construction, in addition to which the company decided to build a solar power plant at existing wind farms and batteries.

Due to the long time horizon of infrastructure investments, it is particularly important to take climate change into account and assess the climate risk of investments both in the existing investment portfolio and in the investment process of new investments. In 2023, we evaluated the sustainability targets of fund managers as part of the analysis of new funds. We diversify our infrastructure investments as extensively as possible in different technologies, countries and geographical areas. We do not make new infrastructure investments in areas that are subject to significant climate risks. In addition, we are an active owner and engage with our investees through active dialogue, annual meetings and fund investor councils. In 2023, we attended a total of about 50 meetings of the investor councils general meetings concerning real estate and infrastructure investments.





CLIMATE

# Environmental sustainability

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# Climate impacts of own operations

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

Our goal is to reduce the carbon footprint of our operations and use natural resources wisely. In order to achieve this, it is important to increase awareness of the environmental impacts, the objectives and the measures taken among employees. The environmental impacts of Elo's own operations are relatively minor, and the biggest impacts arise indirectly through investment activities.

One of the strategic objectives of our sustainability programme is to reduce the carbon footprint of our own operations. We calculated the direct and indirect carbon dioxide emissions of our operations according to the Greenhouse Gas Protocol (GHG). Elo's total carbon dioxide emissions in 2023 were 6,436 (7,070) tCO<sub>2</sub>e, of which scope 1 emissions were 89 (125) tCO<sub>2</sub>, market-based scope 2 was 0 (105) tCO<sub>2</sub> and scope 3 was 6,347 (6,840) tCO<sub>2</sub> (excl. investment activities). Emissions are classified into three categories: scope 1 emissions are direct emissions from owned and managed resources, scope 2 emissions are emissions

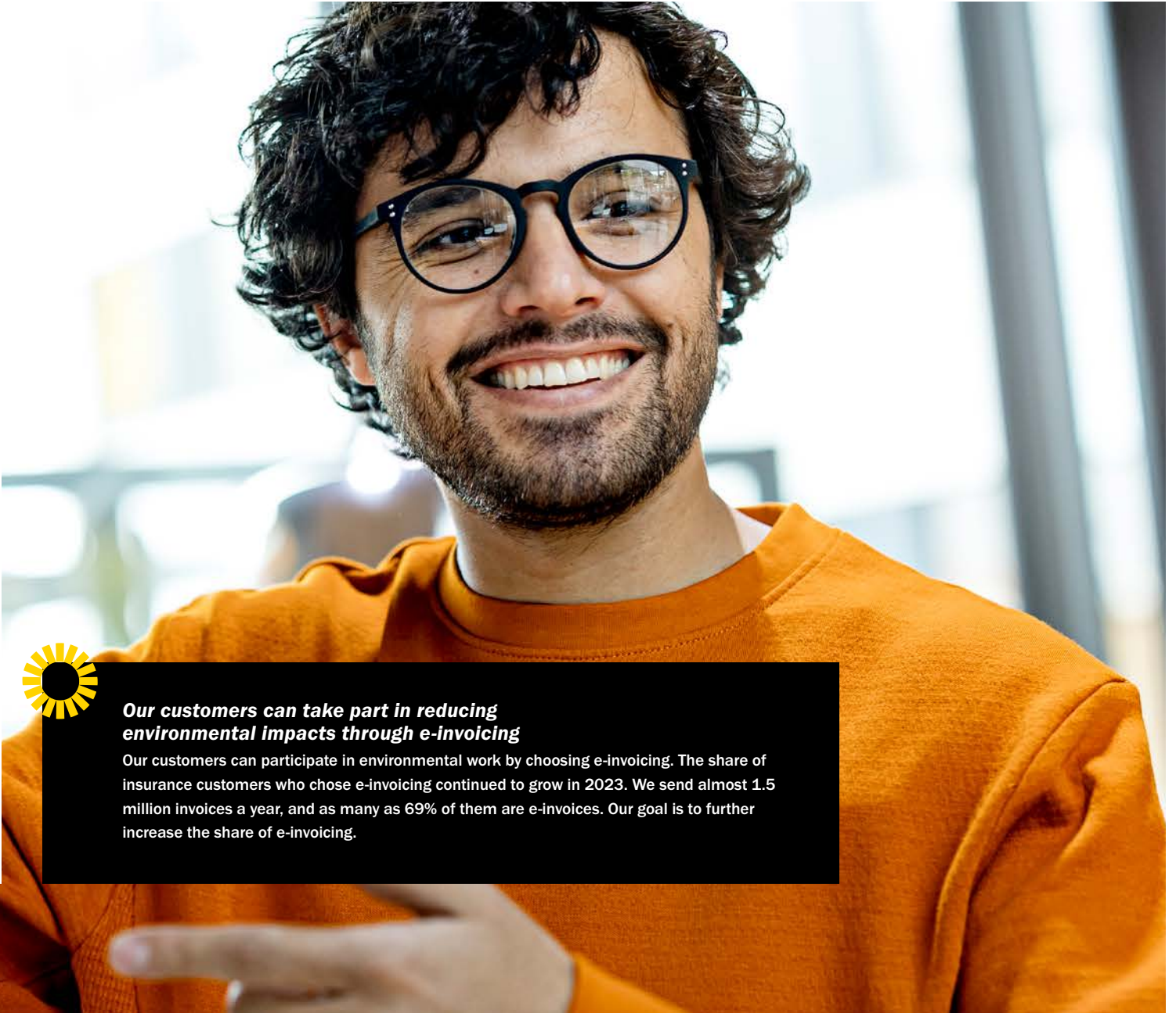


from purchased energy and scope 3 emissions are indirect emissions from own activities, such as purchases and commuting. Elo's total carbon dioxide emissions decreased by nine per cent compared to the previous year. We reduced direct emissions by almost 30 per cent and the energy consumption of our premises is emissions-free. Indirect emissions from our own operations decreased by seven per cent, with the biggest decrease in the category of purchased products and services. Indirect scope 3 emissions were the biggest category of emissions. 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.

Elo continued to take part in Motiva's "Down a degree" energy saving campaign. The aim of the campaign was to reduce energy consumption throughout society.

### **Electricity for the Tapiolan Helmi office building with wind and solar energy**

Elo's business premises are located in the Tapiolan Helmi office building in Espoo. Tapiolan Helmi is a renovated property built in 1975. The property has been using renewable wind energy since 2020. 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 Finnish real estate investments. A solar power plant has been built in the building to contribute to Elo's energy efficiency targets. We have committed to energy efficiency agreements and set precise energy saving targets for our properties. We can contribute to reducing electricity consumption through training, for example. In the future, the district heat of the office building will also be renewable, which will significantly reduce the emissions of the building.



### ***Our customers can take part in reducing environmental impacts through e-invoicing***

Our customers can participate in environmental work by choosing e-invoicing. The share of insurance customers who chose e-invoicing continued to grow in 2023. We send almost 1.5 million invoices a year, and as many as 69% of them are e-invoices. Our goal is to further increase the share of e-invoicing.



## TCFD – Risks and opportunities of climate change

The TCFD (Task Force on Climate-related Financial Disclosures) recommendations help companies and investors to evaluate and report on climate-related financial information. 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

Elo's responsible investment is guided by the strategy and investment plan, the Responsible Investment and Ownership Policy, as well as the Climate Policy for Investments, all approved by the Board of Directors. The engagement strategy for investments, sustainability programme for Finnish real estate investments and asset class specific guidelines complement our Principles of Responsible Investment. Elo's Board of Directors receives regular reports on responsible investing. The Board of Directors also approves the TCFD report as part of the Sustainability Report.

Elo's Executive Group regularly discusses sustainability and climate issues at its meetings and outlines responsible investment in line with the company's strategy. The management and investment activities are supported by the responsible investment and ownership steering groups. The Responsible Investment Steering Group develops coordinates Elo's Responsible Investment and Climate Policy across

asset classes. The steering group also monitors the achievement of the objectives set in the Principles of Responsible Investment and Climate Policy. The members of the Responsible Investment Steering Group are investment managers, representatives of asset classes and the responsible investment team. The steering group for ownership steering is responsible for the preparation and implementation of Elo's Ownership Policies. The steering group consists of members from management, investment management and investment professionals.

Responsible investment is developed by the responsible investment team in collaboration with portfolio management, financial department and the risk management. Each employee of the investment organisation applies the Principles of Responsible Investment and Climate Policy practices in their day-to-day work. Elo uses several external service providers, for example in securities management and real estate investment management.

## Strategy

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

Climate change is a major systemic risk for the global economy and investment environment. The magnitude of the impacts depend on the degree to which the climate warms and on the success of the climate change mitigation and adaptation.

Elo's most significant climate-related risks and opportunities are related to its investment assets. The climate impacts of Elo's own operations are minor. The environmental aspects of our own operations are described in more detail in a separate section. In addition, there are indirect impacts arising from the business operations of Elo's customers.

Sustainability is one of the main drivers of Elo's strategy and values. We ensure adequate solvency in all market situations and manage pension assets in a cost-effective, long-term and responsible manner. Our objective is to ensure sustainable returns for investments, while managing the sustainability risks of the financial markets and investments. We have identified climate change as a significant sustainability risk that may have a negative impact on investments. Elo's investments are exposed to physical and transitional climate change risks in the short, medium

and long term. Physical climate change risks are associated with extreme weather events (acute risks), such as floods and storms, and changes that develop gradually (chronic risks), such as rising sea levels. Transition risks are associated with the transition to a low-carbon society, such as changes in regulation. The physical climate risks will increase if the transition to a low-carbon society fails.

### The impact of climate-related risks and opportunities on business, strategy and financial planning

In matters pertaining to the mitigation of climate change, investment operations are guided by Elo's Climate Policy for Investments, which we regularly update. We disclosed the first Climate Policy for Investments in 2017. We updated the policy in 2020, when we set interim targets and published a roadmap until 2025. In February 2023, we again updated the policy and extended the roadmap until 2030. The Climate Policy applies to all investment assets while considering asset class and investment style specific approaches.

Elo is committed to a Paris aligned investment portfolio. We have joined the Net Zero Asset Owner Commitment of the Paris Aligned Investment Initiative (PAII). The commitments and goals of the initiative's

framework are integrated into Elo's Climate Policy for Investments.

We implement a Paris aligned investment portfolio by reducing the carbon footprint of the portfolio, reducing the share of fossil fuel production in investments and increasing investments in sustainable solutions. In addition, the risks and opportunities of climate change are identified in asset classes and in the investment strategy and allocation work. We assess how the targets and strategies of the investee companies are aligned with the objectives of the Paris Agreement. Active ownership and engagement, also in collaboration with other parties, play an important role in implementing the Climate Policy.

As part of the climate risk assessment, we review the fossil fuel exposure in listed and corporate bonds. We regularly monitor the share of fossil fuel and renewable energy production and capital expenditures in our investments.

We exclude energy companies from our direct investments that derive more than 15 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 it. From the beginning of 2024, we will tighten the portfolio exclusions for fossil fuels in direct listed equity and corporate bond investments. We will exclude energy companies from these investments if more than five per cent of their revenue is related to Arctic oil or gas production or extraction of oil sands. Moreover, we do not invest in companies that are planning new coal-based investments.

### Resilience of the climate policy, taking into consideration climate-related scenarios

Scenario analyses are one of the tools we use to assess climate change risks and opportunities concerning our investments. In 2023, we further developed climate scenario analyses of our investments. We analysed the financial impact of physical and transition climate risks on the whole investment portfolio. The scenario analysis was also used as part of the Risk and Solvency Assessment and the Annual Investment Plan.

We analysed several different climate scenarios, describing different warming and socio-economic pathway. One of the Paris aligned 1.5-degree scenarios used illustrates the ideal development where ambitious climate action is taken rapidly and gradually tightens in a controlled and fair manner. The other one illustrates the same temperature rise, but with the development taking place later and differing geographically and by sector, resulting in higher carbon pricing and a higher transition risk. In addition, we have analysed high warming scenarios, where climate action is insufficient, the temperature rises more and physical risks are higher.

The analyses were used to assess the development of Elo's investment returns and solvency by asset class and in the different climate risk scenarios. Climate change risks are systemic risks and they diminish average investment returns both in the short and long term. However, relative winners and losers were found in the scenarios.

Of the asset classes, the return differences were largest in listed equity compared to a scenario in which climate-related factors were not considered. Therefore, we assessed Elo's direct listed equity portfolios by using the scenario analysis of another service provider too. The financial climate change risks and opportunities were analysed in different geographical areas and sectors.

There were geographical differences in the magnitude of both transition and physical climate risks. The biggest transition risks concerned European equities, while physical climate risks were particularly emphasised in Asia. With regard to physical risks, heat and floods in coastal areas were particularly emphasised in all geographical areas. Climate change risks also varied by sector. According to the analysis, there were high climate change risks in the energy, consumer staples and material sectors, for example. However, the dispersion within sectors between different companies was considerable, which is why company selection and portfolio constraints also play a role in climate risk management.

In addition to financial risks and opportunities, we assessed the alignment of our investments with the Paris Agreement. In this, we used, among other things, the Implied Temperature Rise (ITR). ITR illustrates which warming pathway the companies are on, measured in Celsius. In 2023, Elo's direct listed equity investments were on a lower warming path compared to the global market index. However, there is still work to be done to reach the Paris Agreement's 1.5-degree target.

There is uncertainty in the methodology of the scenario analyses and their results are considered to be indicative. Challenges include climate tipping points, which impacts are difficult to predict, such as the melting of permafrost, which can trigger accelerating and irreversible change in climate warming. Evaluating the impact of many social factors, such as migration, labour availability or political uncertainty, is also very challenging. We monitor the development of scenario analyses and will continue to use the refined information in our own analyses.

## Risk management

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

Elo's investment process is independent and focused on the long term. The investment portfolio is widely diversified to different asset classes to ensure sufficient returns and manage market risks. We ensure adequate solvency in all market situations and manage pension assets in a cost-effective and responsible manner. Climate risks and opportunities are integrated in our valuation and the entire investment process. We update asset class specific material sustainability risks and their management at least annually.

With regard to direct equity and corporate bond investments, sector-specific and geographical material impacts of climate risks are identified. These are managed, for example, by exclusion, active selection and diversification. Engagement and active ownership are key ways to manage climate risks.

In sovereign bond investments, we developed an analysis tool for assessing the risks and opportunities caused by climate change. The possibilities of different countries in low carbon transition vary greatly, for example, in terms of the economic structures and development. Climate risk factors that are analysed

include, among others, environmental policies, economic vulnerability in extreme circumstances, dependence on the production and export of fossil fuel energy and the possibilities and ability to successfully transition to a low-carbon society.

As part of the due diligence process, we analyse how fund managers are managing climate change investment risks. We are engaging with fund managers to integrate climate risks in their strategy and commit to the objectives of the Paris Agreement. In 2023, we surveyed the climate targets and policies of fund managers as part of the annual survey. Nearly 90 per cent of all fund managers in Elo's investments responded to the survey, covering about 95 per cent of Elo's fund investment assets under management. Slightly below 75 per cent of the respondents measured the carbon footprint of the fund, and this figure has increased compared to the previous year (approximately 60 per cent in 2022). Correspondingly, slightly less than 75 per cent had climate policies, principles or similar covering Elo's fund investments. More than 45 per cent of the respondents were committed to the objectives of the Paris Agreement, which was in line with the previous year's results. However, an increasing number, approximately 15 per cent of the respondents, had a

target adopted by the Science Based Targets initiative (SBTi), while the figure was 10 per cent the previous year.

Real estate investments play a significant role in managing climate change risks. The climate risks in Elo's real estate investments are managed with careful target analysis and assessed as part of risk management.

The approaches for identifying and managing climate risks are described in more detail in Elo's Principles for Responsible Investment and in the Climate Policy for Investments. Climate change risks are covered also in Elo's annual risk assessment. Internal control and compliance are also important parts of Elo's responsibility. We constantly look for new methods of assessing climate change-related risks in more depth in the investment process and risk management. Continuous development and following the latest scientific information are a major part of the implementation of Elo's climate roadmap.

# Metrics and targets

## Metrics and greenhouse gas emissions

Elo reports on various carbon footprint metrics of its investments. We publicly disclose the carbon footprint of our listed equity and corporate bond investments and report extensively on the environmental impact of our real estate investments. In addition, we report the annual carbon sink and carbon stock of our forest investments. We disclosed the carbon footprint of our investments since 2016. The metrics have become more accurate as the methodology and calculation methods have developed. Due to differences, the results should be viewed as the best current estimates.

Emissions are based on the most recent data available from the companies. Where public verified data is not available, estimates based on the service provider's calculations are used.

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. Scope 3 emissions cover indirect emissions from the entire value chain. Emissions are calculated by using carbon dioxide equivalents, that measure the combined global warming potential of different greenhouse gases.

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 EVIC (enterprise value including cash). Comparing absolute emissions with previous years or other investors is difficult, as portfolio allocations and sizes vary.

Between 2016 and 2023, we have decreased the weighted average carbon intensity (WACI, scope 1+2) of our listed equity investments by 51 per cent and corporate bonds by 67 per cent. The base year for the carbon footprint reduction target is 2019. Between 2019 and 2023, the WACI of listed equity investments has decreased by 37 per cent and corporate bonds investments by 40 per cent.

In 2023, the WACI (scope 1+2) of the listed equity investments was 144 (tCO<sub>2</sub>e/MEUR revenue), and it decreased by one per cent from the previous year. The corresponding figure for listed corporate bonds was 128 (tCO<sub>2</sub>e/MEUR revenue), up four per cent compared to the previous year. At the end of 2023, 31 per cent of the listed equity investments were in four sectors (utilities, energy, materials and industrials) that cause the highest emissions. They accounted for approximately 91 per cent of Elo's carbon footprint (tCO<sub>2</sub>e/MEUR). The corresponding figures for listed corporate bonds are 16 per cent and 77 per cent, respectively.

The carbon footprint of direct real estate investments normalised by assets was 4.5 (tCO<sub>2</sub>e/MEUR) in the reporting year, which was smaller than in the previous

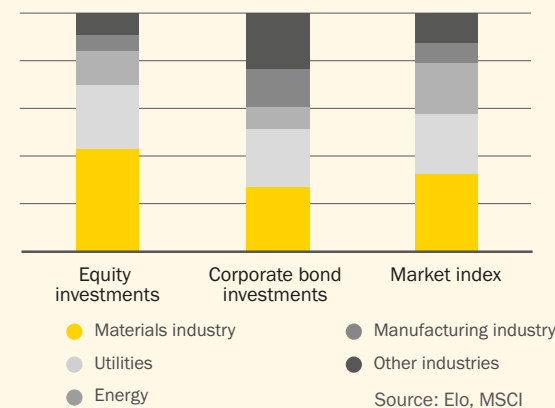
year. The emissions intensity of real estate investment was 14.3 (kgCO<sub>2</sub>e/m<sup>2</sup>) and 15.5 in the previous year. With regard to direct Finnish real estate investments, we also monitor and publish energy consumption, water consumption, waste volume and recycling rate.

In 2023, carbon footprint accounting covered approximately 45 per cent of Elo's total investment assets. More detailed information can be found in the Environmental metrics of investment activities table. Carbon footprint is a common indicator for measuring the climate risk and opportunities of investment portfolios. The metric is backward-looking and it is based on data reported by investee companies or estimated by service

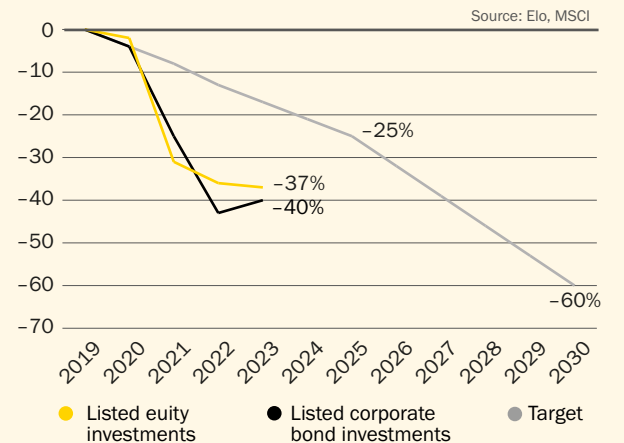
providers. In addition to carbon footprints, we use forward-looking indicators, such as scenario analyses and the assessment of physical and transition risks, and measure the share of sustainable solutions in the investments.

For direct listed equity and corporate bond investments, we disclose a metric based on the revenue of environmentally and socially sustainable solutions. Climate solutions are part of environmental solutions. We are also publishing an estimate of the share of EU taxonomy-eligible and taxonomy-aligned investments of our direct listed equity investments.

Industry contribution to the carbon footprint of ELO's listed equity and corporate bond investments (tCO<sub>2</sub>e/EUR million invested)



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





## Targets

Elo is committed to a Paris aligned investment portfolio. This requires a holistic approach: reducing emissions, supporting an orderly and just transition, investing in solutions for climate change mitigation and adaptation, and engagement and collaboration. We have joined the Net Zero Asset Owner Commitment of the Paris Aligned Investment Initiative (PAII) framework, and its goals have been integrated into Elo's Climate Policy for Investments. The recommendations of the frameworks and the coverage of different asset classes are constantly being developed.

Elo has set carbon footprint reduction targets in its investments. For listed equity and corporate bond investments, the objective is that the weighted carbon intensity (WACI) of portfolios is reduced by 25 per cent compared to the 2019 level by 2025 and by 60 per cent by 2030. The target covers the direct and indirect scope 1+2 emissions of the investee companies. This is also one of a key performance indicators of Elo's sustainability programme.

We 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 carbon footprint accounting can also be affected by, for example, changes in the revenue and share prices of the investee companies. We use reported data in the calculations if it is available. If no reported data is available, we use the service providers' estimates. Unlisted companies especially do not yet comprehensively report their carbon footprint, leading to inaccuracies in the calculation of the carbon footprint at portfolio level. We are actively monitoring developments and aim to expand the carbon footprint calculations to more asset classes.

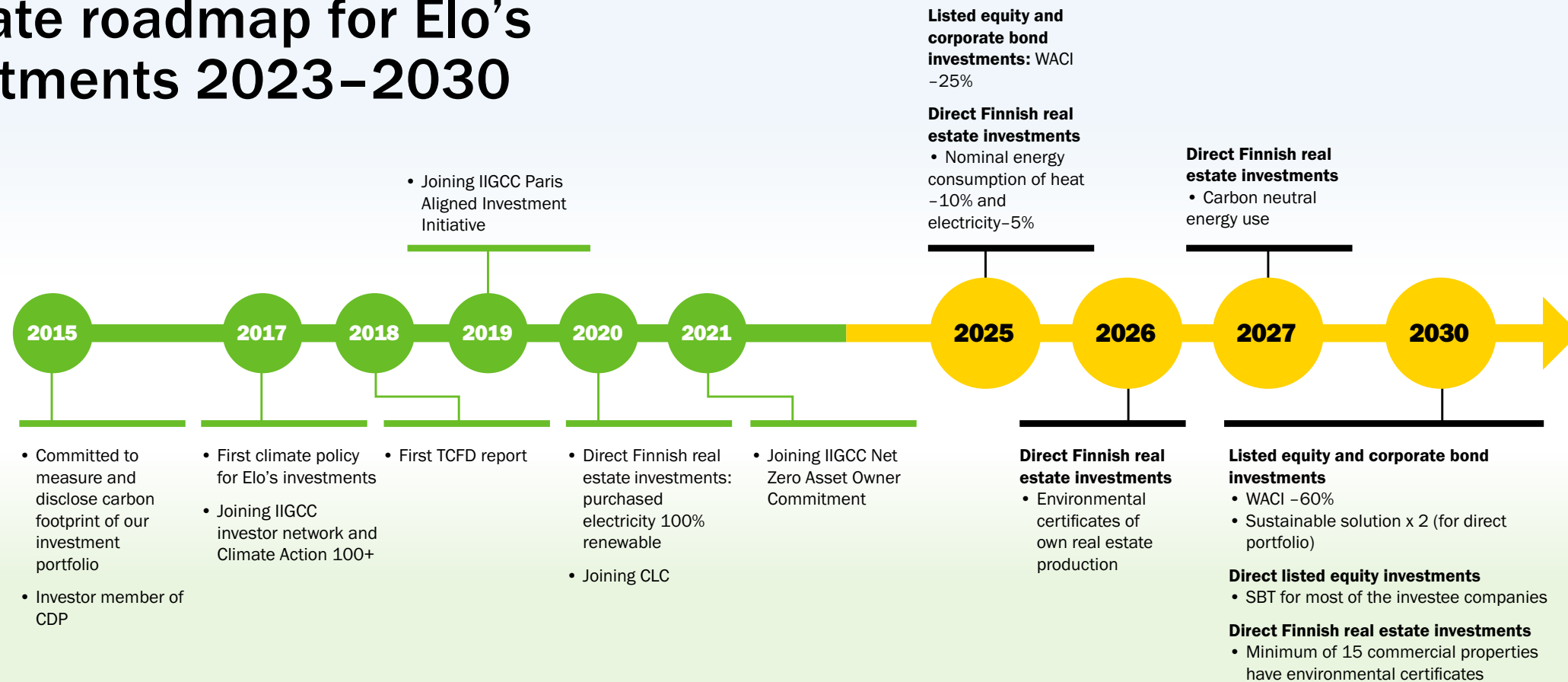
We aim to increase investments in activities that promote societal and ecological sustainable development challenges. Climate change mitigation and adaptation solutions are part of the goal and metric of sustainable solutions. For listed equity and corporate bond investments, our objective is to double the investments in sustainable solutions compared to the 2021 level by 2030. Investments in renewable energy is a key part of Elo's infrastructure investments, and our goal is to increase investments in sustainable solutions also in infrastructure.

The target of our direct Finnish real estate investments is carbon-neutral energy use by 2027. We have joined the TETS and VAETS energy efficiency agreements for the real estate sector. In addition, our aim is to save five per cent of the nominal consumption of electricity and ten per cent of the nominal consumption of heat from the 2019 level by 2025. All electricity purchased by Elo has been carbon neutral since 2020, and we will gradually switch to a renewable district heat. In addition, our aim is to use on-site renewable energy in 30 per cent of domestic direct real estate investments by 2030. We will increase our own energy production by at least one renewable energy project per year. With regard to certification, our goal is that 15 of our commercial properties will be environmentally certified by 2030 and that environmental certification will be adopted for own housing production by 2025. Real estate investments and their climate targets are described in more detail in the sustainability programme for Finnish real estate investment.

To achieve our goals, it is essential to assess the emission reduction targets of our investee companies, how they have implemented climate practices and how they are Paris aligned. We encourage companies to commit to targets that are approved by the Science Based Targets initiative (SBTi). For direct listed equity investments, the target is for the majority to have a science-based reduction target by 2030. In 2023, approximately 87 per cent had set an emission reduction target in our direct listed equity investments. Approximately 47 per cent had an SBTi-proved target.

We will update the Climate Policy and its objectives on a regular basis and set more specific targets for each asset type in stages. We constantly look for new ways to assess the climate risks in different asset classes, sectors and companies.

# Climate roadmap for Elo's investments 2023–2030



## Constant developments:

- Engagement
- Collaboration
- Proxy voting
- Discussion with service providers and development of ESG-tools
- Scenario analysis
- Risk management
- Analysis assessment
- Internal analysis tools
- Sector-specific analysis
- Regulation
- Training
- Remuneration

# Environmental metrics of investment activities

Carbon footprint of investments and carbon sink of forest investments

Listed equity investments	2023	Coverage
Weighted carbon intensity (WACI), scope 1+2 (tCO <sub>2</sub> e/MEUR turnover)	144	97%
Carbon footprint, scope 1+2 (tCO <sub>2</sub> e/MEUR invested)	76	97%
Carbon intensity, scope 1+2 (tCO <sub>2</sub> e/MEUR turnover)	161	97%
Absolute emissions, scope 1+2 (tCO <sub>2</sub> e)	674,136	97%
Absolute emissions, scope 3 (tCO <sub>2</sub> e)	3,602,433	97%

Listed corporate bonds	2023	Coverage
Weighted carbon intensity (WACI), scope 1+2 (tCO <sub>2</sub> e/MEUR turnover)	128	89%
Carbon footprint, scope 1+2 (tCO <sub>2</sub> e/MEUR invested)	71	84%
Carbon intensity, scope 1+2 (tCO <sub>2</sub> e/MEUR turnover)	145	84%
Absolute emissions, scope 1+2 (tCO <sub>2</sub> e)	188,660	84%
Absolute emissions, scope 3 (tCO <sub>2</sub> e)	1,209,457	84%

Direct real estate investments	2023	2022
Carbon footprint (tCO <sub>2</sub> e)	9,549	10,932
Normalised carbon footprint (tCO <sub>2</sub> e/MEUR)	4.5	4.8
Coverage of carbon footprint calculation data	83%	87%

Carbon sink impact of forest investments	2023	2022
Carbon sink of forest investments (tCO <sub>2</sub> )	264,000	266,000
Carbon storage of forest investments (tCO <sub>2</sub> )	6,592 000	6,641,000

The 2023 carbon footprint figures of listed equity investments and corporate bonds are not comparable to those of previous years. The currency used in the calculation has been changed in 2023.  
Source: Elo, MSCI



CUSTOMERS

# We insure responsibly

- 45 Pension insurance provides security for employees and entrepreneurs
- 47 Smooth retirement
- 48 Forerunner in work ability services
- 50 Corporate financing for our customers

## Pension insurance provides security for employees and entrepreneurs

Reliable management of pension security is a prerequisite for Elo's operations and creates security for the Finns. Our operations are trustworthy and efficient. Our customers receive reliable and understandable service and information, as well as the correct pensions.

We insure the employees of customer 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 pay employment pension contributions based on employees' wages and salaries. Self-employed persons, on the other hand, are responsible for their own YEL insurance. YEL earned income affects both the self-employed person's employment pension insurance contribution and pension and social security. The earned income must correspond to a reasonable wage that would be paid to an equally skilled person as wages for the work performed by the self-employed person. Employees accrue pensions based on their annual earnings and self-employed persons

based on the earned income according to an accrual percentage corresponding to their age.

In terms of the number of policies, Elo is the market leader in self-employed persons' YEL pension insurance. Almost one in three employer companies are insured by Elo. At the end of 2023, we were responsible for 83,487 (84,427) self-employed persons' YEL insurance policies and 46,395 (47,002) 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 493,173 (503,710).

Our extensive network of insurance partners guarantees that employment pension insurance services are comprehensively available across Finland. Insurance can also be procured from the website or from our other



partners. Our service network ensures that correct information about pension security is available to our customers. In addition to employees, we also continuously train our partners.

Our customers benefit from the efficiency of our operations. In an earnings-related pension insurance company, 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. TyEL loading profit was EUR 10.4 million and operating expenses 0.34 per cent of the payroll. Operating expenses were 83.3 per cent of expense loading.

### **Our customers receive correct information and good service**

It is important that the Finns can trust the pension system. We build trust in the pension system by providing our customers with correct information and by serving them well in pension-related matters.

The long-term work done to improve the customer experience was also reflected in very good customer feedback in 2023. The customer satisfaction NPS of employer customers was 58. Our goal was 65, which we did not quite achieve. We received positive feedback on our telephone service, in which our customers appreciate fast service as well as the

expertise, flexibility and friendliness of our customer service agents. In particular, we are developing our online service, for which we have received generally positive feedback, but in some areas customers experienced difficulties in using it. We received valuable development suggestions from our customers to improve these things. We consider it important that our customers can get their TyEL and YEL issues resolved in a single call. Approximately 93 (94) per cent of our customers managed to have their insurance case resolved in a single call.

The NPS for private customers' customer satisfaction was 73. We fell a little short of our goal of 75. In the online service for private customers, our customers can take care of pension matters from start to finish. The online service also includes comprehensive services, ranging from vocational rehabilitation to separate services for pensioners. We invest in the training of our personnel, the development of service processes and information systems and the use of customer data-based tools in customer service. We continued active and proactive contacts with our customers at different stages of the customer relationship so that they have up-to-date information on insurance, pensions and our services. We use data and analytics to identify themes that are important to our customers.

Our online service is used by 88 per cent of our TyEL and YEL customers. Elo's website and service has the EloBotti function that helps virtually with



Employer customers NPS

58

Private customers NPS

73

insurance, pensions and vocational rehabilitation. Customers made good use of EloBotti, as approximately 25,454 (17,000) chats were had, of which 5,801 (3,000) were human-assisted.

During the year, the insurance customer service received a total of approximately 58,000 customer calls. Our response rate was 93 (95) per cent, and the average waiting time was 1 minute 25 seconds (58 seconds). The customer call response rate in pension-related matters was 97 (97) per cent, and the average waiting time was approximately 35 (39) seconds.

We serve our sign language customers over the phone with the Chabla app.

### We take care of the YEL earned income of self-employed persons

The pension system for self-employed persons must provide every entrepreneur with comprehensive social and pension security, despite the fact that the range of entrepreneurs and forms of business activity is very wide. This was also the aim of the reform of the Self-Employed Workers' Pensions Act (YEL Act), which entered into force at the beginning of 2023. The pension and social security of a self-employed person is based on the earned income confirmed in the self-employed persons' pension insurance, YEL. The reform of the YEL Act clarified what matters are taken into account when determining the amount of the self-employed person's earned income. The review of earned income ensures that the earned income is up to date and that the entrepreneur's livelihood is secured

during and after the entrepreneurial activity. Following the reform of the YEL Act, pension companies will now review the earned income of YEL-insured entrepreneurs every three years.

We prepared for the reviews of the earned incomes of self-employed persons in early 2023 by implementing the YEL earned income calculator, through training and by informing our customers. We reviewed earned incomes from the beginning of June until the end of the year. In 2023, the reviews were targeted at YEL earned income below EUR 15,000 that had not been changed for three years. Most of the reviews led to a EUR 4,000 increase to earned income in accordance with the transition period regulations.

We informed our self-employed customers about earned income reviews throughout the year. The number of contacts from customers increased to some degree and, according to the feedback we received, self-employed persons felt that our review process was clear and responding to the review was smooth. The processing time for insurance applications remained good and we processed applications in three days.

### Smooth retirement

Retiring means a major change, and it is important that retirement goes as easily as possible. We help our customers to plan their retirement and identify different pension options. We have streamlined the pension application process to ensure that there is no interruption in livelihood for the pension recipient. The processing time index for all pension applications

was 93. We monitor the quality of pension decisions to ensure that our customers receive correct and timely pension decisions.

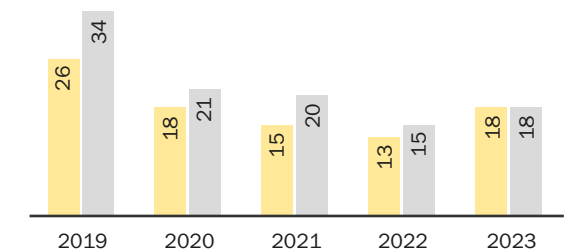
In 2023, fewer pension decisions were issued than in the previous year, a total of 29,052 (31,713). In 2022, the increase in the earnings-related pension index was exceptionally high, and therefore more customers applied for a pension than before. In 2023, the gap between the indices narrowed down and pensions were not applied for at the same level as in the previous year. The earnings-related pension index increased the pensions paid by 5.7 (6.8) per cent and the wage coefficient the underlying earnings by 5.1 (3.8) per cent at the turn of the year 2023 and 2024. We issued 7,541 (9,505) old-age pension decisions and 4,066 (6,218) partial early old-age pension decisions on the basis of an application. The high mortality was reflected in the increase in survivors' pension decisions. We issued 2,772 (2,409) survivors' pension decisions.

Application processing times were at a good level in 2023. We monitor the processing times and one of our key metrics is to process pension decisions on average as quickly as our competitors. On average, Elo issued a pension decision almost 7 per cent faster than the average for other employment pension companies, so we achieved the target. On average, we issued decisions on old-age pensions and partial early old-age pensions more than 50 per cent faster than the sector average. Elo made old-age pension decisions on average in 2 days (sector average 8 days), partial early old-age pension decisions during the same day (sector average

2 days). On average, survivors' pension decisions were made 4 days faster than the sector average. In applications for vocational rehabilitation, the processing time was 16 days, which corresponded to the average for the sector. In disability pensions, our processing time was 34 days. We processed EU and EEA applications from people living in Finland remarkably quickly, more than 50 per cent faster than other pension companies.

We paid pensions monthly to 249,830 (251,996) pension recipients. The total annual amount of pensions paid was approximately EUR 4,191.0 (3,820.2) million. Old-age and disability pensions were the two largest items in claims expenditure. A total of EUR 3,535.6 million (EUR 3,232.5 million) was paid in old-age pensions, and EUR 325.0 million (EUR 310.7 million) in disability pensions during the year. The annual amount of paid survivors' pensions increased to EUR 241.1 million (EUR 220.4 million).

Pension application processing times, days



● Elo  
 ● Other TyEL/YEL companies  
 Source: Finnish Centre for Pensions  
 Figures for the years before 2023 have been corrected.



## Forerunner in work ability services

As an employment pension company, Elo plays a significant and responsible role in building a human working life. It is our task to ensure that employers identify the importance of surveying disability risks and preventing them and means of vocational rehabilitation as part of the management of work disability risks.

Disability is extremely expensive in human and economic terms. Work ability plays a key role in the future success of both companies and society. Taking care of employees' work ability is about responsibility. By providing effective work ability services to our

### Disability risk management

We promote a human working life where it is good to work for everyone and everyone can get support for their work ability, if necessary. Elo's work ability services support customers' disability risk management by helping them to identify disability risks, plan effective measures and evaluate effectiveness. Elo's experts and tools help customers to develop and implement measures that support work ability in day-to-day life, so that when an employee's work ability decreases, they can be supported in a timely manner.

### We help customers to develop and implement measures that support work ability in day-to-day life.

customer companies, we can also support them on their journey towards more responsible human resources management. One of our strategy targets is to be a trailblazer in work ability services by 2025. We implement our target in accordance with legislation and the instructions of Financial Supervisory Authority and Elo's Board of Directors.

In 2023, we developed the online service for corporate customers. Thanks to the new machine learning model, our customers can better foresee their company's disability risks and the resulting payment effects. Various alerts and instructions help to act in a timely and correct manner.



## ” In sustainable working life, everyone – including people with reduced work ability – is provided with opportunities to work.

We have also developed our survey tools, which enable our customer companies to study investigate the factors of their employees' work ability and ability to cope at work even better. Continuously listening to early signals is important in preventing disability risks and ensuring the impact of development measures.

### **Increasing the intellectual capital of corporate customers in work ability-related matters**

We promote the intellectual capital of Elo's customers' work ability management through training and network meetings. Our comprehensive training packages provide HR specialists with information and tools to help them manage the company's work ability risks, prevent disability and the associated costs. The training programmes are structured in such a way that our customer companies of all sizes and at different stages of development of work ability management receive support that is appropriate for their situation. The Master at work ability management training is designed especially for the needs of SMEs, while the Expert and Super Expert training programmes on work ability management serve the needs of large companies. In these training programmes, the main focus is on the cornerstone of preventing disability risks, i.e. identifying risks, creating effective processes and using key partners in risk management.

In 2023, we also brought together our corporate customers who have participated in our training programmes to share good practices and learn from

each other. The alumni networked around topical themes, such as the promotion of mental health at the workplace, neurodiversity and the learning difficulties of working-age people and related support methods at the workplace. At the events, we also advised our customers to take advantage of Elo's work ability-related business intelligence tools. Our trainings, expert services and digital tools support the strategic work ability management of our customer companies.

A responsible employer invests in the competence of managers and supervisors in work ability management in order to take care of the work ability of the personnel. Therefore, at Elo, we have also developed training modules for management and supervisors.

### **Rehabilitation makes it possible to stay in 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 or restricted work ability – is provided with opportunities to work.

Vocational rehabilitation is a route back to work, despite limitations in work ability and health. For those who have applied for a disability pension, we ensure that the possibility of vocational rehabilitation is not missed. With rehabilitation, we look for sustainable solutions to prolong our customers' careers and combat permanent disability. The rehabilitation customer benefits from the rehabilitation by continuing to work, gaining livelihood as well as also content and meaning in life. The employer

and society, on the other hand, save on disability costs and thus retain a skilled workforce.

Our goal is to achieve long-term impact through vocational rehabilitation. The key is to meet each customer as an individual and provide support throughout the rehabilitation period. The customer's own desire to find ways to stay in working life is also important. Vocational rehabilitation provides an opportunity to continue working with an adjusted job description or through retraining. 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. Vocational rehabilitation can also be a business subsidy, which allows us to support the establishment of one's own business or change the direction of previous business activities to better suit one's health.

The starting point for vocational rehabilitation is always the threat of disability caused by illness, defect or injury, which is likely to materialise without appropriate rehabilitation measures. In 2023, there were approximately 2,930 (3,360) people in Elo's vocational rehabilitation. We issued 1,698 (1,760) preliminary decisions on rehabilitation on rehabilitation application, which is 4 per cent less than in the previous year. The average processing time for vocational rehabilitation applications was 16 (14) days. We issue positive rehabilitation decisions in connection with disability pension decisions without the

customer having to apply for vocational rehabilitation themselves. In 2023, we issued approximately 1,111 (1,160) preliminary decisions when the conditions for rehabilitation were met. We want to actively enable our pension applicants to return to work if we see the chance of doing so. We call rehabilitation benefit recipients and those who have received a preliminary decision on vocational rehabilitation. Our objective is to get pension-seeking customers to see their resources and opportunities.

In vocational rehabilitation applications, mental illnesses have increased and we are actively looking for new effective ways to support the rehabilitees' return to work. During 2023, we completed a project for mental health rehabilitees that supported rehabilitees with special needs in planning their return to work and provided support during the work trial. The modelled service path for mental health rehabilitees project started in 2021 and we are currently evaluating its effectiveness and expansion.

In 2023, we selected new rehabilitation partners, taking also responsibility into account in competitive tendering and partners' activities. At the same time, we revised the services provided by our partners.

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. Our key metric was that 70 per cent of rehabilitees return to working life. In 2023, 76 (72) per cent of those in Elo's vocational rehabilitation were

able to return to the labour market, meaning that the impact of rehabilitation improved and we exceeded our target. Correct timing, a rehabilitation plan that corresponds to the customer's needs and the labour market situation as well as the motivated rehabilitee are crucial to the success of rehabilitation. We focus on the use of analytics in rehabilitation, and in autumn 2023, we introduced a tool used, for example, when selecting service providers. We are also developing other analytics tools and metrics to support our customers and improve the impact.

If the means of vocational rehabilitation are not enough to improve work ability, partial or full disability pension may be the right solution. The number of disability pensions increased for the second year in a row. A total of 6,807 (6,050) new disability pension decisions were issued. The number of positive decisions on new disability pension numbered 3,844 (3,685), and the most common reason for retirement was musculoskeletal disease.

The number of disability pension decisions for persons aged over 60 increased by 18 per cent year-on-year. There was growth among both men and women. Persons aged over 60 accounted for almost one in two new decisions on disability pension on the basis of musculoskeletal disease. Psychological disorders were the most common reason for applying for disability pensions. Of the applications for disability pensions based on mental health, 60 per cent are applications from persons under the age of 44. The most significant increase in the number of applications was in the age group of men aged under 34, but there was an increase in almost all age groups and both genders.

Decisions on disability pensions are always based on earnings-related pension legislation. In addition, decisions on disability pensions are guided by

established decision practices as well as decisions handed down by appeal bodies. A disability pension cannot be granted if the conditions for granting it are not met. Elo rejected 42.3 (36.6) per cent of new disability pension applications in 2023. In total, pension employment companies rejected 40.9 (38.8) per cent of new disability pension applications. The Pension Appeal Board changed 10.0 (7.8) per cent of Elo's disability pension decisions appealed by our customers. For all pension institutions, the corresponding figure was 10.3 (10) per cent.

#### **Corporate financing for our customers – broad funding base helps companies in times of uncertainty**

Our goal is to provide our customers with better opportunities to cope with the challenges of the operating environment, improve their operational capacity and thus preserve jobs and develop sustainable business in the long term.

Our customer companies can apply for Elo's financing for investments, mergers and acquisitions, rearrangement of ownership and financing, international growth and working capital needs. Our products include premium loans, growth loans and SME loans for small and medium-sized companies. We comply with our Principles of Responsible Investment in the financing decisions. Our diverse financing products support the sustainable growth, employment and competitiveness of companies. We provide companies with a customised financing package with our partners, such as banks, Finnvera and accident insurance companies. The use of several financing partners provides the company with better access to financing and helps to balance the company's financing structure.



**Correct timing, a rehabilitation plan that corresponds to the customer's needs and the motivated rehabilitee are crucial to the success of rehabilitation.**

PERSONNEL

# We build a human working life

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## Responsibility for personnel – We build a human working life

Our personnel work is guided by the strategy, values and strategic objectives. Our target is to be the most desired employer in the industry and promote responsibility.

We are building a culture of active and open communication. We want to be the most preferred pension company, which means being attractive to customers, partners and employees.

Excellent employee experience is the foundation for achieving our objectives. We encourage our skilled employees to develop and renew. Our corporate culture is built on our values: openness, activeness and commitment.

Elo employs approximately 468 pension insurance specialists. In addition to pension insurance, employees' extensive expertise focuses on investments, risk management, information system development, business intelligence and analytics, as well as work ability management, among other things. We employ both long-term professionals and new talent who bring fresh knowledge to Elo.

The framework of employment relationships is formed by Finnish labour legislation, the collective agreement for the insurance sector and agreements concluded locally together with the employees' association. A good negotiation culture lays down the foundation for joint development. Elo's HR Policy was completed in 2023, bringing together the essential principles



and operating models of HR management. The HR Policy adds more transparency to personnel-related matters and strengthens our common management culture, thus also serving an excellent employee experience. The HR Policy is not only a tool for managers, but also a source of information for everyone at Elo.

### **We measure our employee experience regularly**

Personnel surveys are part of the annual plan of Elo's operations and their aim is to improve the functionality, well-being at work and collaboration of the work community. In 2023, we carried out two types of surveys: shorter quarterly Pulse surveys and one more extensive "Yhteiselo" employee survey. The survey response rates were high and employees have a track record of wanting to influence what kind of workplace they work in. As many as 85.5 per cent of employees responded to employee survey. According to employees, our most significant strengths were effective communication about the strategy and the future. Our values also emerged nicely. Development areas were mainly related to workload and remuneration. The units and business functions reviewed the results of their immediate work community and together decided on development measures for the next year. The aim is to have the selected development themes be reflected as positive changes in next year's results.

As key metrics, we monitor the net promoter score concerning Elo as an employer (eNPS) and the employees' perception of their own work ability. Our target was to increase the level of the net promoter score and the perceived ability to work. In the last

measurement of the year, the net promoter score was 14 (8) on a scale of -100 to +100. Employees' perception of their work ability was 8.2 (8.3), on a scale of 0–10. The overall PeoplePower index was 71.1 (69.3). The impact of the change negotiations that took place in autumn 2022 is still visible in the employee experience, and there was significant variation in the experience within the organisation. In 2023, the employee experience developed in a positive direction.

### **Diversity, equality and inclusion**

We want to promote a labour market where there is a place for everyone and where everyone can thrive on their own strengths. We want to better take into account differences and understand the uniqueness of different people. The goal for 2023 was to increase the DEI (diversity, equity, inclusion) awareness of Elo employees. We organised DEI training for all Elo employees to deepen our understanding of equality, diversity and inclusion in the work community. In addition to raising awareness, the participants suggested concrete measures to promote an inclusive culture at Elo. We also covered the DEI theme in supervisor training. We will continue this important work in 2024 as well. We added questions measuring diversity, equality and inclusion to the employee survey. The baseline was good, but we want to further improve the values. For example, the statement "I can be myself in my work community" received a score of 3.47, and employee diversity was 3.19, on a scale of 1–4. At Elo, we organised quarterly personnel events to promote a sense of community.

### **Well-being and work ability – Maintaining high functional capacity and work motivation throughout careers**

We aim to look after our employees' well-being and safety at work and working capacity so that employees perceive their work as meaningful and retain their work motivation and working capacity at a high level throughout their careers. The different areas of well-being at work are developed and monitored in collaboration involving the occupational safety and health committee, collaboration forum, occupational healthcare services, HR services and other collaboration groups.

The occupational health and safety committee met four times in 2023. The focus of occupational health and safety activities was on psychosocial stress factors and, in particular, investing in recovery, the prevention of musculoskeletal disorders and supporting work ability management in general. The aim is to foresee and prevent any occupational safety problems in good time with the key areas. In addition to representatives of employees and the employer, occupational health care specialists took part in the activities of the occupational safety and health committee.

As part of occupational health and safety, we have 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



## ” We joined the Peace of Mind network aiming to make the enhancement of mental health part of day-to-day life in all workplaces.

and health delegate. We have zero tolerance for bullying and harassment. A guideline on investigating cases of bullying has been prepared, and it is available to the personnel on the intranet. All cases of bullying are referred to the HR function for more detailed investigation. Each case is handled with care and the necessary corrective measures will be taken. During 2023, the employer became aware of four cases of bullying/inappropriate behaviour, which were processed in accordance with the agreed process.

We collaborate closely with our occupational health care. The multidisciplinary occupational health care team, together with HR, meets regularly to consider ways to maintain the work ability of employees in accordance with our work ability management process. Additional information about the work ability of the personnel is obtained from continuous workplace surveys. The employees have access to a comprehensive range of occupational health care services and work ability insurance. In 2023, we organised online courses and coaching on various themes of well-being at work and work ability.

Sickness absences are at a good level at Elo and, contrary to the general trend, mental health absences decreased. We strive to detect changes in work ability as early as possible. We provide everyone who is subject to risks related to work ability or have reduced work ability with a personalised multidisciplinary

treatment plan and an assessment of how to move forward. Designated occupational health physicians are used for treatment. Elo has five persons with partial or restricted work ability on average each year.

We want to promote mental health care and integrate it into the work and management culture. In 2023, we joined the Peace of Mind (Mielenturvaa) network aiming to make the enhancement of mental health part of day-to-day life in all workplaces. The Peace of Mind model is based on prevention, low-threshold services and help in life's crisis situations. These levels are also used at Elo, for example, the early support model, investments in leadership and mental well-being services provided by occupational health care.

The retirement age of employees is a good illustration of how successful we have been in supporting their careers. The more meaningful the job and the better the foresight of and response to work ability risks, the longer people work. In 2023, the average retirement age was 64.5 (64.4) years.

### Responsible employer

One of the priorities of our sustainability programme is to build a human working life, and we also implement this in HR management: responsibility is built into all of our HR processes and management. Our recruitment is based on equality and transparency. We value diversity and equality, and we want to put all applicants on an

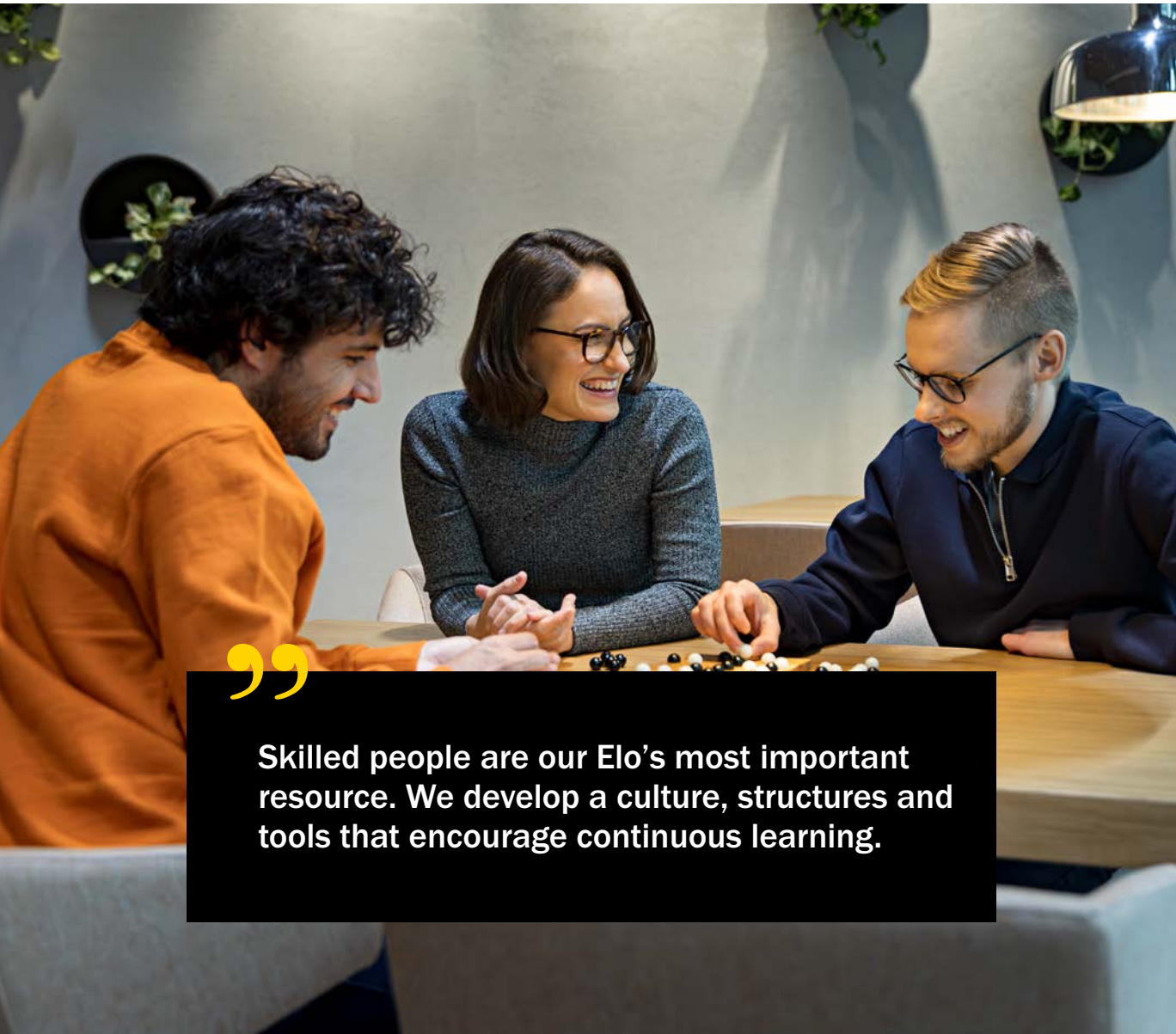
equal footing. The most suitable person is selected for each position, taking into account professional qualifications and other skills required for the task, including operating methods. With a consistent process, we ensure the quality of the process and that the principles of human resource management are taken into account at all stages. We encourage internal mobility and, in principle, all positions are opened for internal recruitment. This supports the equal opportunities of all employees to develop and learn at work.

We started working on the employer promise in 2023 and launched it in connection with the summer job campaign in early 2024. The employer promise indicates what to expect when starting to work for Elo. It is aimed at current and potential employees and communicates about the issues that we, as an employer, are committed to promoting and want to respect.

In 2023, women accounted for 61.5 per cent of new employees and men for 38.5 per cent. This is in line with the overall gender distribution of the sector. New permanent employees were recruited from all age groups. It is also worth noting that eight per cent of those hired permanently were over the age of 50. Employees enjoy long careers with us, and the average duration of permanent employment relationships is 13.6 (13.8) years. The employee turnover rate was 14.86 (9.37)

per cent. The exceptionally high employee turnover rate in 2022 and 2023 was mainly due to employment relationships that ended as a result of the change negotiations.

Summer workers play an important societal role. Young people take the labour market forward and bring fresh views and practices to the workplace. We search for summer workers early every year, and in 2023 we hired 32 summer workers. We want the employee to get a good start to their work and a thorough induction training. We appointed an induction training partner to support each of our summer workers. The partners guided them in tasks and equipment, rules, occupational safety and gave or relayed feedback throughout the employment relationship. Our summer workers take part in a summer worker development programme. Its purpose is to network and get to know the pension sector and Elo's various functions. Summer workers bring new ideas and perspectives to the development of our operations through case tasks. According to the feedback received, the summer worker development programme makes it easier for the summer employees to join the work community and feel like they are members of the community. Based on the feedback survey, the work experience from Elo was perceived as very good and it provided a good basis for working life. Most of the respondents to the survey would like to continue working at Elo in the future, and would recommend us as an employer to their friends.



**Skilled people are our Elo's most important resource. We develop a culture, structures and tools that encourage continuous learning.**

Based on the survey, summer employees gave the general mood a score of 3.47 and management and induction training on the whole a score of 3.77, on a scale of 1-4.

### **Competence development**

Competence and its management are an important part of strategic human resource management and building the future. Skilled people are Elo's most important resource. Our goal for competence management is that employees have the competence required for the implementation of the strategy. Competence includes knowledge and skills, experience, attitude and ability to learn. We develop a culture, structures and tools that encourage continuous learning. Every employee can experience successes in their work and learn new things. We build a supportive, corrective and developing feedback culture. The starting point of our HR Policy is that a development discussion is held with every employee. Group and individual development discussions are held annually to ensure that our employees have clear goals and responsibilities, as well as the opportunity to utilise their expertise and develop. To support competence development, we annually prepare company- and unit-specific competence development plans, as well as a personal development plan for each employee. We also review competence needs at the company level as part of continuous personnel planning. This is supported by the HR planning process updated in 2023.

Business expertise, customer understanding, and the use of data and technology have been identified as the company's strategic competencies. We develop them in the Quantum Leap Leadership Development Programme, which consists of five modules. The aim of the programme is to accelerate the implementation of the strategy, build strategic capability and strengthen a uniform way of leadership. 21 people from top and middle management took part in the training. As a continuation of remote work, employees studied on online and webinar training courses and participated in them more actively than before. Everyone at Elo must take online courses on the following topics: Elo's strategy, data security, continuity management, protection of personal data, Code of Conduct, remuneration system Hay, three lines operating model, operational risks, anti-bribery and anti-corruption principles, prevention of money laundering and responsibility. In 2023, we updated several online courses: the principles of anti-bribery and anti-corruption, the Code of Conduct and sustainability. We monitor the completion of mandatory online courses and it is also one of our key metrics. Of the Executive Group, 93 per cent completed the courses, while the target level was 100 per cent. Of other employees, 97 per cent completed the courses, while the target was 95 per cent. We did not achieve the target in all respects. In addition to online and webinar training, employees used 1.8 days on training in 2023.

” We use a reward system covering the entire personnel, the Hay job evaluation system.

### **Aiming for an equal and non-discriminatory work community**

Principles of an equal and non-discriminatory workplace are an integral part of responsibility and our personnel policy. The work community development plan prepared together with the personnel serves as an aid in dialogue on the use of labour and the structure of personnel, the competence needs of personnel and the development of competence, as well as the maintenance of well-being at work. The development plan is discussed and updated on regular basis. Data on the gender, pay, education and age distribution of employees and an action plan to promote these areas are compiled for the annually updated equality and non-discrimination plan.

A well-functioning work community arises from behaviour that is aligned with the values, management principles and agreed practices. In accordance with Elo's Management Principles, our management is inclusive, innovative, effective and fair. We systematically develop and measure leadership and supervisory work. During the year, Management Principles were explored, for example, in supervisor briefings and in the Quantum Leap Leadership Development Programme. All supervisors participate in the 360 assessment and make their own development plans during 2023–2024. Alongside the Management

Principles, we created work community skills: innovative, participating, effective and responsible.

Elo's collaboration forum, corresponding to the joint committee referred to in the Act on Cooperation within Undertakings and the Collaboration Agreement, discusses personnel-related issues that concern all or the majority of employees. The collaboration forum also monitors the implementation of the aforementioned plans. The collaboration forum met four times during 2023.

### **Equal remuneration**

The aim of rewarding is to facilitate the achievement of Elo's strategic goals. The forms of monetary remuneration on top of basic salaries are the performance-based bonuses defined for different personnel group according to the same principles and separate one-off bonuses. Remuneration includes, in addition to monetary remuneration, comprehensive employee benefits. As part of our employee benefits, we updated our mobility solutions in 2023, giving employees the opportunity to get a company bicycle. In accordance with the revised car policy, company cars are hybrids or fully electric cars.

Remuneration is based on all levels of the organisation the complexity of the task, the employee's

competence, and performance in work and work community skills. We use a reward system covering the entire personnel, the Hay job evaluation system. In accordance with the scope of the collective agreement, Elo applies the collective agreement for the insurance sector, which is generally binding for some employees in the insurance sector, and the provisions related to wages and remuneration contained therein. The equality of terms and conditions of employment not covered by the collective agreement is guaranteed by a standard managerial agreement. The basic salary is based on the market median for the job ratings. Every employee has the opportunity to positively influence their wage development by developing their competence, acting in accordance with our values and work community skills, and improving their work performance. We pay the same wage for the same work or work of equal value and for the same level of performance. We do not accept unjustified pay differentials due to age, gender or other discriminatory grounds. We regularly monitor the gender pay gap as well as the remuneration practices of the financial sector, and we commission an annual pay equality study from an external party. We monitor the functionality of remuneration through personnel surveys

and various studies. The average pay of women in the Executive Group (excluding the CEO) in 2023 was 107 per cent of the average pay of men. With regard to the rest of the personnel, the average pay of women was 73.7 per cent of the average pay of men.

Elo has a Remuneration Policy that we update and that is annually approved by the Board of Directors. The updating of the performance bonus rules began in 2023. In 2023, the system for personnel covered 75 per cent of all employees, while the performance bonus system for the investment unit covered 13 per cent, the performance bonus system for sales 4 per cent, the performance bonus system for management 5 per cent, and the performance bonus system for independent functions 2 per cent of the personnel. Six persons in the compliance and risk management unit and internal audit, 1 per cent, were excluded from the performance bonus schemes. Employees can be covered by one bonus system at a time. As a rule, performance bonuses are paid once a year, in April, after the fulfilment of previously agreed objectives. Elo's Remuneration Statement gives more detailed information on the remuneration system and the criteria involved. The statement is available on our website.

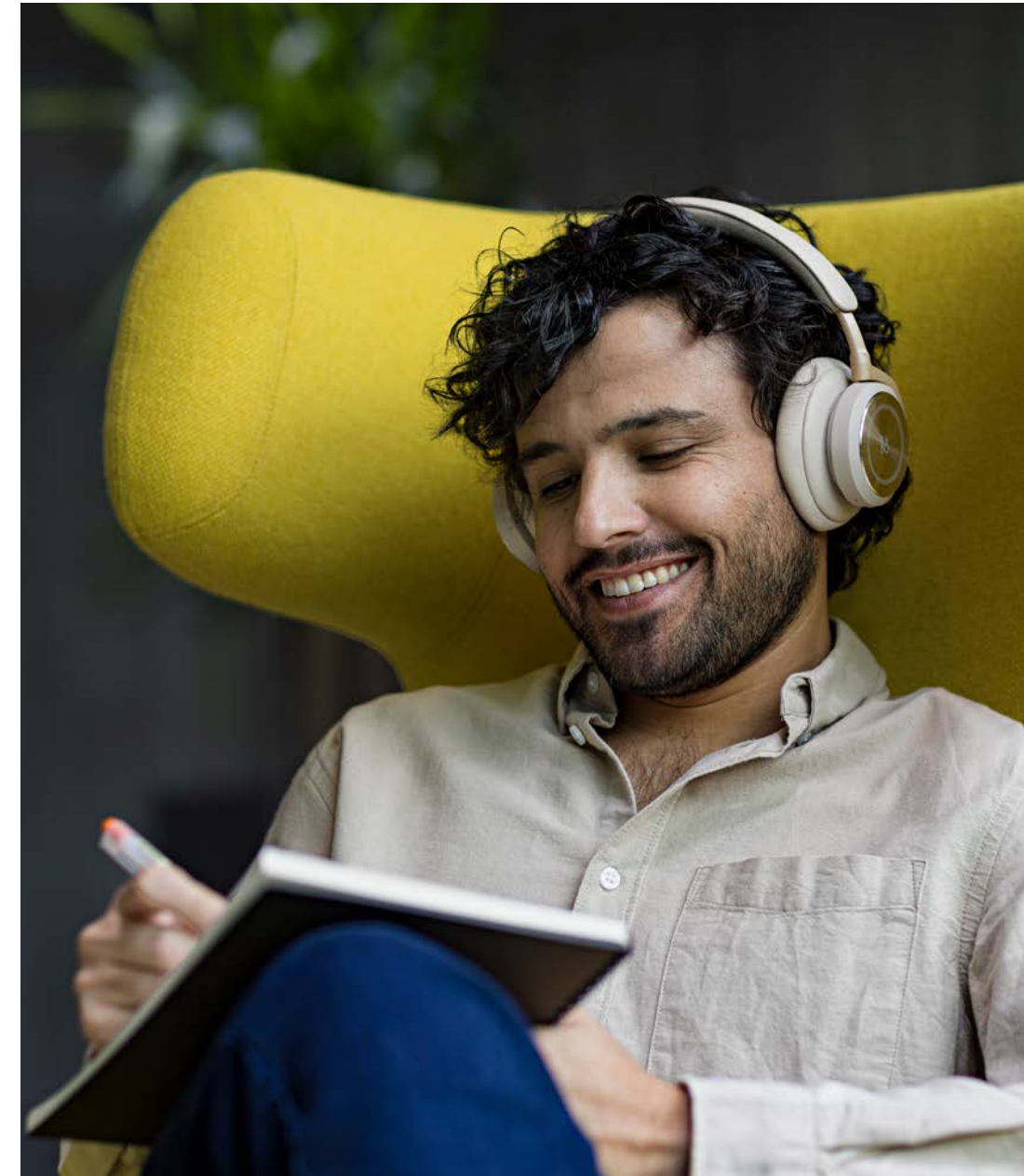


## Personnel indicators

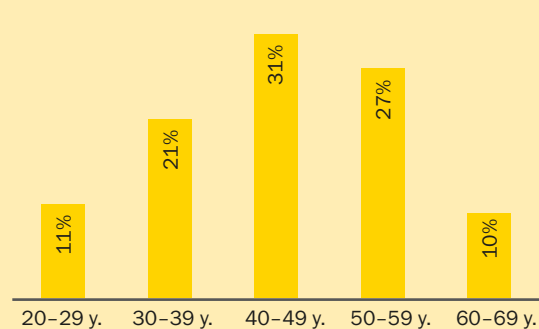
	2023	2022
Number of employment relationships	468	487
Average work contribution	434.4	472.7
<b>Share of women, %</b>	<b>63.0</b>	<b>63.7</b>
Share of women, no.	295	310
<b>Share of men, %</b>	<b>37.0</b>	<b>36.3</b>
Share of men, no.	173	177
<b>Full-time employees, of permanent employees, %</b>	<b>94.1</b>	<b>93.0</b>
Full-time employees, no.	399	427
<b>Part-time employees, of permanent employees, %</b>	<b>5.9</b>	<b>7.0</b>
Part-time employees, no.	25	32
<b>Fixed-term employees, %</b>	<b>9.4</b>	<b>5.7</b>
Fixed-term employees, no.	44	28
<b>Employee turnover, of permanent employees, %</b>	<b>14.9</b>	<b>9.4</b>
Number of terminated employment relationships (permanent employees)	63	43
Number of sickness absences, day/person	5.4	5.7
Average retirement age	63.4	64.4

## Personnel by employment relationship, employment contract and sex

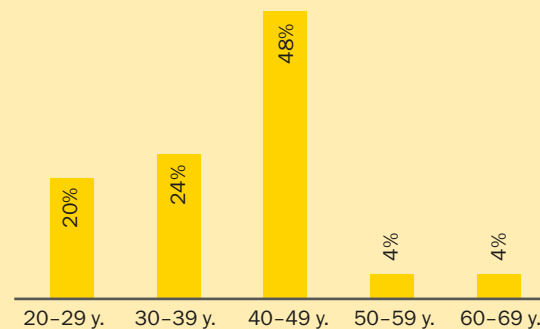
	2023	2023 %	2022	2022 %
<b>Permanent employment contracts, total</b>	<b>424</b>	<b>90.6%</b>	<b>459</b>	<b>94.3%</b>
Permanent employment contracts, women	268	63.2%	289	63.0%
Permanent employment contracts, men	156	36.8%	170	37.0%
<b>Permanent full-time employment, total</b>	<b>399</b>	<b>94.1%</b>	<b>427</b>	<b>93.0%</b>
Permanent full-time employment, women	245	61.4%	262	61.4%
Permanent full-time employment, men	154	38.6%	165	38.6%
<b>Permanent part-time employment, total</b>	<b>25</b>	<b>5.9%</b>	<b>32</b>	<b>7.0%</b>
Permanent part-time employment, women	23	92.0%	27	84.4%
Permanent part-time employment, men	2	8.0%	5	15.6%
<b>Fixed-term employment contracts, total</b>	<b>44</b>	<b>9.4%</b>	<b>28</b>	<b>5.7%</b>
Fixed-term employment contracts, women	27	61.4%	21	75.0%
Fixed-term employment contracts, men	17	38.6%	7	25.0%



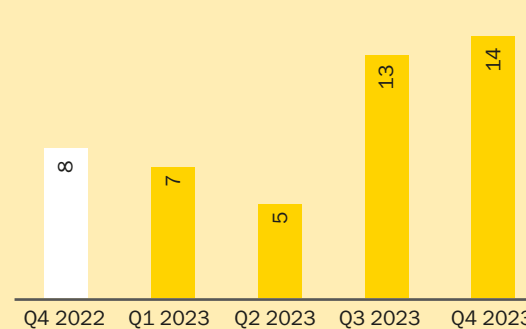
Age distribution of entire personnel



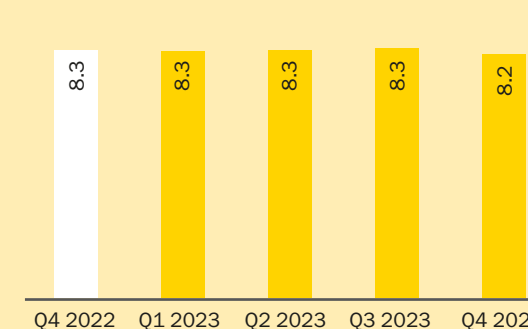
2022 age distribution of recruited people



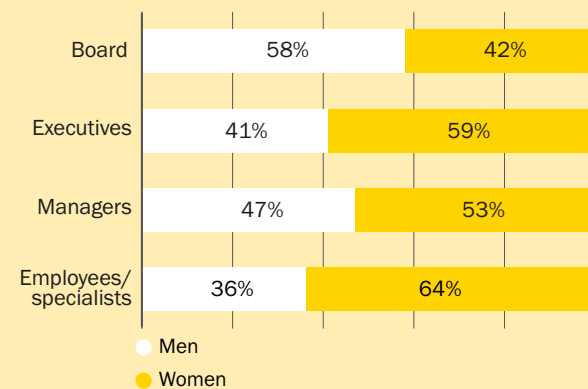
Employee Net Promoter Score (eNPS)



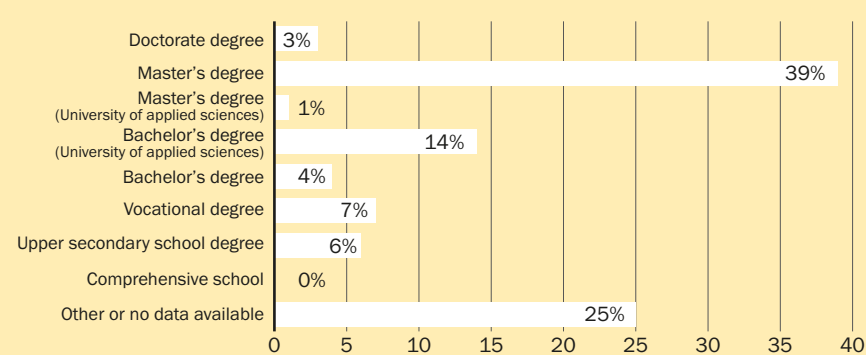
Perception of one's own work ability



Gender balance by position



Education distribution



GOOD GOVERNANCE

# The Code of Conduct guides our operations

60	Compliance activities
62	Value chains and procurement
63	Reporting practice
63	Reporting principles
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## Compliance activities

Compliance is about being in accordance with 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.

Internal control includes compliance activities, which cover all of Elo's procedures and activities that aim to prevent and identify non-compliance with regulations and respond to violations. The compliance activities are also part of our risk management, with the aim of identifying and managing compliance risks. The status of compliance and compliance risk situation are reported regularly to the Board of Directors, its Audit and Risk Committee and the Executive Group.

Compliance activities begin from the senior management, i.e. the CEO and the Board of Directors, who have the overall responsibility for the lawfulness of the company's operations. Compliance activities and Compliance organisation are based on the compliance operating principles approved by the Board of Directors.

Elo's internal control and risk management are organised in accordance with the three lines model. The Executive Group and supervisors are in the first line, the risk management and compliance functions are in the second line, and the internal audit function is in the third line. The Compliance Unit is part of the independent compliance and risk management unit, and it is responsible for ensuring and supervising compliance



## ” We are committed to respect human rights and we follow human rights principles approved by Elo’s management.

with regulations. The function reports on the status of compliance and compliance risk situation to the Board of Directors and Executive Group on a six-monthly basis and provides its own review to the Supervisory Board as part of the reporting of independent functions. In addition to regulatory compliance, the Compliance function is responsible for, among other things, insider and related party matters and the prevention of conflicts of interest and reporting on these matters. The function collaborates with the compliance network consisting of representatives of different functions. Elo has a Compliance Board tasked with handling observations that are critical or otherwise significant to Elo’s operations and severe compliance situations and making decisions on them.

We did not identify any critical compliance risks or consequences at Elo in 2023, meaning that there were zero critical risks. We have confirmed a process for processing identified compliance risks, taking into account their degree of severity. The compliance function 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.

Elo’s website includes a Whistleblowing channel maintained by the compliance function, through which both internal and external stakeholders can anonymously report violations and misdemeanours.

Four reports were received via the Whistleblowing channel in 2023. All cases were handled in accordance with the process and no critical risks emerged on the basis of them. We have own principles for the use of the Whistleblowing channel, which take into account the regulation on whistleblower protection. In 2023, no fines or sanctions were imposed on Elo, meaning that they numbered zero.

The Code of Conduct defines how we act in different situations. We updated the principles and aligned them with the new values during 2023. The Code of Conduct addresses, among other things, corporate governance, data protection, corruption, working conditions and human rights. We have an online course on the Code of Conduct that is mandatory for everyone, with a 66.7 per cent completion rate among the management and 80.6 per cent among employees in 2023. Each employee has an obligation to comply with the Code of Conduct and report any suspected breaches of the operating procedures.

We are committed to respect human rights and have human rights principles approved by Elo’s management in place. The purpose of the principles is to help us to identify, consider, prevent and mitigate adverse human rights impacts. We have identified human rights impacts especially with regard to investment activities, our own personnel and procurement.

### Anti-bribery and corruption policy and insider administration

We have an Anti-bribery and Anti-corruption Policy, which is published on our website. An online course on the policy is mandatory for all employees. It was updated in late 2023, and employees must complete it in early 2024. The completion rate of the previous online course was 95.3 per cent. In accordance with the policy, employees record all gifts given and received in a gift register. No cases of bribery were identified during 2023, meaning that there were zero cases. In addition, the risk surveys did not reveal any corruption-related risks. Observations relating to bribery and corruption can also be reported via Elo’s Whistleblowing channel, and it can also be used by our customers and other stakeholders.

The anti-bribery and corruption policy also includes separate guidelines on sponsorship and joint projects. The partnerships and donations to charity in 2023 are published on our website.

We follow an Insider Guideline pursuant to the Act on Pension Insurance Companies. We apply the Insider Guidelines to Elo’s investment activities and any securities transactions being executed by personnel belonging to the company’s list of insiders. Individuals are included as permanent insiders by virtue of their position or responsibilities, and we also apply the guidelines to temporary insiders.

### Other principles and guidelines

Elo has adopted several guidelines, policies and principles, which are implemented by the persons responsible for them through various training courses and networks, for example. We have guidelines and principles relating to the following themes, among others:

- Code of Conduct
- transactions and contractual relations between Elo and policyholders
- conflicts of interest
- procurement
- human rights
- bribery and corruption
- ownership policy
- prevention of money laundering and terrorist financing
- insiders and related parties
- outsourcing

## Value chains and procurement

Our value chain can be divided upstream, in-house functions and downstream. Upstream includes pension insurance and the provision of services, for example, in ICT services. In-house functions cover the customer and investment process as well as support functions. Downstream includes our investments and pension security. Responsibility in the value chain is described above in this report with regard to investments, pension insurance and our own employees.

The section describing the Compliance function describes the principles that define Elo's business and operations in the value chain. In 2023, we defined Elo's Human Rights Principles, according to which we are committed to respecting human rights.

As part of the responsibility of the value chain, we have a Procurement Policy that is applicable to all of Elo's procurement. We comply with the Code of Conduct in our operations and follow them with regard to all suppliers and service providers. In procurements, we also take into account the Human Rights Principles, Guidelines Concerning Related Parties and Conflicts of Interest, Anti-bribery and Corruption Policy and Guidelines on Agreements. At Elo, the Procurement Policy can be supplemented with company- or unit-specific procurement guidelines, which specify the tender and contract process and procurement authorisations on the basis of decision-making powers.

We take social and environmental requirements into account in procurement. We require our suppliers

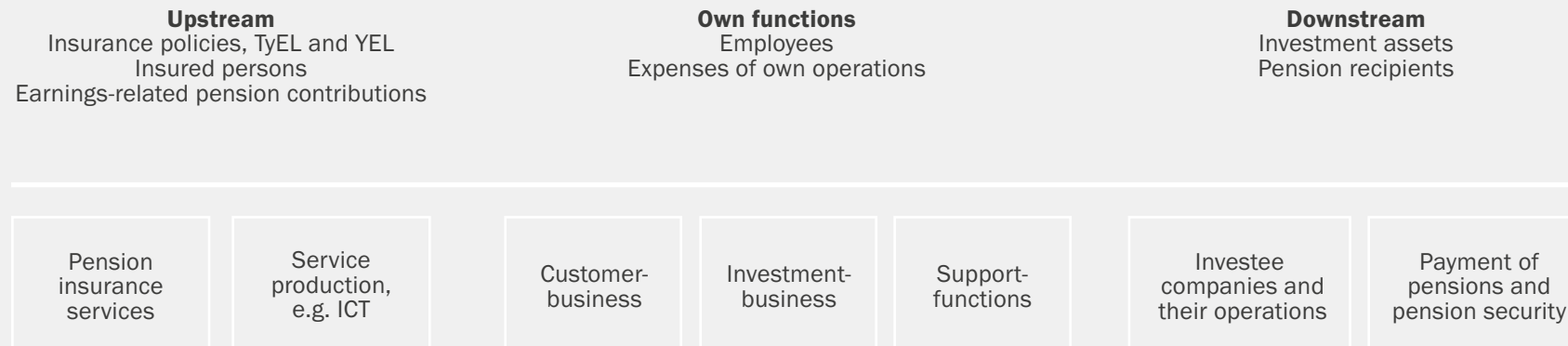
to comply with collective agreements, national labour legislation and ILO conventions, depending on which regulations best protect workers' rights. Our suppliers must ensure healthy and safe working conditions for their employees. We also require our suppliers to comply with environmental legislation and regulatory requirements applicable to them, and to act in an environmentally sustainable manner.

In addition, we have separate written operating principles required by the Pension Insurance Companies Act for arranging the outsourcing of the company's operations. The Outsourcing Principles can be supplemented with separate internal procedures. In connection with outsourcing, it should be noted that Elo cannot transfer its responsibility for the proper

performance of its task and its statutory and regulatory obligations through outsourcing. We are responsible for the management of outsourced processes, functions or services towards external parties. The outsourcing of the operations of an earnings-related pension insurance company is substantially limited with regard to public administrative duties by the Finnish Constitution and its interpretation doctrine, in terms of investment activities by the requirement for investment independence and the requirements for an adequate and functioning management system laid down in the Pension Insurance Companies Act.

The Board of Directors approves the procurement and outsourcing policies and their update needs are evaluated annually. An update of the Procurement Policy was started in 2023. In addition, we are preparing a Supplier Code of Conduct.

## Elo's value chain



# Reporting principles



In addition to the Sustainability Report, our annual reporting is comprised of Financial Statements and report of the Board of Directors, Corporate Governance Statement, Description of Remuneration for the Governing Bodies and Remuneration Report.

The Board of Directors approves the Sustainability Report as part of the company's overall financial annual reporting. We publish a Sustainability Report every year. The previous report was published in March 2023. The reporting period is 1 January to 31 December 2023. The report is mainly prepared from the perspective of the parent company of Elo Mutual Pension Insurance Company.

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

Elo's Sustainability Report has been prepared using the Global Reporting Initiative (GRI) standards. In addition to these, we also report information related to our own essential topics of sustainability. The scope of the report corresponds to the Reference to GRI level. The Sustainability Report includes a report on the risks and opportunities of climate change in investments in accordance with the TCFD. The report includes an assessment of the consideration of climate issues of investment operations in our management, strategy and risk management, as well as objectives and metrics related to climate issues.

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

We report the greenhouse gas emissions of our own operations in accordance with the GHG (Greenhouse Gas Protocol) protocol in 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 our accounting guideline.

### **Responsible investment**

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 turnover (WACI, tCO<sub>2</sub>e/mEUR turnover, scope 1, 2). The EVIC-based carbon footprint (tCO<sub>2</sub>e/mEUR invested, scope 1, 2) has been calculated in relation to the EUR invested and the carbon intensity (tCO<sub>2</sub>e/mEUR turnover, scope 1, 2) in relation to turnover. Absolute emissions have been calculated based on EVIC in tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e, scope 1, 2 and 3).

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. The calculation of the absolute scope 3 emissions of listed equity and corporate bond investments takes into account the indirect upstream and downstream emissions of the investee companies. Emissions are accounted for using standardised carbon dioxide equivalents, describing the combined global warming potential of different greenhouse gases.

The currency used for accounting for the carbon footprint of listed equity and corporate bond investments in the reporting for 2023 was changed from USD to EUR, so the figures are not comparable with those reported for previous years. The values of the reported figures for weighted average carbon intensity (WACI) for the years 2016–2022 have been converted into euros by using the exchange rates of the reporting periods.

Company-specific emissions figures for listed companies are based on the most recent data available. Where public verified data is not available, estimates based on the service provider's calculations are used. In particular, the calculation of scope 3 emissions is still largely based on estimates, and is therefore more uncertain. Elo's investments are per the last trading day of the year.

Sustainable solutions in direct listed equity and corporate bond investments have been calculated as a weighted average of the share of sustainable solutions relative to the turnover of the investee companies. In the case of corporate bonds, the share of sustainable operations in green corporate bonds is not based on

the operations of the target companies' sustainable solutions, but has been taken fully into account in the calculation. The shares of sustainable 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 turnover of enterprises.

In direct listed equity and corporate bond investments, the share of the emission targets of the investees has been calculated as a portfolio weighted average.

EU taxonomy eligibility and environmentally sustainable activities have 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 and environmentally sustainable activities have been calculated based on the turnover of the investee companies.



# GRI Content Index 2023

Disclosure	Contents	Location	Comment and further information
<b>GRI 2: General disclosures</b>			
2-1	Organizational details	p. 4, p. 63-64, Financial Statements p. 18	
2-2	Entities included in the organization's sustainability reporting	p. 63	
2-3	Reporting period, frequency and contact point	p. 63, viestinta@elo.fi	
2-4	Restatements of information	p. 47 The graph's Pension application processing times figures have been corrected for the years before 2023	
2-5	External assurance	The report has not been verified. The report was pre-verified by external verifier, the verification statement is not available.	
2-6	Activities, value chain and other business relationships	p. 4, p. 11, p. 13-14, p. 16, p. 31, p. 45, p. 62	
2-7	Employees	p. 52-58	
2-8	Information about other workers	Consultant contracts, number of people 290 (31 Dec 2023)	
<b>Governance</b>			
2-9	Governance structure and composition	p. 18-19, Corporate Governance Statement	
2-10	Nomination and selection of the highest governance body	p. 19, Corporate Governance Statement	
2-11	Chair of the highest governance body	p. 19, Corporate Governance Statement	
2-12	Role of the highest governance body in overseeing the management of impacts	p. 18-19, p. 37, p. 60-61, Corporate Governance Statement	
2-13	Delegation of responsibility for managing impacts	p. 18-19, p. 37, p. 60-61, Corporate Governance Statement	
2-14	Role of the highest governance body in sustainability reporting	p. 18-19, p. 37, Corporate Governance Statement	
2-15	Conflicts of interest	p. 19, Corporate Governance Statement	Conflict of interest policy, Code of Conduct, Anti-bribery and corruption
2-16	Communication of critical concerns	p. 53-54, p. 61, Corporate Governance Statement	
2-17	Collective knowledge of the highest governance body	The board has prepared for the CSRD reporting and received training for it	
2-19	Remuneration policies	The Remuneration Policy of Elo's Governing Bodies, The Remuneration Report of Elo's Governing Bodies	
2-20	Process to determine remuneration	The Remuneration Policy of Elo's Governing Bodies, The Remuneration Report of Elo's Governing Bodies	
<b>Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	p. 6, p. 8-10	
2-23	Policy commitments	p.18-20, p. 22, p. 25, p. 27-28, p. 37-38, p. 53, p. 61-62	Code of Conduct, Insider regulations, Conflict of interest policy, Ownership policy, Outsourcing policy, Procurement principles, Policy on prevention of money laundering and terrorism financing, Policy on transactions and contractual relationships between Elo and policyholders, Anti-bribery and corruption policy, Principles of responsible investing, Climate policy, Leadership principles
2-24	Embedding policy commitments	p. 18-20, p. 22, p.25-32, p. 42, p. 53-54, p. 61-62	
2-25	Processes to remediate negative impacts	p. 27-29, p. 61	
2-26	Mechanisms for seeking advice and raising concerns	p. 61	
2-27	Compliance with laws and regulations	p. 61	
2-28	Membership associations	p. 13-15, p. 32	
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	p. 13-14, p. 31-32, p. 45-47	
2-30	Collective bargaining agreements	For those employees who are not covered by the collective agreement, Elo follows mainly the same conditions as in the collective agreement when determining the terms of employment.	

Disclosure	Contents	Location	Comment and further information
<b>GRI 3: Material Topics</b>			
3-1	Process to determine material topics	p. 8-9	
3-2	List of material topics	p. 10	
3-3	Management of material topics	p. 13, p. 27-28, p. 30-31, p. 34-35, p. 40-41, p. 46-47, p. 49-50, p. 53, p. 55, p. 61	
<b>Economic impact</b>			
<b>GRI 201: Economic Performance</b>			
201-1	Direct economic value generated and distributed	p. 16-17, p. 22	
201-2	Financial implications and other risks and opportunities due to climate change	p. 37-41	
<b>GRI 203: Indirect Economic Impacts</b>			
203-1	Infrastructure investments and services supported	p. 32	
203-2	Significant indirect economic impacts	p. 11, p. 17, p. 27-29, p. 46-50	
<b>GRI 205: Anti-corruption</b>			
205-1	Operations assessed for risks related to corruption	Anti-bribery and corruption policy and Insider regulations	
205-2	Communication and training about anti-corruption policies and procedures	Anti-bribery and corruption policy and Insider regulations, p. 61	
205-3	Confirmed incidents of corruption and actions taken	Anti-bribery and corruption policy and Insider regulations, p. 62	
<b>Environmental impact</b>			
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organization	p. 30-31, p. 34-35	The energy consumption of the Elo's premises is included in the total energy consumption of direct real estate investments.
302-2	Energy consumption outside of the organization	p. 30-31, p. 40-43	
302-3	Energy intensity	p. 30-31, p. 40-43	
302-4	Reduction of energy consumption	p. 30-31, p. 34-35	
<b>GRI 303: Water and effluents</b>			
303-5	Water consumption	p. 31	Water consumption of direct real estate investments in Finland
<b>GRI 304: Biodiversity</b>			
304-2	Significant impacts of activities, products, and services on biodiversity	p. 25-26	
<b>GRI 305: Emissions</b>			
305-1	Direct (scope 1) GHG emissions	p. 34	
305-2	Energy indirect (scope 2) GHG emissions	p. 34-35	
305-3	Other indirect (scope 3) GHG emissions	p. 31, p. 34-35, p. 40-41, p. 43	
305-4	GHG emissions intensity	p. 30-31, p. 40-41, p. 43	
305-5	Reduction of GHG emissions	p. 30-31, p. 40-41, p. 43	

Disclosure	Contents	Location	Comment and further information
<b>GRI 306: Effluents and Waste</b>			
306-3	Significant spills	p. 31	The amount of waste generated in Finnish real estate investments
<b>Social impact</b>			
<b>GRI 401: Employment</b>			
401-1	New employee hires and employee turnover	p. 54, p. 57	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	All our employees have the same benefits. For some benefits, the employment relationship must be valid for a certain period of time before the benefit is available.	
<b>GRI 403: Occupational Health and Safety</b>			
403-1	Occupational health and safety management system	p. 53-54	
403-2	Hazard identification, risk assessment, and incident investigation	p. 53-54	
403-3	Occupational health services	p. 54	
403-4	Worker participation, consultation, and communication on occupational health and safety	Elo's intranet pages have information about occupational health services and the possibility to provide feedback. The description of occupational health services is included in the employee orientation plan.	
403-5	Worker training on occupational health and safety	Employees must complete a mandatory online safety training and a voluntary wellbeing training.	
403-6	Promotion of worker health	p. 53-54	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 32	
<b>GRI 404: Training and Education</b>			
404-1	Average hours of training per year per employee	p. 55	
404-2	Programs for upgrading employee skills and transition assistance programs	p. 55	
404-3	Percentage of employees receiving regular performance and career development reviews	p. 55	
<b>GRI 405: Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	p. 19, p. 58, Corporate Governance Statement	
405-2	Ratio of basic salary and remuneration of women to men	p. 56	
<b>GRI 406: Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	p. 54	
<b>GRI 418: Customer privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 20	



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