

RESPONSIBILITY FOR
CUSTOMERS

RESPONSIBILITY FOR
INVESTMENTS

RESPONSIBILITY
FOR THE PERSONNEL

OUR WAY OF
WORKING

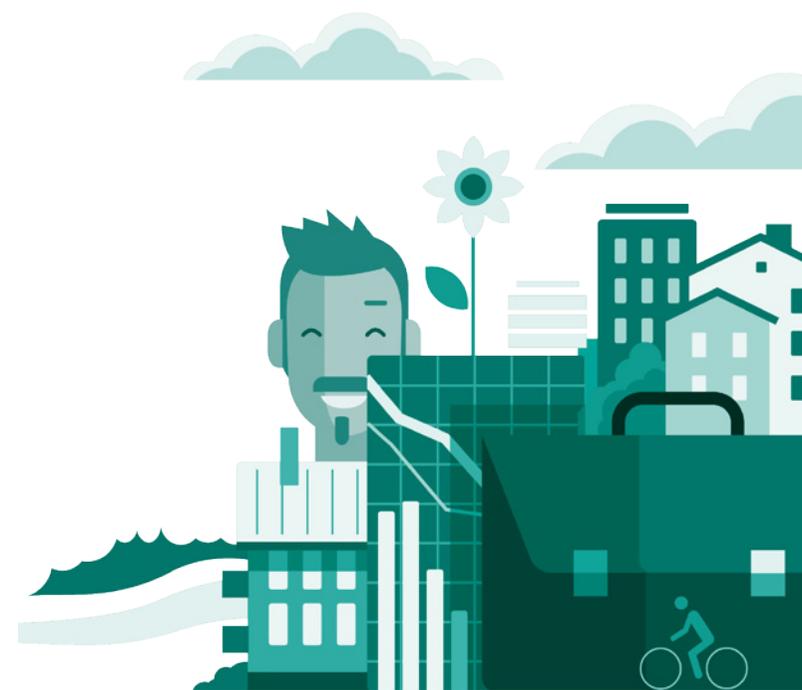


KEVA'S RESPONSIBILITY KPIs
2020

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The English translation of Keva's report complies with the Finnish convention with regard to writing figures. This means that in percentages commas rather than decimal points are used and that the separator between whole euros and eurocents is a decimal point.



THE YEAR OF CORONA

CEO's review

The year 2020 can well be described in two words: corona pandemic. The pandemic forced all organisations, including Keva, to think and reorganise their operations.

During what was an exceptionally difficult year, the significance of Keva's most important operations defined already some years ago rose to the fore: we were able to ensure the uninterrupted livelihood of public sector retirees and to safeguard pension funding.

Our customers at the centre of the pandemic

Public sector employees have shouldered a great and heavy responsibility for the consequences and treatment of coronavirus, and this has been reflected in extra workload in, for example, the health and social services sectors, education and the security sector. This was shown, among other things, by the Wellbeing at work in the public sector survey that we conducted in the autumn and the results of which we published in March 2021.

We identified the challenges posed by the corona pandemic to coping at work and supervisory work very early on in the pandemic. We developed services to help employers and employees to pull through the exceptional situation. We published digital learning material and arranged training events. We also opened up new opportunities for peer learning between supervisors and employees.

We developed new services

Since around mid-March 2020, we have served our employee and employer customers almost solely online and by telephone.

We moved training and networking events safely online and published guides to support the work of supervisors. For employer customers, we developed a new work ability path service in the form of a game, which is intended for HR actors, supervisors and occupational healthcare. During the game, the players make their choices based on work ability in the example case and the operating models in the organisation.

We were the first pension provider in Finland to pilot a possibility for our employee customers born in 1962 to order a pension proposal for themselves and a reminder of their approaching old-age pension. Whereas it was earlier possible to apply for a pension electronically two months ahead of retirement at the earliest, last year we extended this period so that customers could apply for a pension electronically six months before intending to retire.

In June, we rolled out our advisory robot Ilona, who guides customers to the right information in our online services and can provide the answers to frequently asked customer questions. Ilona assists and supports employee customers with completing forms in the online My Pension service, for example. Ilona serves employer customers both in Keva.fi and in the Employer's online service by providing



CEO Timo Kietäväinen

employers with real-time help to frequently asked questions and guiding them to the right information.

We were flexible with rents and payments

We negotiated flexible rent payment periods and other contract terms and conditions with shops, restaurants and our other corporate tenants. In this way, we wanted to ensure our that tenants could pull through the worst lockdown periods during coronavirus.

We offered the limited liability companies, associations, foundations and cooperatives who are Keva member organisations a chance to defer by four months the due dates of earnings-based pension contributions in spring and summer 2020.

We made a serious mistake

On 17 December, Keva prematurely paid the January pensions of around 400,000 local government pensioners.

Many of our employee customers were concerned about the premature payment of pensions, particularly from the tax perspective. Already on 18 December, the tax authority announced that the January pensions paid in December would be taxed as income in 2021 and that our customers would not incur any tax consequences as a result. The information issued by the Social Security Institution of Finland Kela that Kela benefits would not be affected by the prematurely paid pension was also important to our customers.

We reported our mistake openly and apologised for it. We have since changed our payment system and ways of working to ensure the repeat of such an error is no longer possible. We received mostly positive feedback from our customers for having dealt with the mistake quickly and humbly.

Based on the largely positive customer feedback, I believe that we will retain our customers' confidence.

Our investment operations are long term

For Keva, responsible investment is a strategic point not a marketing ploy. The UN's PRI (Principles for Responsible Investment) organisation has once again awarded Keva the top A+ rating for responsible investment in the Strategy and Governance category. In 2020, we continued to promote the targets set for investment operations in 2017. Some of these targets we have already reached, work on others is still ongoing and showing further development.

In 2020, we updated the environmental strategy of our internal investment properties. The focus is on minimising the climate effects caused by the use of energy in properties: we commit to halving emissions by 2025 and to being carbon neutral by 2030. We are pursuing a 20% improvement in energy efficiency by the end of 2030.

Our ambition of carbon-neutral energy use in properties requires many actions in practice. During the reporting year, we implemented 70 efficiency actions in energy use which allowed us to achieve

PRI awarded Keva the top rating for responsible investment in the Strategy and Governance category.

imputed energy savings of more than 1.5%. Intelligent heating control and projects for renewable heat supply were launched in a third of our rental housing properties. The rate of these actions will be stepped up in 2021 and 2022.

In line with our goal, we increased the sustainability investments in the equities portfolio with a special theme portfolio. The investee companies in the portfolio meet our normal investment criteria and additionally the investees in the portfolio are expected to provide solutions to the sustainability challenges defined by the UN. At year-end 2020, the portfolio was €450 million.

We engage and influence

We strive to engage with our investee companies both ourselves and through external partners. We discuss import themes with the management of

investee companies, we vote in general meetings and we influence together with other investors.

Reporting environmental impacts is the first step towards environmental risk management. Keva participates in the CDP's Non-Disclosure project, where we are contributing to an increasing number of companies reporting more broadly on their impacts from the perspective of climate and use of water and forest resources.

We remained a signatory to the Climate Action 100+ project. The project targets 167 companies around the world which are of importance to the Paris Agreement and account for 80% of global industrial emissions. Joint projects have achieved the first promising results: by the end of last year, almost 50% of the companies targeted had set a zero emissions ambition for 2050. We are also a member of the Institutional Investors Group on Climate Change (IIGCC), the largest investor community focusing on combating climate change, which seeks to actively engage with companies and lawmakers to reach climate targets

We vote in general meetings

In line with Keva's ownership policy, during 2020 we started voting in the annual general meetings of the companies that we own directly. The asset managers of our external investments continued to actively attend annual general meetings in various parts of the world. There was attendance at almost 8,000 annual

general meetings of companies in Keva's equity investments and an excellent attendance rate of 99%. In addition to attendance at annual general meetings, our asset managers have more than 1,500 engagement processes underway.

Based on an ongoing follow-up study on engagement at Keva, the plan is to outline our engagement activities. The purpose of the work among other things is to identify the opportunities for deeper engagement and to strive to allocate our resources correctly.

We widely assess the impacts of climate change

We use many different indicators to examine the climate risk of our investments. These include monitoring the development of the carbon intensity of the portfolio. By year-end 2020, the carbon intensity of Keva's listed equity investments had fallen by 37% compared to the level at the start of 2018. Carbon intensity has fallen most in Europe.

Keva has an extensive project underway in which we are assessing the effects of climate change on our investment operations. The project includes a carbon risk review.

We moved increasingly online

The Keva Day is our biggest stakeholder event of the year. As the pandemic began to really take over Finnish public debate, we moved the mid-March Keva

Day entirely online at just a couple of days' notice. We were leading the way, as since then webinars and other online events really took off.

At the same time as the Keva Day, we switched over to mostly working from home. This is how we tried to safeguard not just the continuity of our services but also the safety at work of our people. We were highly successful since based on information from occupational healthcare only a few Keva employees were diagnosed as having contracted coronavirus during the year.

We continued to implement the Responsibility Programme

The mission of Keva's strategy "towards 2025" is "responsible pension provision and support for working life". Our strategy is partly implemented by the Responsibility Programme adopted in 2019, which has a couple of key approaches:

- Responsibility is planned and implemented in our functions and units. This means it is part of our long-term way of working and that responsibility is taken into account in the management of functions and units, in risk management and in the way we do our daily work.
- Keva's Board of Directors and Management Group use mostly the same indicators to monitor responsibility and use these otherwise to assess the success of the organisation.

- Keva's responsibility work is coordinated in networks comprising representatives from Customer Relationship Management, Investment HR, Compliance and Communication.

Keva had a change of Board of Directors in autumn 2020. Orientation of the new Board of Directors included our responsibility approach and programme.

WWF recognition

The Keva building joined the WWF's Green Office network in 2017. Since then, waste sorting and amounts, commuting and energy and paper consumption have been addressed in the office building.

In December 2020, WWF re-audited the Keva building and we received recognition for the way in which the Green Office approach and activity has been integrated into Keva's other responsibility work and management.

Our responsibility image leapt forward to excellent

Keva's reputation survey was conducted in autumn 2020. The same method was used for the third time

for the study and the first study was carried out in 2016. Our overall reputation reached a good level in the day. In the second survey in 2018, we were already touching on an excellent level. In 2020, we crossed that threshold when our stakeholders assessed Keva's overall reputation as being excellent.

Our stakeholders' assessment of our responsibility remained at a good level in the first two surveys but last autumn it took a considerable leap forward to excellent. According to Pohjoisranta BWC, who conducted the survey, this result was not a statistical bias and the image of our responsibility has considerably and delightfully strengthened in the eyes of customers, decision-makers, earnings-related pension actors, labour market organisations, suppliers, representatives of civil society organisations and Keva employees responding to the survey.

Our responsibility approach and programme are based on the fact that our responsibility work and actions are planned and implemented as part of the everyday planning and work of our units and functions. We do not disengage from other work for campaigning or advertising purposes. The survey confirmed that our stakeholders share our view and

that they expect long-term, sustainable responsibility from us as a pensions provider.

Read more in our annual report

This publication, Keva's Responsibility KPIs, is Keva's Responsibility Report 2020. Keva's responsibility KPIs complement the financial statements and report of the Board of Directors adopted by our Board of Directors on 2 March 2021. To avoid duplication, this publication refers to statistics and other information already published in the annual report.

The information presented in Keva's Responsibility KPIs publication is GRI referenced, i.e. it partially complies with the indicators in accordance with Global Initiative Reporting (GRI) guidelines. This publication has been compiled from the key responsibility topics identified in the internal materiality analysis conducted in Keva in 2017 and in the responsibility programme work that ended in 2019.

Timo Kietäväinen

CEO

OUR RESPONSIBLE MISSION

The purpose and mission of Keva's operations is to ensure the earnings-related pensions of public sector employees after paid employment. In addition, an earnings-related pension provider's mission includes investing the accumulated pension assets so that they can be used to partially fund pensions to be paid out in years and decades to come.

Keva manages the processing of municipal and local government pension applications and payment of pensions and, together with its member organisations, is responsible for funding pensions. Funding is based on pension contributions and investment returns. In addition, Keva manages the pension applications and pension payments of those employed by the State, Evangelical Lutheran Church and Kela. Since the start of 2021, we have also been responsible for processing Bank of Finland and Financial Supervisory Authority employees' pensions.

Keva's other statutory duty is to reduce the risk of disability. We carry out this duty by providing services for the use of employers to support work ability management and to prevent the risk of disability.

Responsibility for the livelihood of hundreds of thousands of Finns

Keva is Finland's largest earnings-related pension provider and serves almost 1,100 local government employers, 587 State employer customers, more than 270 church organisations and the Social Insurance Institution of Finland Kela.

Key figures describing Keva

	2020	2019	2018
Sum of wages and salaries of Keva member organisations, €m	18 487	18 126	17 410
Contribution income from Keva member organisations, €m	5 252	5 217	4 920
Number of insured Keva member organisation employees at 31 Dec	538 567	544 942	535 000
Number of Keva member organisation pension recipients at 31 Dec	418 696	413 084	406 286
Keva member organisation pensions paid, €m	5 728	5 488	5 230
Investments at fair value at 31 Dec, €m	58 009	56 166	50 129
Return on investments at fair value	4,70 %	12,80 %	-3,00 %
Annual real return on investments since funding started in 1988	4,00 %	4,00 %	3,80 %
Operating costs, €m	76,6	82,2	74,9
Permanent personnel at 31 Dec	496	513	515
Number of State pension recipients at 31 Dec	242 145	246 874	251 505
State pensions paid, €m*	4 857	4 761	4 675
Number of Evangelical Lutheran Church pension recipients at 31 Dec	19 509	19 496	19 250
Evangelical Lutheran Church pensions paid, €m*	217	212	204
Number of Social Insurance Institution of Finland Kela pension recipients at 31 Dec	5 958	5 942	5 945
Social Insurance Institution of Finland Kela pensions paid, €m*	106	105	102

* These payments have no impact through profit and loss on Keva's financial statements.

Of the 1.3 million employee customers, more than 418,000 have retired from local government sectors, more than 242,000 from the State, almost 20,000 from the Evangelical Lutheran Church and about 6,000 from Kela. In addition, 539,000 local government employees have Keva earnings-related pension insurance cover.

Circulation of earnings-related pension money

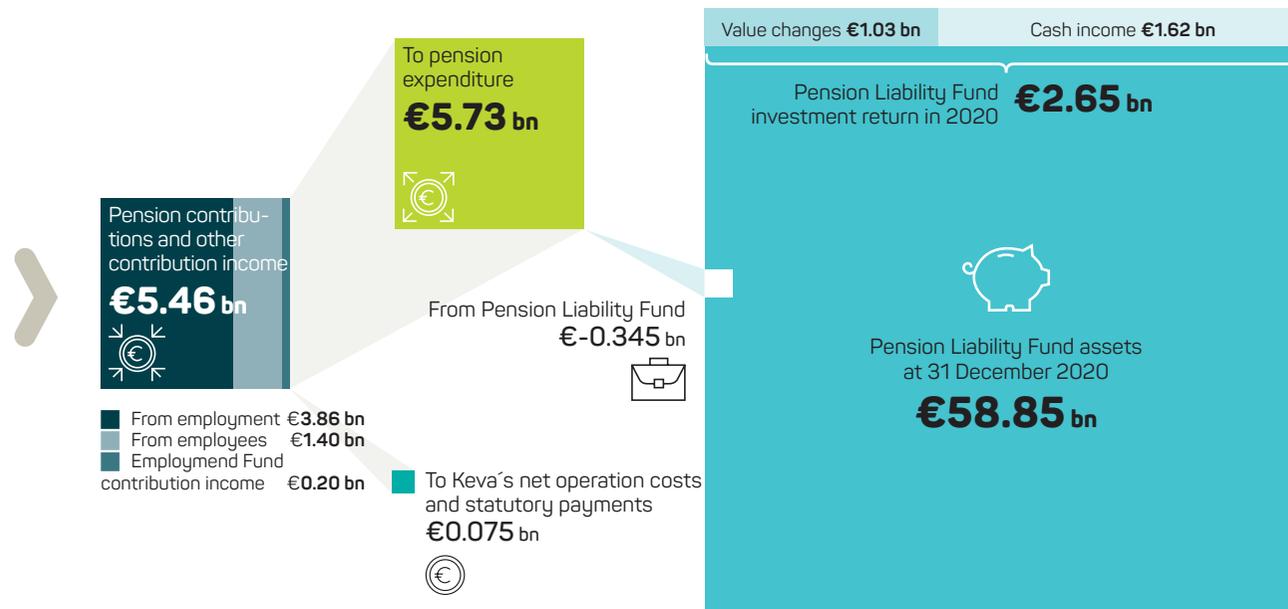
The majority of pensions are paid out of contributions collected from employers and employees. In 2020, around EUR 5.3 billion was collected in pension contributions from Keva member organisations, i.e. actors in the local government sector. The Employment Insurance Fund contributed around EUR 0.2 billion to pension payment.

Around EUR 5.7 billion was paid out in local government pensions. The gap of around EUR 0.3 billion between pension contributions and other contributions income versus pensions paid was covered by the pension liability fund accrued from Keva’s investments and returns on them.

The gap between pension contributions accrued and pensions paid will grow in coming years, and an increasing share of pensions will be paid out of pension liability fund investments and returns on them.

Keva is not responsible for funding State and Church pensions and associated investment activities, which are managed by the State Pension

Circulation of earnings-related pension money of Keva’s member organisations in 2020



Fund and the Church Pension Fund respectively.

More detailed information about Keva’s customers can be found on pages 7–8 of the Annual Report and accrual of contributions on page 10.

Responsibility Programme guides unit activities

Keva’s responsibility is achieved by actions and development in four areas: responsibility for customers, the personnel, investments and Keva’s way of working.

The Management Group adopted the Responsibility Programme in December 2019. Under the programme, the development of responsible operations takes place in Keva’s units, functions and processes.

Part of implementing the strategy

The mission of Keva’s strategy adopted in March 2019 is “Responsible pension provision and support

for working life”, and the Responsibility Programme helps to answer the question of “what Keva’s responsibility means”.

The programme has defined goals for 2020–2022 for each of the four areas. In addition, the programme outlines what will happen in each area of responsibility over the following couple of years. The goal is to integrate measurement of responsibility results into Keva’s strategy indicators.

Units and functions are responsible

The units, functions and processes set the goals for responsible operations, make detailed plans and evaluate the actions to achieve the goals. The units also plan and budget how they will reach their goals.

The Responsibility Team coordinates the work of the units and makes initiatives for the operational planning of units, functions and processes. The Responsibility Team monitors stakeholder expectations, for example, and promotes development of the responsibility approach of Keva employees.

Keva’s responsibility goals and indicators

The goals of Keva’s work with responsibility are part of Keva’s strategic goals and Keva’s Board of Directors and Management Group use largely the same indicators to monitor implementation of the strategy and responsibility. All Keva employees can monitor almost all goals and indicators on Keva’s intranet.

Keva’s responsibility goals and indicators

	Goal for 2020	Achieved in 2020
Responsibility for customers		
Start of disability	0,85	0,83
Service level for pension decisions	88,8	93,5
Ease of approach for employee customers	85	85
NPS for employer customers	78	63
Responsibility for investments		
Long-term return on investments	4,40	4,90
Improving active ownership mechanisms:		
Implementation completed of a voting service in internal equity investments		Achieved
Implementation completed of voting information in external equity and fixed-income investments		Achieved
Implementation completed of the development of a survey of engagement practices for external equity and fixed-income investment asset managers		Achieved
Climate targets for real estate investments:		
Reduction in CO ₂ emissions		
by the end of 2025 -50 %		
by the end of 2030 -100%		-18 %
Responsibility for the personnel		
Summarising the results of the employee survey		
Index eNPS	20	15
Employee sickness absences	<2,5 %	2,09 %
Our way of working		
Ratio of operating expenses to expense loading components, %	54,1	53,7
Comments received as a result of complaints	0	2
Stakeholder assessment of openness	75 %	74 %
Data protection incidents	10	18
Energy consumption and waste at the Keva building level	Below those in 2019	Achieved

Explanation of indicators

Indicator	Direction	Explanation of indicators
Start of disability	Lower, better	Number of persons retiring from service for the first time on disability pension in relation to the number of persons insured. Only insured persons in an employment or public-service employment relationship studied.
Service level for pension decisions	Higher, better	Percentage of all decisions where the processing time is less than 1 month or the decision has been given before the start of pension or the decision has been issued in less than 3 months and no later than within 30 days of the start of pension.
Ease of approach for employee customers	Higher, better	Summary of the service experience at contact points (telephone services, My Pension online service). Calculated weighted by transaction volumes at contact point.
NPS for employer customers	Higher, better	Summary of the service experience at contact points (customer visits, online service, feedback from event attendees, telephone call feedback). The figure is the mean of the NPS for all channels.
Long-term investment return	Higher, better	The cumulative real return on investments is the difference between the nominal return on investments and inflation over the past ten years. The nominal return on investments is calculated as the average annual return for the past ten years in each case and is divided by the effect of inflation in the corresponding period.
Improving active ownership mechanisms	Yes / No goals	The goals for 2020 were: <ul style="list-style-type: none"> • the introduction of a voting service in internal equity investments • the introduction of voting information in external equity and fixed-interest investments • the development of a survey of engagement practices for external equity and fixed-income investment asset managers.
Environmental objectives for real estate investments	Lower, better	The climate impact or CO ₂ emissions caused by the use of energy in properties has been identified as the most significant environmental impact of internal real estate investments. The long-term ambition is to reach emission neutrality by the end of 2030. The interim goal is to halve these emissions by the end of 2025 (compared to 2018). The indicators monitored are specific emissions, kgCO ₂ /unit m ² /year, compared to the emissions level in 2018.
Index summarising the employee survey	Higher, better	eNPS is calculated using the formula: promoters (scores 9–10) – detractors (scores 0–6) / number of all respondents.
Employee sickness absences	Lower, better	Trend in employee sickness absences calculated by relating the number of sick days as calendar days to the number of employees at the end of each month.
Ratio of operating expenses to expense loading components	Lower, better	The cost-effectiveness indicator is calculated in the same way as the part of the ratio of operating expenses to expense loading components intended to cover a TyEL company's business costs, excl. group structure. Investment operation costs, the costs and statutory payments of maintaining work ability are not included in the share funded by the ratio of operating expenses to expense loading components. The ratio of business costs to the ratio of operating expenses to expense loading components gives the effectiveness: the lower the ratio, the more effective operations are.
Comments received as a result of complaints	Fewer, better	The number of comments that the Parliamentary Ombudsman or some other regulatory authority overseeing Keva's operations has issued to him based on complaints made.
Stakeholder assessment of openness	Higher, better	The percentage of respondents in a stakeholder survey who consider that "Keva acts openly and transparently".
Data protection incidents	Lower, better	Irregularity in the processing of personal data where a data breach has occurred.
Energy consumption in the Keva building	Lower, better	Consumption of electricity and district heat in the Keva building during the year.
Waste in the Keva building	Lower, better	Amounts (kg) of biowaste, metal, glass and general waste in the Keva building during the year.

- ▶ Start of disability pensions
- ▶ Keva's service level for pension decisions
- ▶ Ease of approach for employee customers
- ▶ NPS for employer customers

- ▶ Long-term investment return
- ▶ Improving active ownership mechanisms
- ▶ Environmental objectives for real estate investments



KEVA'S RESPONSIBILITY



- ▶ Index summarising the results of the employee survey
- ▶ Employee sickness absence

- ▶ Ratio of operating expenses to expense loading components, %
- ▶ Number of complaints and comments received as a result
- ▶ Stakeholder assessment of openness
- ▶ Data protection incidents
- ▶ Energy consumption and waste at the Keva building

**We ensure cost-effective intergenerational pension provision and responsible pension funding.
We develop working life to prolong careers.**

Good governance and openness guide the way we work.

**We operate sustainably and long-term.
We take the living environment into account in our decision-making.**

RESPONSIBILITY FOR CUSTOMERS

In 2020, Keva continued to develop employee and employer customer service development and processes as a single package. The importance of the total customer relationship package was emphasised when Parliament laid down that Keva's statutory duty is to reduce the risk of disability. Keva is the only earnings-related pension operator whose duties by law include reducing the risk of disability.

The decisions of earnings-related pension providers are based on the law and the principles of good governance. Keva's responsibility for its customers includes fair, equal and non-discriminatory treatment. In addition, Keva does its best to ensure the protection of customer data and the secure processing of pension matters.

Good governance means, for example, that an employee customer is granted all the benefits to which they are entitled at once and where necessary consulting the customer when the pension of benefit is being processed. If information is missing in an application, Keva will, on its own initiative, ask the employer or employee customer for additional information. If the information in the register changes, the system automatically recalculates pensions and other benefits.

Information about claims for rectification of Keva's pension decisions as well as decisions of appeal bodies can be found on pages 14 and 33 of the Annual Report.

Digitalisation improves service

Keva has expanded digital solutions in customer service: The services of the advisory robot Ilona expanded from the Keva.fi website to the My Pension service during 2020. Ilona serves in Finnish in both online services and in Swedish at Keva.fi. The Swedish-language robot will be available in the My Pension service during 2021.

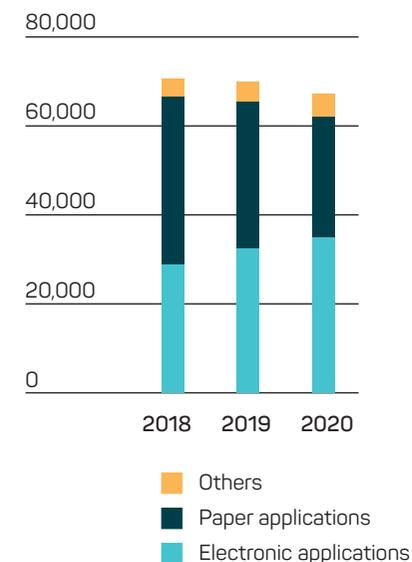
Thanks to digital service development, services aimed at the development of work ability management are available to increasingly more employers irrespective of the sector and scale of the organisation. A strong rise in visitor numbers was seen in 2020 both in the Learning environment and digital workplace wellbeing surveys. The Key Data online service was opened also for the use of State and Church employers.

We strive to secure an uninterrupted livelihood

The minimum old-age pension retirement age increases by three months each year. For example, the earliest old age pension retirement age for persons born in 1957 is 63 years and 9 months. The goal in the entire pensions sector is to raise the earliest old-age retirement age to 65 years and to influence prolonging working careers.

Continuity of livelihood requires that register information of the customer applying for a pension is correct and up-to-date, and that he or she applies

Applications received by source 2018–2020



for a pension in good time before the planned start of the pension. Keva reminds customers to check the register information so that when applying for a pension, processing the pension is as fast as possible and there is no interruption of livelihood. At best, a customer can receive a decision on their application in less than 24 hours.

In the case of discretionary pensions and benefits, the timely application and filing of relevant information, such as medical statements B, at the same time as the application is important to ensure fast processing and continuity of livelihood.

Continuity of livelihood is monitored using Keva's service level indicator.

Increasing use of electronic service

Keva wants to guarantee its customers smooth, easy interaction in everything related to pension provision. This is why Keva is focusing on developing the employee customers My Pension online service, which it recommends its employee customers use. Customers can use the online service to also apply for a pension and make changes to the payment of pensions, for example, changes in banking details.

The number of online applications continued to grow during 2020 and accounted for 52% (2019: 47%) of all applications. More than 78% (2019: 72%) of old-age pension applications and more than 91% (2019: 88%) of partial early old-age pension applications were made online. Of all disability pension appli-

cations, 30% (2019: 26%) were submitted online.

Despite the strong growth in handling matters online, Keva guarantees an opportunity to deal with matters and receive personal advice also for persons with limited opportunities to use an e-option.

Influencing disability retirement

Continuing a career is a better option than premature retirement both for employee and employer customers, and for the earnings-related pension system.

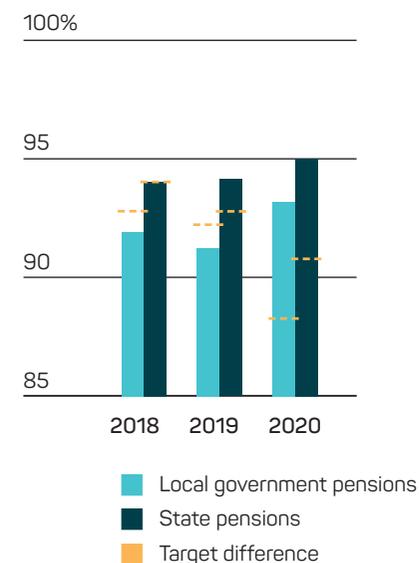
Vocational rehabilitation helps employees to continue working for longer

Keva supports both employers and employee customers in prolonging careers. Keva supports employers in the strategic management of work ability. In the case of an individual employee customer, solutions to diminished work ability are sought through means of work ability management.

When an employee's ability to work has diminished, the first thing is to determine whether work arrangements at the workplace can help the employee to continue working. Where this is not possible, the possibilities of vocational rehabilitation are explored. Vocational rehabilitation is available to persons at risk of a disability pension. The aim is that through vocational rehabilitation, a person moves to a job that is suitable for his or her health.

A partial disability pension may be the right alternative if it is possible for the person to continue

Service level 2018–2020



The service level is the percentage of all decisions where the processing time is less than 1 month or the decision has been issued before the start of pension or the decision has been issued in less than 3 months and no later than within 30 days of the start of pension.

working by reducing their workload. If these means are insufficient, the employee's livelihood is safeguarded by the statutory pension provision and the disability pension alternatives – partial disability pension or full disability pension – it offers.

Good outcomes

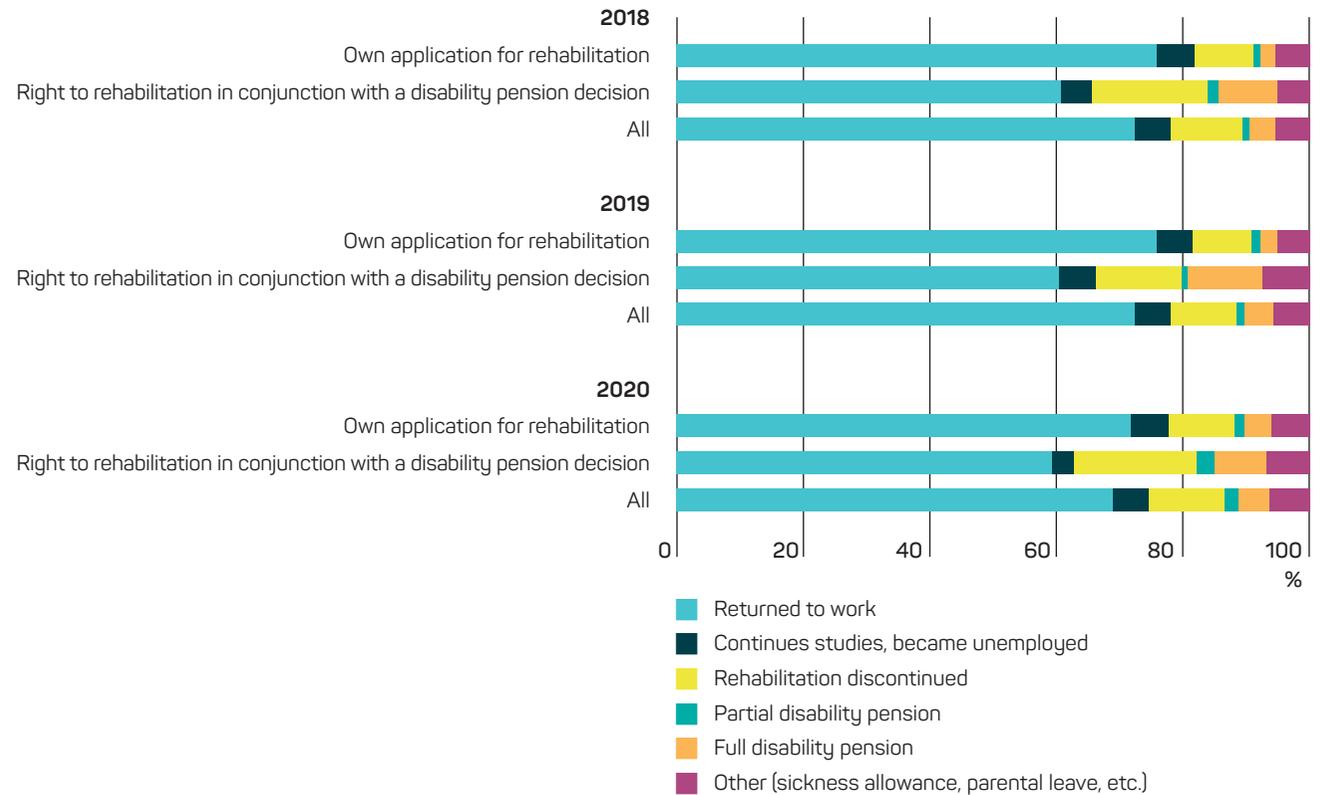
Compared with other earnings-related pension providers, Keva has been very successful in vocational rehabilitation. The public sector has traditionally made workplace and working time arrangements that allow employees to continue working. Employee job descriptions have been modified and relocation opportunities have been good.

Services and collaboration to support strategic work ability management

Keva provides employer customers with services for the long-term and proactive strengthening of work ability management, and services which contribute to enabling effective strategic HR management. Successful work ability management results in an improvement in the wellbeing and productivity of work communities and lower disability costs.

Working life quality in the public sector will also help to ensure the competitiveness of municipal, State, Church and Kela workplaces is retained going forward. In addition, improving the quality of working life will improve the quality and efficiency of public sector service production.

Rehabilitated by Keva for the labour market 2018–2020



Together and in networks

In 2020, Keva increasingly developed services together with customers and partners. Keva also aims to accelerate mutual learning and development networks between employer customers.

The challenges of the corona pandemic for coping at work and supervisory work were identified immediately very early on in the pandemic. Keva provided support and assistance during the period of the pandemic and published digital learning material for

the use of immediate supervisors and HR management, organised training events for insured persons, including teachers and care workers, working in critical tasks in managing the pandemic, opened up new opportunities for peer learning between employer customers and worked with employer customers to design a survey ascertaining wellbeing at work during the coronavirus period. Keva successfully managed to quickly put services online.

Research-based knowledge and competences

In 2018, Keva launched the Key Data online service, which provides employer customers with information on the costs incurred by an organisation as a result of disability, the phenomena underlying the costs and how to influence these costs. In 2020, Key Data services were opened also for State and Evangelical Lutheran Church employers.

The service content of the digital learning environment to support work ability management was expanded. In addition, a new work ability management game was rolled out to develop work ability management skills.

The impacts of the corona period on wellbeing at work were also studied in a Wellbeing at work in the public sector survey, the results of which Keva published in March 2021.

Employer communications were scaled up and starting in spring 2020 employers received a monthly summary of topical issues, Keva's service provi-

sion and the impacts of coronavirus on, for example, planned customer meetings, training, Keva's investments and pension contributions.

In October 2020, Keva granted a total of EUR 500,000 in workplace wellbeing promotion grants to 17 local government and Church projects. The impact of the coronavirus pandemic was reflected in applications, and more were received than in earlier years. The choice of projects emphasised their innovativeness and the broad usefulness of the results. The development of supervisory work, teamwork, self-direction and work ability support processes were highlighted in the projects receiving workplace wellbeing promotion grants in 2020.

For more detailed information about working life services and support for continuing at work, see pages 7–9 of the Annual Report and online (in Finnish).

<https://www.keva.fi/en/>

Customer experience and willingness to recommend of employee and employer customers

Keva continuously collects and utilises feedback about the experience of employee and employer customers of interaction with Keva. Customer satisfaction is a strategic indicator of Keva, which is also reported to Keva's Board of Directors.

Keva monitors the experience of employee and employer customers of interaction with Keva

Employer customer satisfaction and readiness to recommend Keva

	2018	2019	2020
Satisfaction (persons giving good or excellent grade or number 4 or 5, scale 1–5, % of respondents)	76	74	76
NPS*	37	29	63

* The NPS measurement method changed in 2020 (NPS given in conjunction with interaction) and so the result is not comparable with the NPS for 2018 and 2019 (annual customer satisfaction survey).

Employee customer experience of ease of service

	2020*
CES (Customer Effort Score) % of respondents experiencing that interaction with Keva is easy 4 or 5 (scale 1–5). The result has been weighted by volumes in different interaction channels.	85

* The way of measuring employee customers has changed and no comparable data before 2020 is available.

in different services. The satisfaction of employee customers is measured by how much effort is needed to get an issue resolved, Customer Effort Score (CES), and last year, 89% of customers thought that interaction with Keva was easy. Also employer customers have an overall value for interaction and 88% of respondents were satisfied with their interaction.

Besides continuous monitoring, a reputation and customer satisfaction survey for employers was conducted in late 2020. The results showed that Keva had improved its operations year on year. Now 76% of respondents felt that Keva had served them well or excellently.

Employer customers also thought that Keva's reputation had improved. Respondents thought Keva had improved interaction in particular and a deeper insight and consideration of customer needs. The employer customer NPS improved at the same time.

Projects that received workplace wellbeing promotion grants in 2020

Hospital District of South Ostrobothnia Joint Municipal Authority, Patient care support and maintenance services (EUR 25,000)

POVERA project, workplace wellbeing together

City of Kaarina (EUR 30,000)

Mieli työssä – työ mielessä (Mind at work – Work in mind)

Central Fund of the Evangelical Church of Finland, Service Centre (EUR 30,000)

Towards self-direction and coaching in the work community in the Church Service Centre

Municipality of Kontiolahti (EUR 10,000)

Personnel as a bold solver in the challenges of wellbeing

Municipality of Lempäälä, Food services (EUR 20,000)

Securing professional kitchen academy efficiency, work ability and competence

Municipality of Muhos (EUR 15,000)

Better effectiveness in the development of people's management skills with the help of new digital solutions

City of Oulu, Wellbeing services (EUR 35,000)

Effectiveness in self-directed home care and oral healthcare in the City of Oulu

Municipality of Pertunmaa (EUR 10,000)

Productive service production and far-sighted wellbeing at work through vibrant strategy work in the Municipality of Pertunmaa

Municipality of Sotkamo (EUR 25,000)

Direction for Sotkamo through everyday innovation

Pirkanmaa Hospital District Joint Municipal Authority, Tampere University Hospital, Intensive care department/ Area 7 (EUR 30,000)

Power to IC – a better culture of interaction and resilience by strengthening work identities

SASKy Municipal Education and Training Consortium (EUR 20,000)

Together

Municipality of Siilinjärvi (joint project with the City of Varkaus) (EUR 25,000)

With knowledge for effective occupational health cooperation

City of Turku (EUR 50,000)

Customer-driven development network as a supporter of cultural change in a public organisation

Vaalijala Joint Municipal Authority (EUR 30,000)

Hurraa, nyt luodaan työuraa! (Hurrah, now let's create a career!)

Vantaan Tilapalvelut Vantti Oy (EUR 65,000)

Multiculturalism capacity building and integration of special groups through Vantti induction

Town of Ylivieska (joint project with Haapavesi, Nivala and Municipality of Kärsämäki) (EUR 45,000)

Developing alone is hard; we achieve much more together

Town of Ylöjärvi (EUR 35,000)

ESKO Supervisor training programme – effective supervisory work by appreciative interaction

RESPONSIBILITY FOR INVESTMENTS

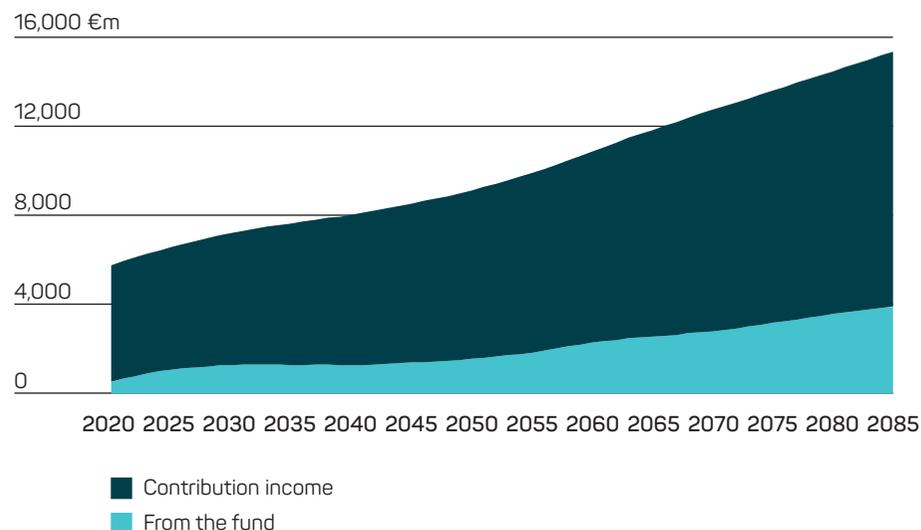
Responsible investing at Keva is based on managing intergenerational pension liability. The liabilities covered by the fund extend to decades ahead. The Act on Keva in practice in itself specifies that Keva, as a manager of local government pension assets, is a long-horizon investor that must ensure the safety of and returns on investments.

The real net expenditures covered by the investments in the coming decades will be much higher than the current value of the fund. The real gap between expenditure and income means that given the task, it is necessary to take risks.

The long time span of the mission and the need for future returns call for a need to understand the long-term risks and opportunities associated with investment decisions. The ESG criteria relating to investees form a framework for this.

The development of responsible investment at Keva is based on the principle that responsible investment is only possible if investment activities are long-term by nature. ESG risks are largely long-horizon phenomena.

Sources of funding of Keva member organisations' pension system in 2020 money



ESG criteria form a framework for understanding the long-term risks and opportunities in investments.

Responsibility cannot be outsourced and the understanding around phenomena must be built oneself. The main thing is not the easy availability of information, but its ability to steer investment in the right direction in the long run.

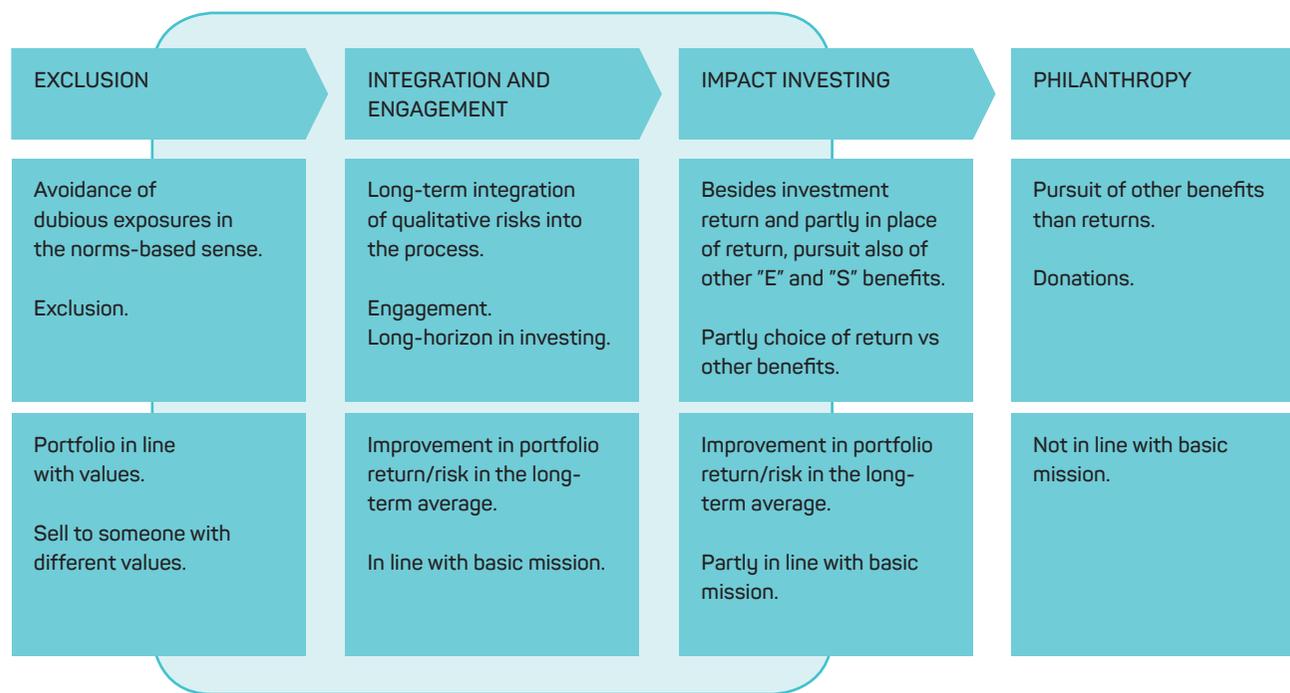
Responsible investment steering

The responsible investment beliefs were updated and adopted by Keva’s Board of Directors in 2017. The beliefs are in the public domain on Keva’s website and serve as a foundation for the development responsible investment at Keva.

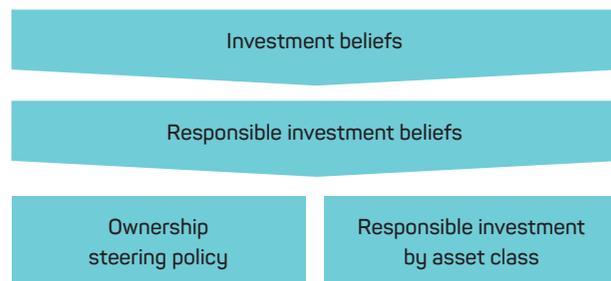
In 2018-2022, the focus of the development of responsible investment will be on implementing the goals set out in the “Responsible investment by asset class” adopted by the Board of Directors in 2017. The goals will be updated as they are reached and the projects progress

The Responsible Investment Steering Group guides the practical development of responsible investment at Keva. The Steering Group has a representative from each of Keva’s investment function units. The Deputy Head of Responsible Investment chairs the Steering Group. The Steering Group met four times in 2020.

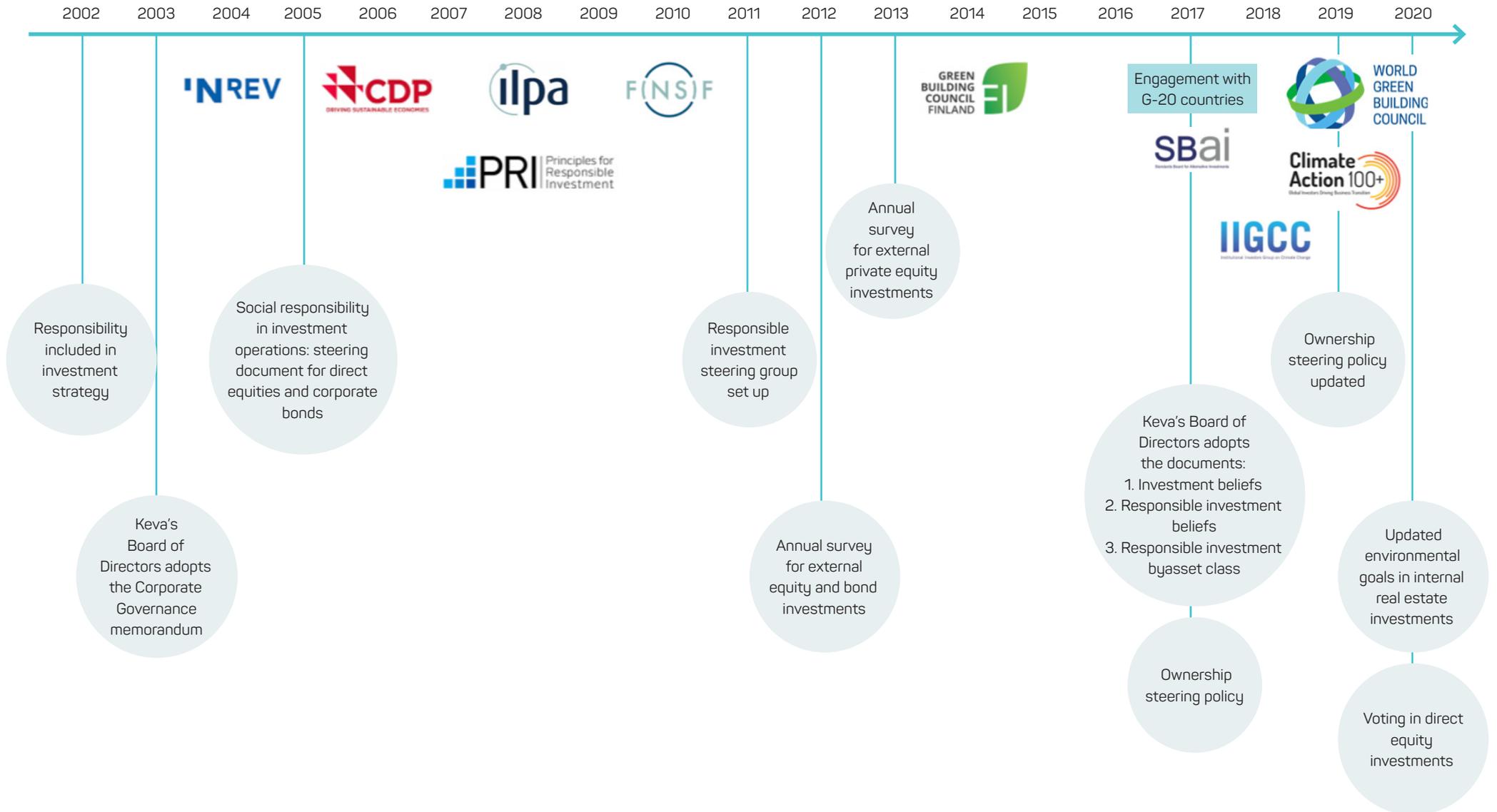
Keva’s positioning in responsible investing



Investing steering documents



Development steps in responsible investment at Keva



Key actions in 2020

Some of the goals set out in the "Responsible investment by asset class" were reached in 2020.

Implementation of ownership steering

Keva's Board of Directors adopted the updated ownership steering policy on 11 December 2019. Keva carries out ownership steering both directly itself and together with other investors. The most important means are discussions and meetings with the management of investee companies, voting at the annual general meetings of investee companies and by engagement together with other investors. If necessary, Keva can participate in proposals made by shareholders to an annual general meeting and be involved in various investor cooperation projects and initiatives. The implementation of ownership steering is reported annually.

Shareholders have the best opportunities to influence a company's operations and one of the most important forms of engagement is to vote in the annual general meetings of investee companies. In line with the Ownership Steering Policy adopted in 2019, Keva launched in 2020 a gradual increase in voting activity in companies in which it has a direct holding. As Keva invests in a very large number of companies whose operations are scattered around the world, asset management companies who are familiar with local conditions are responsible for voting on Keva's behalf in external equity strategies.

General meetings by region and distribution of votes given

Region	Number of general meetings attended	Attendance rate %	Number of proposals	For %	Against %	Not voted %	Other* %
Asia excl. Japan	3 041	100	34 277	85	14	1	0
Africa	102	100	2 822	85	15	0	0
Canada and United States	2 009	100	23 226	73	17	1	9
Europe	1 638	97	35 403	85	14	1	0
Japan	150	100	1 833	95	4	0	0
Latin America and the Caribbean	864	99	9 927	75	21	4	0
Middle East and North Afrca	180	100	2 734	74	8	18	0
Oceania	8	57	54	93	6	2	0
All	7 992	99	110 276	81	15	2	2

* Category contains general meeting proposals where voting was inconsistent, frequency of management remuneration voting and withheld votes in individual voting.

However, Keva regularly monitors voting.

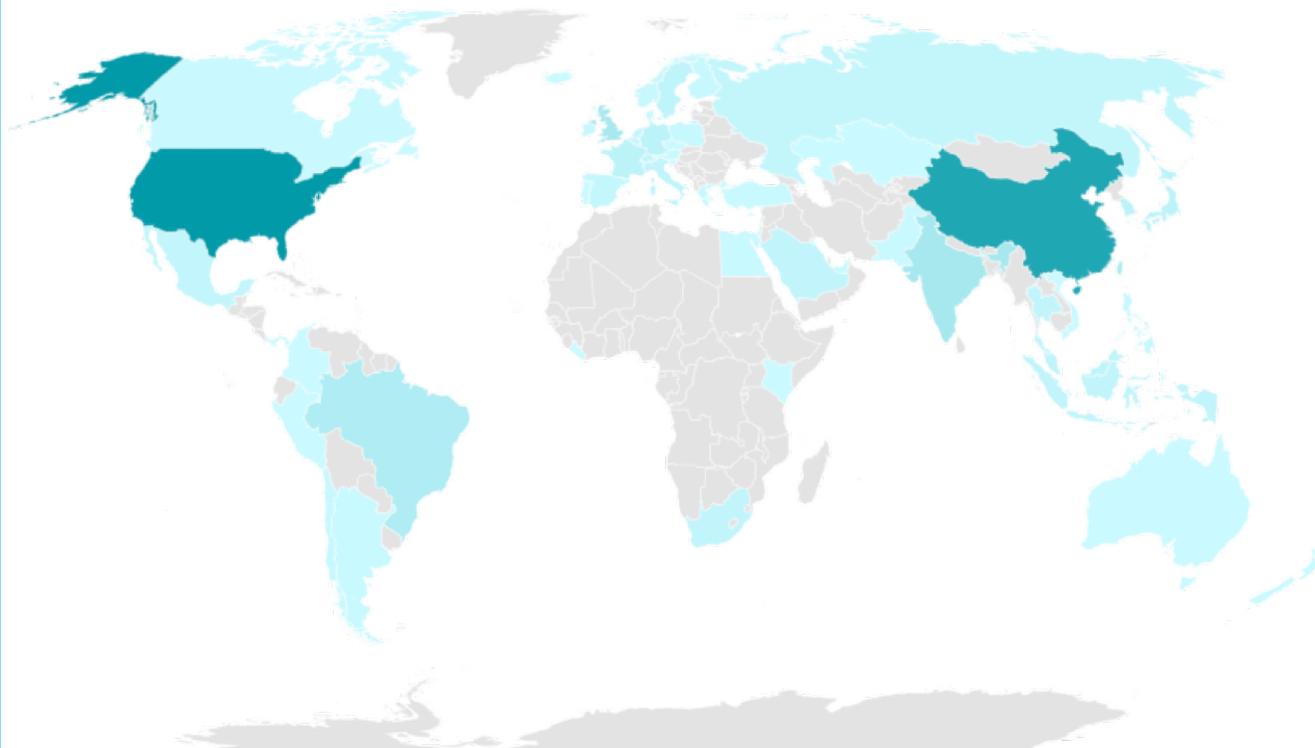
When examined as a whole, Keva and asset managers exercised their voting rights in the general meetings of 7,992 publicly listed companies, which represents 99% of all possible general meetings of holdings¹. In listed companies owned by directly by Keva, voting took place in 34% of the companies in the portfolio². A total of 110,276 proposals were voted on in general meetings, with 81% of the proposals being voted for, 15% against and 2% of individual proposals were not voted on.³

Asset managers actively engage

Keva has sent an ESG survey to external equity and fixed income asset managers since 2012. As in the previous year, the 2020 survey dealt with engagement.

The survey was again developed for a more systematic treatment of the results and was extended to include passive equity strategies and emerging market sovereign debt. The results of the survey provided interesting information about the

General meetings by geographical location. The countries in blue are those voted in and the darkness of the colour refers to the number.



Source of map: bing.com

¹ Excludes voting results in mutual funds and voting in general meetings by external fixed income asset managers.

² The voting share held by Keva had only a minor role in the outcome of the voting in the general meetings concerned.

³ In addition, voting was conflicting in 2% of proposals or the proposal was not in a clear for/against form. Because asset management companies might sometimes vote in the same general meetings and make independent voting decisions, the decisions could conflict.

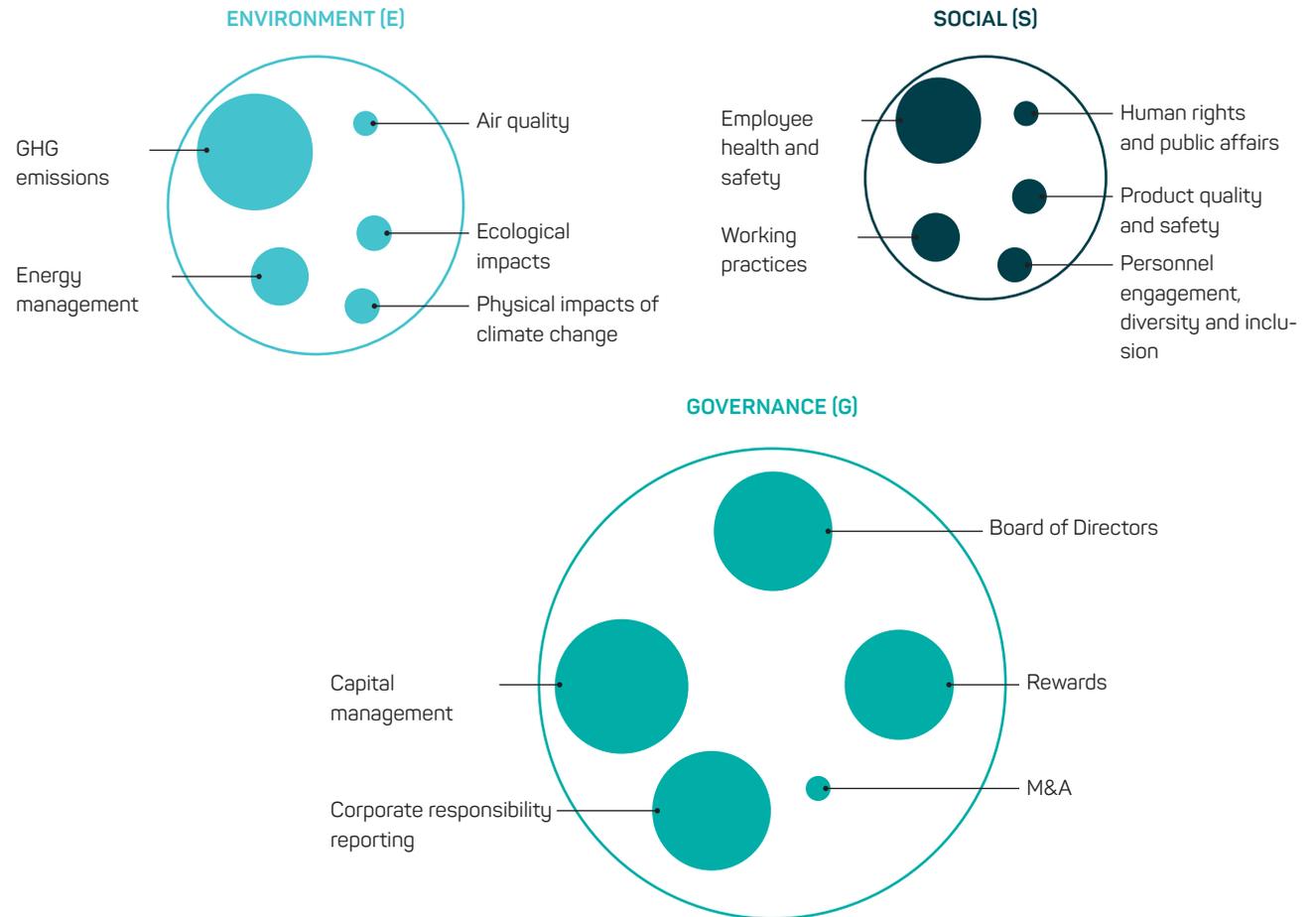
engagement of asset managers and the outcomes of engagement. Engagement at Keva means purposeful and goal-driven use of bargaining power in investee companies. A materiality framework developed by the Sustainability Accounting Standards Board (SASB) was used to improve classification of cases of engagement.

There was a high response rate, almost 100% of the investment assets covered by the survey. Responses were received from 44 equity investment and 21 fixed income investment asset managers.

Keva's external asset managers were actively engaged in 2020. In 2020, they had more than 1,500 ongoing goal-driven engagement processes⁴. There were around 1,200 companies engaged with. Direct contact with a company was again the most common form of engagement. Other means of engagement included voting at general meetings and cooperation with other investors. Some asset managers were also involved in preparing shareholder proposals for submission to general meetings. Engagement processes typically last 1–3 years, but the longest have lasted for more than five years.

At the top level, the most common engagement theme, like last year, concerned good governance, but the environment and social themes were clearly

Most common topics of engagement by main theme in 2020



⁴ The results are based on Keva's survey for external asset managers which were in Keva's portfolio at year-end 2020. The figures apply to engagement cases where the information concerned has been reported.

more common. The effects of Covid-19 were reflected as a growth in the theme of social responsibility in particular in engagement processes in fixed income investments. A more detailed examination shows that the most common themes in engagement covered a wide range of different social responsibility aspects. The most common environmental (E) themes included GHG emissions and energy management, the most common social (S) themes included employee health, wellbeing and working practices, and the most common governance (G) themes included capital management, corporate responsibility reporting and causes related to the Board of Directors.

Based on the results reported of the outcomes of engagement, the goals set for engagement were reached in around one third of engagement cases. More than half of all engagement cases were still ongoing at the end of 2020.

Collaborative engagement

In 2020, collaborative engagement with other investors focused on climate change.

Investors cannot avoid the systematic risk of climate change by excluding individual investees or by diversifying investments. This is why the only means is to strive to impact the amount of systematic risk by influencing the actors causing climate change. Keva seeks to curb the climate risk of investee companies by engaging with them directly and in collaboration with other institutional investors.

Engagement at Keva takes place at many different levels so that companies:

- 1) recognise their impacts and convey the information to the financial markets
- 2) reduce their impacts and investor risks
- 3) take the impacts of climate change into account in their strategic planning.

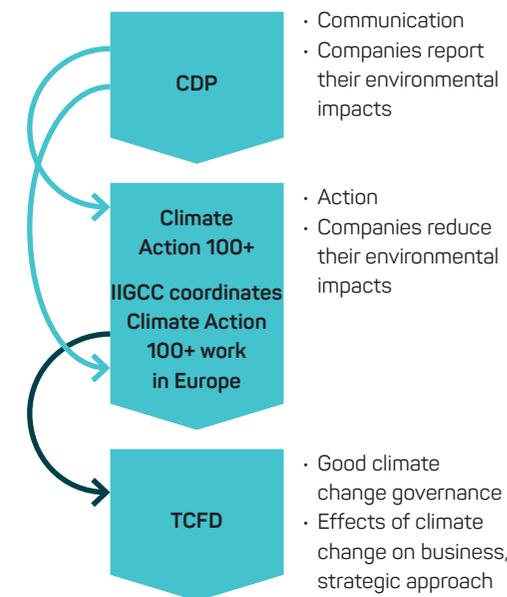
CDP

CDP (earlier Carbon Disclosure Project) is an independent non-profit organisation that collects information from companies relating to climate change, use of water resources and deforestation. The Carbon Disclosure Project was launched in the year 2000 and Keva has been involved in it since 2006. Keva has signed CDP's Carbon Disclosure (2006), Water Disclosure (2011) and Forests projects (2014).

CDP projects aim to inform investors about the global problems caused by climate change, the sufficiency of clean water and the destruction of forests and to convey to the management of companies the concern if investors about the associated risks. In 2020, more than 9,600 companies, representing around 50% of the global financial market, disclosed their environmental data to CDP.

CDP's reporting platform provides investors with comparable environmental data disclosed by the companies themselves in accordance with the Task Force for Climate-Related Financial Disclosures (TCFD).

Engagement levels and objectives, climate change case



In 2020, Keva again participated in CDP's Non-Disclosure project. The project aims to influence those companies that have not responded to CDP's reporting requests on transparency with climate change or use of forest and water resources.

Reporting on environmental impacts promotes both companies' own understanding of the risks and opportunities of their business and investors' understanding of the companies. Keva utilises CDP data when evaluating the responsibility the risks and opportunities of investee companies. Regarding Keva's investments, 57% of equity investments and 35% of corporate bond investments reported their environmental impacts to CDP in 2020.

Keva has systematically stepped up its involvement in the project: in 2020, reporting was requested from a broader range of companies and on a broader scale from the aspects of climate change and use of water and forest resources. In 2020, Keva requested reporting on environmental matters for companies in Keva's portfolio and companies outside it. Companies included major listed companies, which were assessed as having business risks relating to these environmental aspects.

In 2020, Keva was involved in 130 reporting requests (52 climate, 15 forest and 63 water), of which 25 requests produced a result and reporting started (8 climate, 4 forest and 13 water).

In 2020, a total of 108 investors from 24 different countries and representing investment assets of

USD 12,000 billion, were involved in the project. A total of 1,025 companies from 49 different countries were requested to report. These companies had a total market value of USD 21,000 billion and they emitted almost 5 billion tCO₂e. Since the campaign started in 2017, the number of investors and companies involved has grown at an average rate of 25% a year. The 2020 campaign involved 23% more investors and 59% more companies than in 2019.

In 2020, the request response rate rose to 20%, whereas earlier it was around 15%. Of the 1,025 companies receiving a reporting request, 206 began to report to CDP in 2020 (156 climate change, 20 forest and 43 water). Their annual emissions totalled 670 MtCO₂e.

According to CDP, the results show that the effectiveness of the 2020 project was more than double that of the benchmark group. In other words, companies are more than twice as likely to report their environmental impacts that investors actively requested.

Better management of environmental risks are also seen in companies covered by the campaign. Companies that have reported to CDP for three years are more likely to use risk management processes, goals and emission reduction initiatives than companies reporting to CDP for the first time.

Climate Action 100+

During 2019, Keva signed up for the Climate Action 100+ project. This is the world's most significant investor engagement project relating to curbing climate change (involving 545 investors, investment assets totalling USD 52,000 billion).

Keva continued to be a signatory in 2020 to the Climate Action 100+ project. There are 167 companies around the world that are the object of engagement and which have an important role regarding the Paris Agreement, representing 80% of global industrial emissions. At year-end 2020, the project had already achieved the first promising results: 43% of the target companies had set a zero-emission target for 2050. The results of other projects at year-end 2020:

- scope 3 emissions increasingly included in targets (10% of target companies)
- greater accuracy and ambition in interim targets
- ambitions to withdraw from carbon
- investments in renewable energy and carbon offsetting
- increase in TCFD climate reporting
- some companies have withdrawn membership of trade bodies that lobby against the goals of the Paris Agreement
- some companies have begun to publish transition period plans for their employees and organisations affected by business changes, e.g. closure of coal power plants.

IIGCC

Keva added to its opportunities to engage with companies and understand the risks related to climate change by joining, in 2018, the Institutional Investors Group on Climate Change (IIGCC). IIGCC is Europe's largest consortium of investors against climate change and aims, among other things, to develop long-term risk management, operating policies and investment practices related to combating climate change. IIGCC's 200 investor members have total investment assets of more than EUR 30,000 billion.

Finsif

Finland's Sustainable Investment Forum ry (Finsif), which Keva had founded in 2010, continued its active operations during the year. Finsif promotes responsible investment in Finland by providing a networking place and a channel to obtain information. Finsif is also involved in the activities of the Nordic Sustainable Investment Forum (Nordic SIF). In 2020, Keva's representative served as chair of Finsif's nomination committee.

Green Building Council Finland

Keva has been a member of Green Building Council Finland since 2014. The association brings together sustainability expertise and represents its members in matters related to the topic both in Finland and internationally. GBC Finland's main tasks are to

promote sustainable development practices and environmental classifications of properties related to the built environment, to connect Finland to the international Green Building Council network, to provide information and know-how, and to activate dialogue and discussion.

Keva is represented in both carbon-neutral construction and building use committees and expert groups as well as in the communications network's group.

In 2020, Keva signed the Net Zero Carbon Buildings commitment to carbon-neutral energy use in buildings by 2030.

PRI, UN Principles for Responsible Investment

The UN launched its Principles for Responsible Investment (PRI) in 2006. The principles represent the best responsible investment practices. Keva signed the principles in 2008.

Keva's representative has been on the PRI Reporting & Assessment Advisory Committee (RAAC). The committee is tasked with helping the PRI to develop an annual survey to better meet reporting objectives.

Environmental strategy for internal real estate investment

The environmental strategy for internal real estate investments was updated in 2020. The focus is on minimising CO₂ emissions from the energy use of

buildings: these emissions will be halved by 2025 and zeroed by 2030.

A 20% improvement in energy efficiency is sought. Our ambition of carbon-neutral energy use in properties requires many actions in practice, the implementation of which is proceeding as planned. During 2020, 70 individual energy efficiency measures were implemented, achieving more than 1.5% in imputed energy savings. Intelligent heating control and projects for renewable heat supply were launched in a third of our rental housing properties. The rate of these actions is stepping up: planning of the renewable energy and energy efficiency measures for 2021 and 2022 progressed to plan during 2020.

Equity portfolio containing sustainable development solutions

A project was implemented in equity investments to build a thematic portfolio based on sustainable development solutions. The portfolio was implemented through external asset managers in 2020.

The investments in the portfolio are expected to provide solutions to the challenges of sustainable development guided by the UN Sustainable Development Goals, without losing sight of the normal requirements for return on the portfolio. The portfolio had a market value of EUR 450 million at year-end 2020.

Reduction in the carbon intensity of the equity portfolio

The aim was to expand on measurement of the carbon risk. It is important to be aware that since the carbon intensity of the portfolio is sensitive to internal country and sector allocations in the portfolio and movements in market prices. This is why developments need to be monitored over a period longer than one year.

From the investment aspect, carbon intensity indirectly measures the static regulatory risk of a portfolio. Keva understands that carbon intensity is not predictable and is also still an evolving indicator. An examination of carbon intensity alone is too narrow an aspect to understand the risks and opportunities of climate change. An examination of the carbon risk continues as part of an assessment of climate change impacts in respect of which a project ongoing at Keva involves investment experts from different units.

The carbon intensity of the equity portfolio is being monitored during 2018–22. According to the “Responsible investment by asset class” document prepared in 2017, it was believed that carbon intensity would fall as a consequence of responsible investment goals. During the monitoring period (2018–2020), the carbon intensity of all Keva’s listed equity investments decreased 37% and was 24% lower than the benchmark index. Carbon intensity has decreased most in Europe, due, among other things, to a strategy change in direct equity investments.

Development of reporting, tools and processes

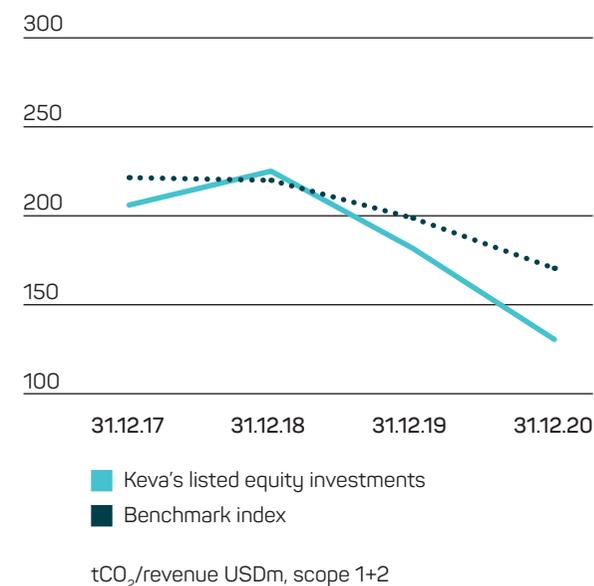
Keva has been committed to the UN Principles for Responsible Investment (PRI) since 2008 and reports annually to the PRI on its implementation of responsible investment. PRI has once again awarded Keva the top A+ rating for responsible investment in the Strategy and Governance category.

An external service provider provides information both on company-specific ESG aspects and screening for controversial weapons and breaches of norms. ESG assessment covers 95% in Keva’s listed equity investments and 76% of the fixed income investments of the investment assets in the portfolios. Coverage is lower in emerging markets and Japan, for example for equity investments: USA 99%, Europe 97%, emerging markets 92% and Japan 91%.

Controversial weapons have been excluded

Keva has excluded from its investments (listed equities and corporate bonds, also external investments) companies that manufacture so-called controversial weapons prohibited under international agreements. Excluded weapons include nuclear weapons, cluster bombs, landmines, and biological and chemical weapons. Screening is done twice a year. The process was renewed in 2020 and its implementation is systematically monitored.

Development of the portfolio-weighted carbon intensity in Keva’s listed equity investments 2018–2020 compared to the benchmark index



Norms based review

Keva monitors the implementation of international norms in its investments. Keva applies norms based screening to existing companies in its direct equity and corporate bond portfolios and to future companies in its portfolios and monitors in particular the implementation of the UN Global Compact.

Global Compact norms based screening covers a total of 49% of Keva's investment assets. The coverage of norms based screening is around 97% in listed equity investments and 64% in corporate bonds.

In the event of any breaches of norms, the primary course of action is to change the company's operations by engagement.

Keva may increase its holding when the company has changed or communicated that it will change its practices. Change processes are often lengthy in large companies. Ownership will be divested 24 months after the breach unless the company has changed or communicated that it will change its practices.

Observations made and actions made on their basis are reported annually to Keva's Board of Directors. In 2020, there were no companies in Keva's direct equity investments that breached the Global Compact principles.

There was one company breaching the Global Compact principles in the direct corporate bond portfolio, which, however, has changed its practices. Keva

will continue to monitor the company's operations in connection with this.

Part of regular norm based screening at Keva involves monitoring how investee companies comply with the United Nations Guiding Principles on Business & Human Rights. Coverage is 49% of Keva's investment assets. Information coverage is around 97% in listed equity investments and 64% in corporate bonds. In addition, human rights are taken into account as part of the assessment of the responsibility of investments. In 2020, attention to human rights was also highlighted in engagement with the asset managers of external fixed income investments.

Greater understanding of climate change

Keva assesses climate risks holistically as part of other investment risks. The study of the phenomenon, measurement methods and the tools available to investors are constantly evolving. Keva monitors development in the industry and integrates the best methods long term to support investment analysis.

We prepared a scenario analysis of investment assets that contained a wide range of risk aspects relating to climate change. In this context, a number of challenges emerged relating to scenario models and methodology. Climate change as a phenomenon and an assessment of its impact on investments is a very complex exercise.

Summary:

Actual examples of taking into account climate factors in Keva's investment operations include:

- Contributing to combating climate change both directly and through global partners and networks
- The aim in internal real estate investments is for carbon-neutral energy use by 2030
- A 37% decrease in the carbon intensity of equity investments in 2018–20
- A theme portfolio of sustainable equity investments
- Green bonds in fixed income investments

Activities in asset classes

Direct equity investments

The year 2020 was the first year of operations of the new direct equity investment strategy. At year-end 2020, the direct equity portfolio had a market value of around EUR 1.2 billion and investments in 58 companies.

As in earlier years, companies' responsibility is evaluated as part of and in the way other industry-dependent evaluation criteria used, and in this way responsible investing is integrated into the investment process. Sources of information used included research reports produced by the ESG service provider and securities brokers, companies' own reports and publications.

Company meetings are the most important form of practical engagement. Meetings with companies raise where necessary important issues related to corporate responsibility from the perspective of Keva's basic mission. There were meetings with 85% of the portfolio firms.

ESG issues were also almost invariably raised in meetings and discussions with management. There has been a clear increase in companies' awareness of the importance of ESG issues to investors. These issues are already better taken into account in operations and companies are able to report on them.

In 2020, a start was made on gradual voting in line with the Ownership Steering Policy. The next few

years will see a marked increase in voting activity in the portfolio.

External equity investments

Asset managers are responsible for taking ESG issues into account in investment decisions and for implementing ownership steering using their local and company knowledge. Keva regularly monitors these issues as part of the normal portfolio management process. In 2020, there were 52 discussions with asset managers in the portfolio and the relevant ESG issues were raised in many discussions. Asset managers also report to Keva on company meetings and engagement processes underway as part of normal portfolio reporting.

The monitoring and reporting process of external equity portfolio asset managers was improved during 2020. Starting in 2020, voting information is received automatically and at year-end 2020 coverage was 97% of the external equity portfolio.

The ESG survey sent to asset managers in 2020 dealt with engagement. The survey showed that Keva's asset managers considered discussion with companies and voting in general meetings to be the most important means of engagement. Both means were used very actively.

Last year, asset managers had more than 1,500 goal driven engagement processes targeted at investee companies.

Private equity investments

Recent years have seen a significant increase in the interest shown by private equity investors in Keva's portfolio in the responsibility of the companies they own.

In discussions with private equity investors, Keva aims to highlight the importance of responsible operations and implementing responsibility in practice. An increasing percentage of the private equity investors in Keva's portfolio are committed to the principles for responsible investment and implement them in their investment processes. Responsibility issues are also part of the due diligence process of Keva's fund investments.

Keva's most important method of engagement in private equity investments is the investment councils of the funds. Investment councils typically comprise the funds' largest investors and meet 2-4 times a year. Last year, Keva attended an estimated 100 investment council meetings.

In addition to investment councils, Keva representatives were in contact with representatives of management companies several times a year and these discussions practically always touched on ESG issues. In 2020, Keva was in contact with representatives of management companies around 60 times other than in investment councils.

Keva is a member of the Institutional Limited Partners Association (ILPA). ILPA is the umbrella organisation for limited partners (LP) in the private

equity asset class and has influence over managers. ILPA strives to develop and promote processes, corporate governance and transparency.

External fixed income investments

During the year, external fixed income asset managers made ESG issues a particular focus with 200 companies. Most of the engagement was through direct contact with portfolio companies.

The number of engagement cases was similar to earlier years, but the zeitgeist was seen in the themes as a result of the pandemic crisis. Various human rights in working life were expressed more clearly than in earlier years. These included occupational health and safety, fair pay, legal working hours and discrimination at work.

A similar development was seen in government bonds as on the corporate side: sustainability target setting, green or socially effective bond activity, the extension of responsible metrics to credit ratings and increasing investor collaboration.

Direct fixed income investments

In direct fixed income investments, responsibility analysis is targeted at corporate bonds. In addition, Keva invests in green bonds, where the funds raised are used in accordance with pre-approved green principles. In addition to corporate bonds, the share of green bonds in government bonds and covered bonds continues to grow. In Keva's portfolio, their share rose

briskly compared to previous years.

In corporate bond investments, companies' activities cannot be engaged with in the role of owner. All the same, the word of the debt financiers also weighs because the price and availability of funding means a lot to company owners and management. Debt investors can always vote with their feet and this is something companies want to avoid. Again last year, Keva decided not to invest in many new bond issues because of the companies' ESG risks.

At the turn of last year, Keva's corporate bond portfolio contained green bonds or social impact bonds worth around EUR 150 million. There has been great investor interest in these bonds over the past couple of years and this is why they are often expensive. At Keva, all corporate bond investments are analysed from the ESG perspective, regardless of the "colour" of the investments. At the turn of the year, there were around EUR 850 million of green government bonds and covered bonds in Keva's portfolio.

At year-end, ESG-themed investments accounted for a total of EUR 1 billion of investments in the direct fixed income portfolio, corresponding to almost 10% of all investments. The share had tripled during the year.

The emergency conditions meant that there were fewer company meetings than earlier. All the same, we meet around 50 companies in video meetings and conferences. These days, ESG issues are routinely on the agenda of all investor meetings.

Internal real estate investments

Keva's starting point in responsible real estate investment is to take into account not only financial criteria but also the environmental and social responsibility aspects.

In 2020, we updated the environmental strategy of our internal investment properties. The focus is on minimising the CO₂ emissions originating in the use of energy in the properties: these emissions will be halved by 2025 and carbon neutral by 2030.

The carbon neutrality ambition was published in March 2020 in line with the content of the Green Building Council's (GBC) Net Zero Buildings Commitment. Helsinki's Climate Partners network commitment, which supports the same goal, was signed with deputy mayor of Helsinki in November 2020.

Our ambition of carbon-neutral energy use in properties requires countless practical actions and the implementation of these is progressing to plan. The sub-targets are a 20% improvement in energy efficiency. In the amount of self-generated renewable energy, the target is a 10% share of the total energy need of the properties. The target timeframe for both is by the end of 2030. During 2020, we implemented 70 individual efficiency actions in energy use which delivered imputed energy savings of more than 1.5%. Intelligent heating control and renewable heat supply projects were launched in a third of our rental housing properties. The rate of these actions is gathering speed: the planning of renewable energy and energy

efficiency actions for 2021 and 2022 progressed as expected in 2020.

The year 2020 was indeed very exceptional and widespread recommendations to work from home were inevitably reflected in the occupancy rates of office properties. On the other hand, footfall and sales of retail tenants took an upward turn at the annual level. As a responsible landlord, Keva put in place numerous arrangements with its tenants, renewing a total of 500 leases. These arrangements sought to ensure that no company would fail due to rent payment difficulties caused by corona.

The comparable carbon dioxide emissions attributable to energy use in investment properties were 18% lower than in the reference year 2018. This was 14% lower year on year. In addition to the under-utilisation caused by coronavirus, an exceptionally warm calendar year and significantly lower emissions in Finland’s energy production than a year earlier underlaid the annual change. In line with international guidelines, monitoring the carbon dioxide emissions of investment properties is always based on measured and not weather-adjusted energy consumption.

Real estate investment funds

In responsibility, asset managers on the real estate side at Keva focus in particular on the energy and water consumption of properties, safety and the environmental classification (such as BREEAM and LEED) of buildings and building projects, fund level

Global Real Estate Sustainability Benchmark (GRESB) reporting and carbon footprint.

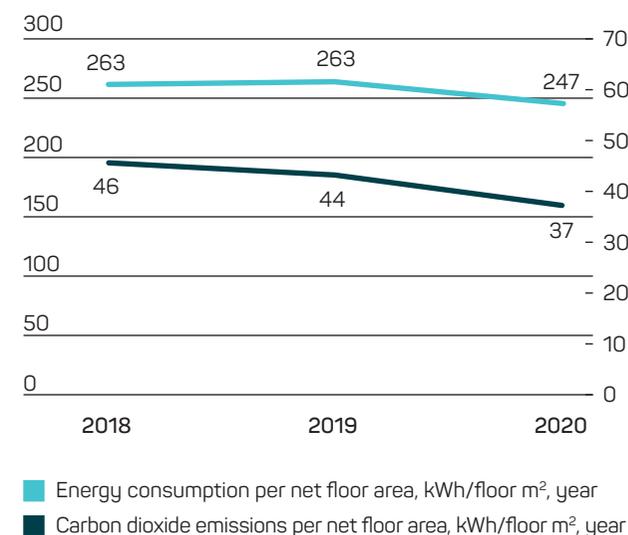
The real estate fund selection process reviews the management companies’ ESG policies in just the same way as in private equity investments. Keva actively discusses environmental issues with management companies, especially when evaluating investments, and through serving on investment councils during the life of the investment.

Keva’s most important way to engage with real estate funds is investment councils. In practice Keva always has a place on the investment council and currently has a place on the council of around 35 funds. Last year, Keva attended an estimated 70 investment council meetings. The operating principles of investment councils are similar to those in private equity investments.

Besides in investment councils, Keva meets with representatives of management companies in various contexts several times a year and also raises responsibility as a theme in these discussions, too.

In addition, a growing number of real estate funds in which Keva invests take part in GRESB (Global Real Estate Sustainability Benchmark, The ESG Benchmark for Real Assets) and strive to always perform well in them. GRESB reporting can help to compare the ESG perspectives of real estate internationally and to identify properties where the results show improvement is needed. This covers the property’s energy management, environmental and responsibility

Trend in energy use and CO₂ emissions in internal real estate investments 2018–2020. The indicators have been presented as numerical characteristics relative to the net floor area of the investment properties



management aspects. GRESB reporting also includes carbon footprints

Several different systems, such as the Finnish RTS environmental classification and international BREEAM and LEED, are in use in the environmental classifications of buildings and building projects. Environmental classifications provide consistent methods for investors, the authorities and occupiers of premises to compare the energy efficiency of properties.

Keva is a member of INREV (European Investors in Non-Listed Real Estate) and actively attended various events it held in 2020. INREV's operations are central to indirect real estate investing. It serves as a joint forum for fund investors and seeks to diversely develop industry practices and standards, including with regard to responsible investing.

Hedge fund and other alternative investments

When selecting hedge funds, Keva evaluates and highlights responsibility issues in the same way as in private equity investments. Active dialogue with management companies and regular discussion with them is important for Keva.

Asset managers of Keva's hedge funds have typically documented their ESG approach to their investment process with a focus on good governance of fund companies and funds.

During the past year, Keva had active discussions with hedge funds on ESG issues and among other things raised personnel diversity matters to centre stage in the discussions. In open-ended funds, Keva is also prepared to redeem a fund investment where operations are unsatisfactory. No redemptions were made because of ESG issues in 2020.

Keva has a place on the investment council in all closed-end hedge funds and this offers a good opportunity to engage also in responsibility issues.

Regarding hedge funds, Keva has generally attended Standards Board for Alternative Investments (SBAI) events as a member and continues to work actively with SBAI. SBAI focuses on e.g. promoting good governance, transparency and processes. SBAI also provides a good channel for discussions with other investors. Asset managers of Keva's hedge funds are typically SBAI members and act in accordance with SBAI rules and recommendations.

RESPONSIBILITY FOR THE PERSONNEL

New organisation responds to challenges of change

Following an update of the strategy in 2019, Keva restructured its organisation in 2020 to reflect the change.

Employee consultations were held in conjunction with reorganisation between 11 February and 17 April 2020. The consultations considered the structure of the new organisation and the principles applying to placing the personnel in the new organisation. The consultations ended in unanimity and the reorganisation entered into force on 1 June 2020. No-one lost their job or was laid off because of the reorganisation. An internal application process was held for new positions and the entire personnel could apply.

Job and salary changes relating to the organisation were implemented in autumn 2020.

Keva ensured the wellbeing of its personnel during the pandemic

Once the corona pandemic had spread to Finland, Keva largely switched over to working from home from 17 March 2020. Employees were given the possibility to take the necessary devices home to facilitate their work. Only those employees whose work is tied to the physical work environment still worked at the office.

The Extended Risk Management Group met weekly during the spring to review the situation and decide on measures. Once the situation had stabi-

lised, the procedure was changed and the situation was monitored each week in the normal Management Group meeting. This continued throughout the year and was still the case in spring 2021. Changes were made to guidelines where required and these were communicated to the personnel mostly through the internet and in personnel info briefings.

In the exceptional circumstances, a raft of measures was taken to support the work ability of the personnel and to ensure the continuity of operations. These measures included:

- An update of deputy staffing arrangements
- A clarification of annual leave guidance
- A round of calls by supervisors to chart employee wellbeing
- A physiotherapist intensified ergonomics guidance for working from home
- An assessment of risks together with occupational healthcare
- An expansion of occupational healthcare services, inc. Covid-19 testing
- A lecture by an occupational health psychologist
- Instructed exercise classes online by the staff council
- Improved personnel communications.

Kefateria, the staff restaurant in the Keva building, closed on 25 March 2020. A soup or salad lunch was available in the cafeteria operating in conjunction with Kefateria for employees working at the



office premises during the summer. Compass Group, which operates the cafeteria, closed the cafeteria on 7 December. Following the closure of the cafeteria, employees working from home and those working in the Keva building were given a pay increment of €6.80 for each day of work to compensate for the loss of lunch benefit.

The weekly Kevafilis pulsometer showed that employee satisfaction remained almost steadily at a good level throughout the year. This tells of successful change management and that work could be well organised even during very exceptional conditions. Questions concerning the exceptional conditions were added to the pulsometer.

The Communications and HR units worked seamlessly together to update instructions and in other related news. The Occupational Safety and Health Committee also considered the exceptional conditions in each meeting.

Fewer employees in the next few years

Keva is competing much more with other earnings-related pension providers than earlier. Our success requires us to create added value through smoother processes and by utilising automation.

These changes will in particular reduce the amount of work of a routine nature. A similar downsizing in employee numbers will be sought through natural attrition and by relocating employees to new jobs within the organisation. Development of work

ability management will also promote adjustment to changes in the organisation and management systems, for example.

Interaction in remote working

Refurbishment of the Keva building to an activity-based work environment was completed in 2019. We had already learnt about working in an activity-based environment and the strengths of such an environment were considered as being interaction and community. Interaction within and between units has improved. One of the challenges posed by switching largely to remote working in March 2020 was to create the interaction required in an online environment.

Employees were quickly shown how to work in a Teams environment and practice in the use of other electronic collaboration tools took place at the same time. In the new situation, supervisory work was supported by supervisor coaching, where peer support and practice in new online ways of working played an essential role. Online facilitation skills were strengthened through training open to everyone. A sense of community and interaction were supported through various online events. The level of work vibe was measured through the weekly Kevafilis pulsometer.

Basic information about Keva employees

Number of employees at 31 December 2020: 506, of which 496 were permanent and 10 temporary

Full-time equivalent person years in 2020: 485.2

The average age of the personnel is 50.7 years, women 68% and men 32%

There were 22 new employees hired and 48 employees left the company

A total of 1,460 full-time equivalents were spent on staff training, which was 2.8 fte/person

During the year, sickness absences averaged 7.8 days/person as calendar days and 7.0 as working days

Fairness of employee remuneration

To improve pay equality, Keva uses a common job demand evaluation and all jobs had been evaluated by the end of 2019. The work done has been used especially to clarify and improve the situation of equal pay. Across the organisational level the average and median salaries of women remained below those of men.

A pay review in autumn 2020 particularly addressed improving equal pay. In addition, it was written into the collective agreement that the local increase in spring 2021 would be allocated to this purpose.

In spring, Keva paid performance bonuses to the personnel based on the result for the whole of Keva and on personal performance. The performance bonus scheme covers all Keva’s employees. The average performance bonus was less than half the person’s monthly pay.

Keva offers a special bonus for particularly good performance and 58 (2019: 49) persons received a special bonus in 2020.

Promoting equality

Almost 70% of Keva’s employees are women, and 28 women and 30 men (2019: 32 women and 29 men) were in supervisory positions. At year-end 2020, there were two women, including the employee representative, and seven men in the Management Group.

The equality and non-discrimination plan was

overhauled in 2020. Keva’s current equality and non-discrimination plan is for the period 2021–2022 and addresses equality of the personnel according to other criteria as well as employee age. Diversity was included as a new section in the plan and the goal for the period was to draw up diversity targets.

Most of the pay gap between women’s and men’s pay can be explained by the fact that there are a lot of women at the lowest job demand levels. An examination of the pay of Keva employees in 2020 by demand level shows the media pay of women as being 97.1% of the pay of men working at the same demand level. The gaps in average pay at the same level are smaller and average 98.2% of the pay of men working at the same level.

Building a good employee experience

Building a good employee experience starts from understanding the employee: what is meaningful to Keva employees from the wellbeing and motivation perspective and how these aspects can become a reality. This is how development actions can be correctly targeted. A new tool, the Significant Company’s Signi employee survey, was brought into use in November 2020.

For each respondent, the Signi survey calculates the average value of how well the respondent experiences that Keva has realised what the respondent considers the most significant factors in the workplace. This value is called the flame index and reflects

Ratio of collective agreement pay of men and women

	2018 %	2019 %	2020 %
Average pay of women of the average pay of men	71,5	74,4	73,95
Average median pay of women of the median pay of men	76,9	75,7	77,4

employees’ “burning passion”. The average index value for Keva employees is 75 on a scale of 1–100. The threshold for a good result is considered as being a score of 80, which has been found to correlate with the willingness to recommend a workplace.

The eNPs, which measures the willingness of Keva employees to recommend their workplace to others, was 15, whereas the threshold for a good index is considered as being a score of 20. Based on these results, Keva will start to build a better employee experience than earlier.

Maintaining and improving the employee experience was addressed in a variety of ways during the pandemic year. Learning and competence development moved online and the themes included support for a new way of working and renewing expertise. Online, Keva employees were regularly present

remotely also across unit and team boundaries and continued to share tips for productive working from home. May Day and Christmas parties were celebrated together in online events.

Keva employees appreciate employee benefits

In 2020, the employer supported the exercise and cultural hobbies of full-time Keva employees by €250 per employee. The employer subsidised commuter tickets by €22 a month.

In addition to statutory occupational healthcare, Keva employees have access to more extensive occupational healthcare services provided by Suomen Terveystalo Oy. The Keva building has a free gym, which also hosts employer-sponsored group exercise classes. During corona, exercises have moved entirely online and more wellbeing services have been offered than earlier to support work ability.

Terveystalo conducted a workplace survey for those working in the Employer and work ability function. The function valued the meaningfulness of work and interesting tasks. Work interruptions and change management were among the areas for development raised.

Flexible working hours and remote working opportunities eased the switch widespread working from home

Keva’s aims for more flexible ways of working that support employee wellbeing and coping with the

workload. Increased flexibility also means greater responsibility for everyone for their own work.

Due to the corona pandemic, almost all Keva employees switched overnight to remote working. This was successful thanks to the new remote working practices introduced in 2018.

Work was done with good vibes

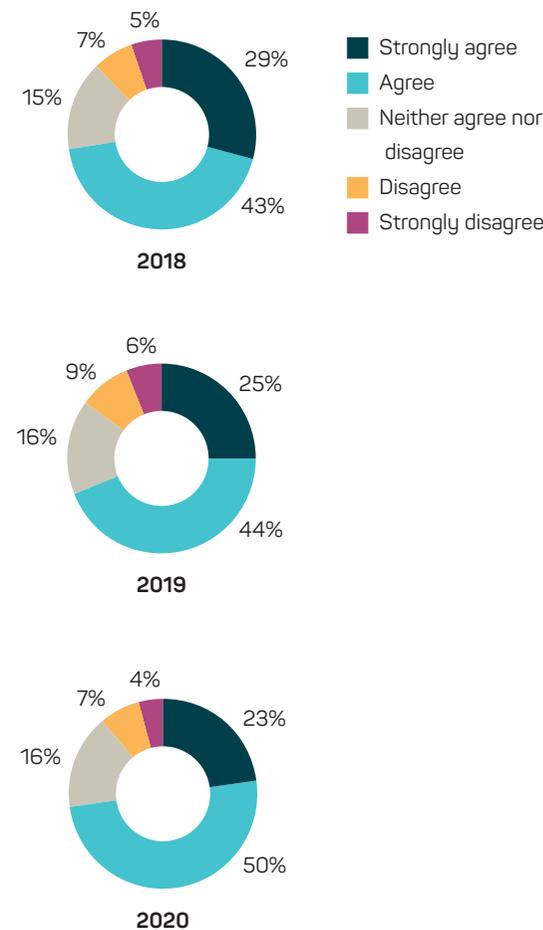
Keva started measuring employees’ work vibe in September 2017. An average of 182 (2019: 162) respondents took part in the measurements in 2020. Barometer type measurements were taken every week except in the summer and respondent numbers grew during the pandemic.

The Kevafilis-measurement monitors work vibe and changing themes related to work, wellbeing at work and coping with the workload. Key themes relevant to the pandemic situation were included throughout the year and the end of the year also had its own question. Despite it being an exceptional year, the work vibe remained at a good level, with an average of 72% (2019: 69%) of respondents evaluating the vibe as good.

The Kevafilis pulsometer is one of the Management Group’s strategic indicators reviewed on a quarterly basis. Because of the corona pandemic, the Management Group monitored the development of the work vibe on a weekly basis.

The Kevafilis pulsometer shows

“I have good vibes today to do my job”



Survey highlighted the meaningfulness of work

In 2020, Keva took part in Oikotie’s Responsible Employer campaign, which included a survey to which more than 4,000 Finns from various organisations responded. There were 163 responses from Keva employees, or about one in three employees responded.

According to the summary made by Oikotie, the meaningfulness and content of work were highlighted at Keva. This aspect of employer responsibility has emerged as Keva’s strength in earlier surveys, too, but the result was more pronounced in the Responsible Employer survey.

The entire group of respondents and also Keva were at the lowest level in the survey when it came to “pay and reward commensurate with job demands”. After the survey, Keva studied and discussed rewards commensurate with demands and introduced diversity training, which was open to all.

Sickness absences fell during the year of corona

In 2020, Keva employees were off sick for an average of 7.0 (2019: 7.3) working days.

Sick days due to accidents and work and commuting accidents can vary significantly from year to year. In 2020, there were very few sick days due to accidents. Lost time injury frequency fell because

According to Keva employees, the employer’s strengths in responsibility are:

- Flexibility and work-life balance
- Responsible supervisory work
- Work content and meaningfulness
- Applicant experience: image created of employer corresponds well to reality
- Responsibility Programme, including targets and timeframes
- Keva takes concrete actions to promote sustainability

According to Keva employees, the employer’s key areas for development in responsibility are:

- The promotion of equal pay
- Clarity and openness in the grounds for pay
- Monitoring or communicating the implementation of equality and non-discrimination
- Diversity

Source: Oikotie: Responsible Employee survey, spring 2020

remote working meant there were fewer commuting accidents.

In 2020, two (2019: 0) persons retired on disability pension, no (2019: 0) employees retired on partial disability pension.

Based on the results of a work ability management 360 analysis Keva carried out in autumn 2020, it was confirmed that the work ability aspect would be taken into account in financial and operational planning. In addition, the roles and responsibilities of strategic work ability management and the requirements of knowledge-based management were clarified.

Sickness absences

	2018	2019	2020
Number of persons	537	528	506
Sick days as working days per person	7,3	7,8	7,0

Accidents and disability pensions

	2018	2019	2020
Workplace accidents	10	7	2
Commuting accidents	7	15	2
Accidents at work and commuting accidents resulting in sickness absences	248	28	140

OUR WAY OF WORKING

Ethically sound practices

In September 2017, Keva's Board of Directors adopted Keva's Code of Conduct.

The idea behind Keva's Code of Conduct is that stakeholders expect at least the same of Keva as of other earnings-related pension providers and public sector actors. In addition to the implementation of good governance, the Code of Conduct aims at a responsible culture and ethically sound practices.



Aiming for cost efficiency

Keva, together with municipalities and joint municipal authorities, is responsible for managing and funding local government pensions. Since the beginning of 2011, Keva has also been responsible for managing the pension provision for employees of the

Evangelical Lutheran Church and salaried employees of the Social Insurance Institution of Finland Kela. Keva assumed responsibility for employer services related to state pension provision from the start of 2013 and since 2017, Keva has collected pension contributions from the Evangelical Lutheran Church. Management of the pension provision of Bank of Finland and Financial Supervisory Authority employees was transferred to Keva with effect from the beginning 2021.

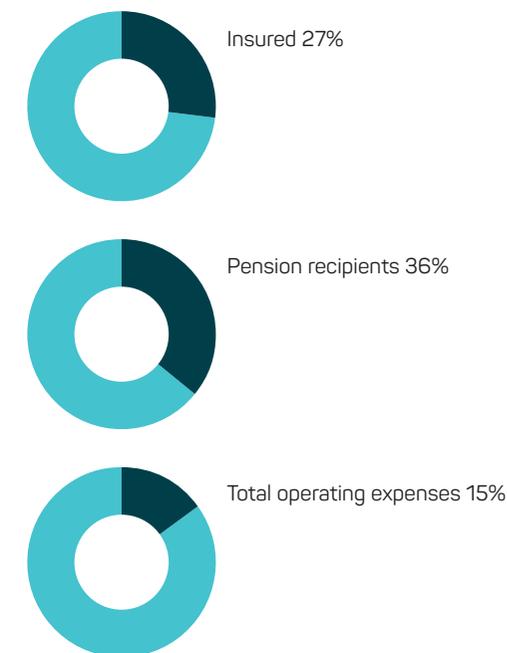
Focusing implementation of public sector pension provision on Keva was done with the aim both to improve service quality and to reduce costs compared with the alternative of the municipalities, State, Church and Kela managing the implementation of pension provision in a decentralised manner. In 2019, work to reduce disability risk was added to Keva's statutory duties.

Combining the systems would increase funding stability

Keva strives for a steady development of contributions and to ensure that the payment of pensions does not leave an unreasonable burden on future generations. The possible merger of the private sector and local government earnings-related pension systems would add to the fiscal sustainability of the entire earnings-related pension system.

Read more about the possible combination of pension systems on page 31 of the Annual Report.

Keva is cost effective



Keva manages 27% of all earnings-related pension insured persons and 36% of all earnings-related pension recipients, but its share of expenses of earnings-related pension providers in 2018 was just 15%. Some of this cost efficiency is due to differences in operations and the operating environment, e.g. a smaller number of employer customers.

Source: Earnings related pension providers' financial statements 2020, Työeläke-lehti 3/2020

Keva has larger than average customers

The cost-effectiveness of operations can be examined separately from the perspectives of the efficiency of Keva member organisation's pension system and the Keva organisation. The cost efficiency of the public sector earnings-related pension provider Keva cannot be directly compared to the efficiency of private sector earnings-related pension provider, but the Finnish Centre for Pensions (ETK), in cooperation with Tela, an association looking after the interests of insurers providing statutory earnings-related pensions, compiles an annual compendium of key figures from the financial statements. The compendium contains e.g. each provider's total operating expenses, excluding investment expenses.

Keva's operating expenses are reduced by the fact that municipalities, joint municipal authorities, the State, the Evangelical Lutheran Church and Kela are Keva's customers by law. In addition to these, customers are municipal enterprises, which can choose their pension provider.

Unlike TyEL pension insurance companies, Keva has no costs from marketing or distribution channels for canvassing new customers or insurance transfers. Pension insurance is more cost-effective in large organisations than in small ones, and Keva's customers are, on average, larger than those of TyEL companies. Keva's customers have no administrative cost component in their payment, so Keva pays no

customer bonuses to its customers for operational efficiency and investment return.

Anti-corruption and anti-bribery

Keva's Code of Conduct states among other things that "in order to maintain trust in Keva's operations reputation, gifts or hospitality must be consistent with Keva's Code of Conduct and values".

Keva's Board of Directors adopted the "Receipt of Gifts or Other Benefits" principles and the "Hospitality Guidelines" in 2014.

In 2020, Compliance detected no issues at Keva in compliance with the Code of Conduct or the guidelines and principles, and no anti-bribery and anti-corruption measures were required.

Public policy

See 6.9.4 Stakeholder meetings and social influencing on page 42–50.

Responsible procurements

Keva's units make their purchases independently and the units are responsible for their purchases and their responsibility. Keva's legal affairs unit assists, if necessary, in legal issues related to the competitive tendering of products and services. In addition, Keva has a procurement coordinator who assists in the preparation of tender documents and other practical issues where necessary.

Keva publishes annually on its website all

purchases and acquisitions, excluding salaries and similar personnel items, as well as information related to the occupational healthcare arrangements and trade secrets.

Risk management and contingency planning

Risk management is part of Keva's everyday management and supervisory work. The aim of risk management work is to develop operations and processes, and to support the achievement of Keva's goals so that the rights of the insured and pension recipients can be safeguarded in all situations.

Keva's new organisation was rolled out on 1 June 2020 as part of strategy implementation. A new independent Risk management and compliance unit, CRH, was created in the same context. Independent risk management experts and a compliance officer under the Head of Administration work in the unit.

In 2020, the core duties of risk management related to management and leadership in the coronavirus pandemic. Keva adjusted well to the emergency conditions created by the coronavirus pandemic that hit the world. In March 2020, Keva employees largely switched over to working from home and management was based partly on existing contingency plans and a separate phased plan adopted by Keva's Management Group in early March.

Keva's Board of Directors assessed the possible merger of pensions systems as not delivering the

best overall outcome as the greatest strategic risk. The adequacy of long-term funding and the risks inherent in managing change, i.e. implementing the strategy and success in the goals for reform, were assessed as also being great risks.

A major operative risk materialised in 2020 when Keva paid January 2021 local government pensions already on 16 December 2020 and they were in pension recipients' bank accounts on 17 December 2020. The cause of the risk, human error, was the result of the realisation of a number of underlying risks. The events and reasons for them have been identified and corrective actions have either been completed or are progressing to plan.

Key functions have contingency plans

Keva's total risk management includes contingency planning to ensure business continuity in the event of various disruptions and emergency conditions. Contingency planning seeks to ensure the continuity of Keva customers' key services, above all the payment of pensions, in all situations.

Ethics Team opened an anonymous whistleblowing channel

The Ethics Team was set up by the decision of the risk management group in autumn 2019 and comprises four members: the head of Internal audit, the head of Administration and the compliance officer. The Ethics Team deals with reports submitted through the ethics

channel. The team can raise matters for debate in Keva that it considers will improve Keva's operations.

The ethics channel was opened to Keva employees in September 2020. Keva employees can submit reports of abuse through the channel anonymously if they wish. In 2020, the Ethics Team dealt with three reports that had come to its attention before the ethics channel opened. No reports were received through the channel in 2020.

Compliance is active

Keva's Compliance oversees Keva's operations and promotes compliance with regulations and other rules. Compliance is part of the CRH (Compliance, Risk Management and Administration) unit and headed by the compliance officer.

In spring 2020, the Finnish Financial Supervisory Authority (FIN-FSA) completed the audit of Keva's investment compliance. In its audit report FIN-FSA found that Keva's investment compliance is both active and appropriately arranged. FIN-FSA also made some recommendations to further improve compliance and Keva will implement measures in accordance with these recommendations.

The Finnish Ministry of Finance appointed Keva's Councillors, who appointed a new Board of Directors in August 2020. The Finnish Financial Supervisory Authority has particularly addressed the investment expertise of the Board members. Compliance established procedures to ensure going forward that

the Election Committee appointed by the Councillors is able to assess the eligibility required by law of the candidates to be put forward for Board membership. The Election Committee submits its proposal for Board members to the Councillors.

Cooperation with regulators was active during 2020 since it is important that the regulators are informed of Keva's new projects as early as possible so that they can provide their own views of matters. Compliance met both regulators, the Finnish Ministry of Finance and the Finnish Financial Supervisory Authority, in informal meetings at the same time four times a year. The meetings were an opportunity to provide the regulators with information about the development of Keva's operations from the compliance perspective.

Keva's first risk assessment was completed during 2020. The first risk assessment will be submitted to Keva's regulators in June 2021 once it has been adopted by Keva's Board of Directors.

Stakeholders expect development of privacy and data protection

A Keva stakeholder and reputation survey (read more on page 47) showed that respondents (employer customers, decision-makers, labour market actors, the media, civil society organisations, working life developers and the personnel) expect Keva to take data protection into account in its operations and to provide services that respect individual privacy. For

92% of the respondents, this corresponded very or quite well with the opinion of the respondents and was the most important expectation stakeholders have of Keva.

Keva developed and established data protection guidelines and processes in 2020. The main areas of focus were integrating the requirements of the EU General Data Protection Regulation into the way we work by training the personnel, updating personal data processing instructions in agreements with service providers and extensive guidelines applying to the disclosure of information. Instructions and interpretations were made and developed in many matters involving the information disclosed to employers, the processing of recorded calls, the use of links in emails as well as knowing the customer over the phone.

Personal data breaches are divided into data protection triggers (an event with a risk of data breach) and data protection incidents (a data breach has occurred, i.e. an irregularity in the processing of personal data has occurred). During 2020, there were 15 data protection triggers and 18 data protection incidents. Keva constantly takes measures and develops processes to reduce data protection incidents. One practical example is the elimination of breaches caused by document scanning errors.

Registered employee customers have the right to inspect their data in Keva. No significant numbers of requests were received in 2020, but requests increased particularly during the latter part of the

year. Registered customers are increasingly aware of their own rights from one year to the next and this will add to the number of future requests.

Keva’s Data Protection Officer monitors the processing of personal data and automatically extracts, for example, cases concerning public figures and other customer groups, whose data is at higher risk of unauthorised processing. The primary purpose of monitoring is to prevent abuse and to ensure that the personal data processing rules are taken into account in the best possible way in practical work.

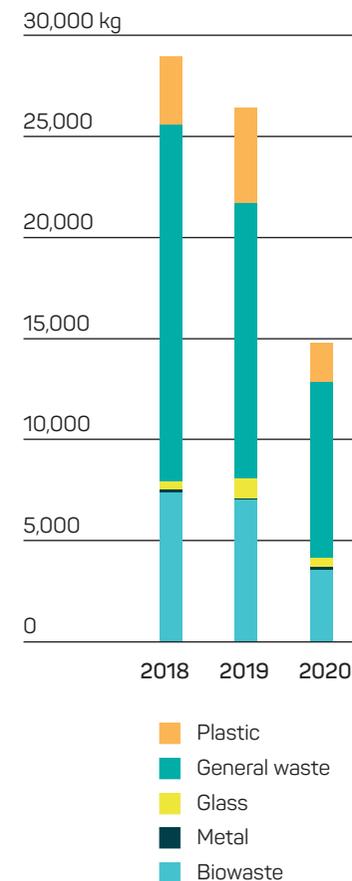
The cookie policies used on Keva’s website were developed and the new operating model represents the latest recommendations and guidelines.

Environmental impacts of the Keva building

The environmental impacts of Keva’s own operations are very low. They are measured at the Keva building at Unioninkatu 43, Helsinki.

Following the outbreak of the coronavirus pandemic, we particularly addressed the safety of persons working in the building by more intensive cleaning, ensuring safe distancing and the wearing of masks in communal spaces. Keva switched over to extensive remote working in March 2020 and the recommendation to work from home has been in force since then. This is reflected in the occupancy rate of the building and a significant reduction in, for example, waste and energy consumption during 2020.

Waste at the Keva building 2018–2020



Green Office creates eco-deeds

The Keva building joined the WWF’s Green Office network in 2017. Since then, waste sorting and amounts, commuting and energy and paper consumption have been addressed in the office building. The WWF audited and renewed the Green Office logo and certificate at the Keva building on 3 December 2020.

Green Office has promoted Keva’s internal discussion and encouraged everyday eco-deeds. Impacting on the work environment is a concrete way for many Keva employees to think and promote responsibility in the workplace.

Green Office targets for 2020 agreed with WWF and the results

Reduction in paper consumption

Target: decrease in paper consumption from 1,667 sheets to 1,400 per person.

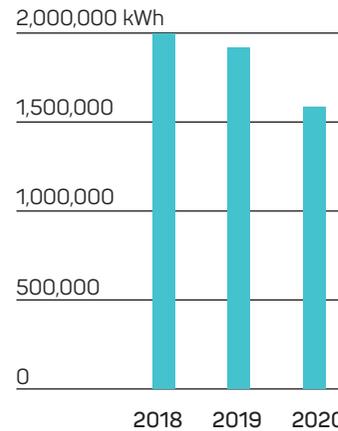
Result: paper consumption decreased and was 493 sheets per person in 2020.

Reduction in water consumption

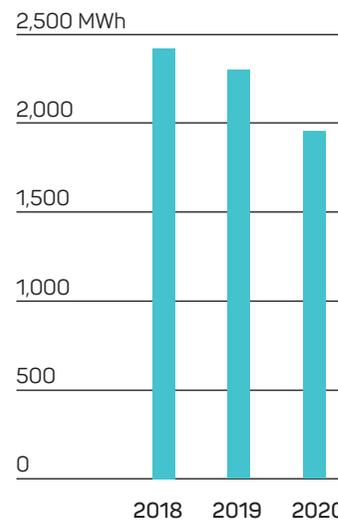
Target: A significant reduction in the daily use of dishwashers in the kitchens on each floor if the employees use the same coffee cup several times a day. In 2019, the dishwashers washed a total of 20 machine-loads just of coffee cups a day.

Result: the dishwashers quietened along with the rest of Keva from mid-March onwards. And not one dish-

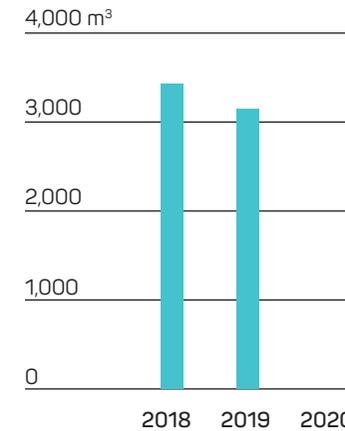
Electricity consumption at the Keva building 2018–2020



Heat consumption at the Keva building 2018–2020



Water consumption at the Keva building 2018–2020



Measurement results for water consumption in 2020 are missing.

washer load was washed in the kitchens on the floors between March and December 2020.

Energy saving

Target: Campaign: how each Keva employee can contribute to energy saving

- Use the power switch to close your screen at the end of the day
- Switch the lights off in the toilets and other rooms where there is no motion detector
- Study the possibility of installing solar panels on the Keva office building
- Communication about the general advantages and means of energy saving.

Result: Electricity consumption fell 17.5% compared to a year earlier (2020: 1,585,657 kWh, 2019: 1,920,752 kWh).

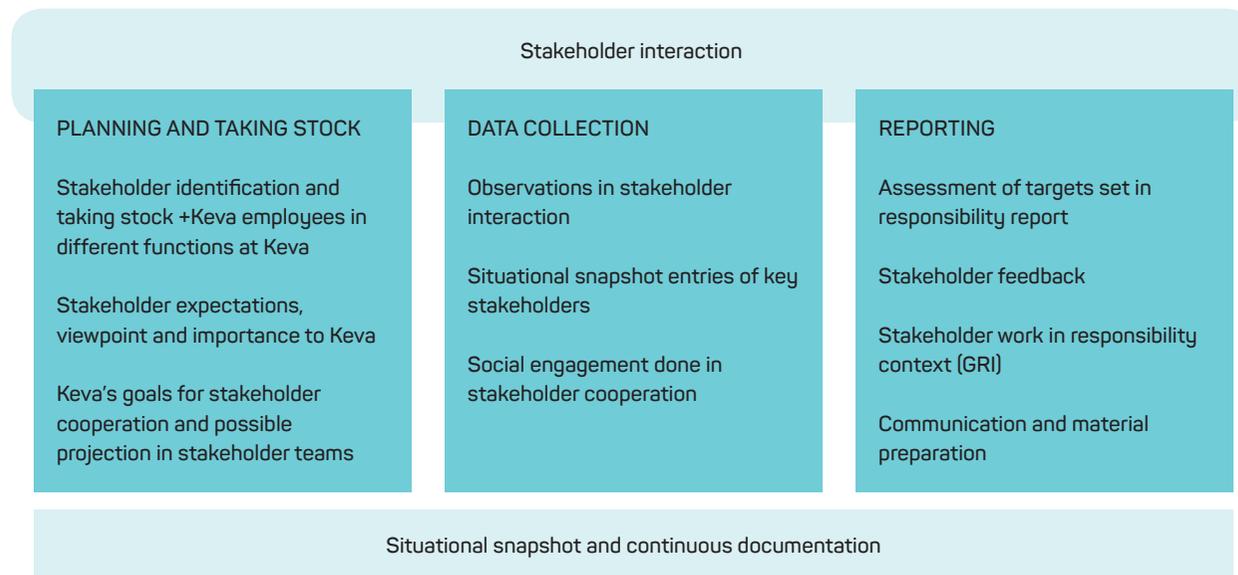
Stakeholder dialogue strengthens confidence

Keva strives to ensure that key stakeholders understand Keva’s operations, relevance and role in society, as well as Keva’s goals and their rationale.

Keva ensures, through dialogue with its stakeholders, that they have correct, adequate and up-to-date information about its operating environment.

Keva completed a Stakeholder Programme during 2020 where Keva’s operations have been examined starting with stakeholder wishes and expectations. The Stakeholder Programme is continuously updated

Stakeholder work process



based on its own process to ensure the up-to-date information concerning each stakeholder.

Keva uses surveys to monitor stakeholder perceptions, expectations and wishes

Keva conducts annual stakeholder cooperation surveys itself and together with various research institutes. These help Keva to assess and respond to the expectations of key stakeholders. The surveys also seek feedback on stakeholder cooperation and examine the success of activities.

The customer satisfaction of Keva customers, i.e. employer and employee customers and tenants in Keva's residential properties, is measured annually. Keva commissions an extensive analysis of publicity in the media and takes part in a joint customer satisfaction survey in the pension sector. Keva's employee experience is measured weekly and annually through annual employee surveys.

In autumn 2020, Keva commissioned a separate stakeholder and reputation survey from Pohjoisranta BWC. The survey established the expectations and wishes of Keva's key stakeholders and perceptions of Keva's reputation, communication and responsibility. This was the third time the survey was done using the same method. The previous surveys were in 2018 and 2016.

In 2020, Keva created a new stakeholder survey, the municipal decision-maker barometer survey. This survey helps us to establish municipal decision-

Keva's key stakeholder surveys

Study and who carried it out	Stakeholders in the survey	Survey period	Key aims	Survey frequency
Keva's reputation in the eyes of citizens (T-media)	Citizens, on T-media research panel	Spring-summer 2019	The survey examines the recognition of Keva and various elements in reputation in the eyes of Finns.	Two-week intervals
Employee survey (Siqni)	Keva employees	Autumn 2020/ Spring 2021	To establish what Keva employees consider meaningful at in their work.	Annually
Customer survey, employer customers (Pohjoisranta)	Keva's employer customers	Autumn 2020	To establish the opinions and satisfaction of Keva's employer customers with Keva's services and their expectations of Keva's operations.	Annually
Employee customer survey (Own survey)	Keva's employee customers	Ongoing continuously, last extensive pension applicant survey in 2019	To establish the opinion of Keva's employee customers about Keva's service.	Continuous feedback, quarterly analyses
Stakeholder and reputation survey (Pohjoisranta)	Employees Pensions sector Media Local government actors Political decision-makers Labour market organisations Working life researchers and development partners Civil society organisations/ opinion influencers Public officials and overseers	Autumn 2020	To establish the opinion of stakeholders of Keva's reputation and their expectations of Keva's operations.	Every other year
Earnings-related pension provider sector survey (Taloustutkimus)	Employer customers	Spring 2020	To establish the opinions of employer customers of pension providers' operations and services.	Random, decision to take part in the survey
Keva's municipal decision-maker's barometer survey (Aula Research)	Municipal councillors	Spring 2021	To establish the opinions of decision-makers about municipal wellbeing at work activities, outsourcing and merging the pension systems.	Year's pilot 2 x survey rounds
Keva's residential tenants' satisfaction survey (Own survey)	Tenants of Keva's residential dwellings	2020 Christmas	To establish the opinions of Keva's residential tenants of Keva's services for tenants.	Annually

makers' expectations and perceptions of Keva's operations, pension insurance and individual issues relating to the municipal operating environment.

Keva's key stakeholder studies and stakeholder expectations of Keva

Keva has studied and identified various stakeholders affecting Keva's operations. In addition to the stakeholder study, Keva has regularly established stakeholders' views of Keva's operations and in 2020 also stakeholders' images of Keva and expectations of Keva's operations. Keva has reviewed stakeholder expectations and wishes, and considered how expectations and wishes expressed by stakeholders can be taken into account in working with stakeholders.

Stakeholders Identified in Keva's stakeholder study

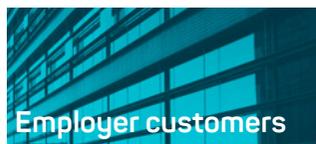


Keva's social engagement



Employee customers

Keva considers it important to serve Keva rehabilitation customers, pension applicants and recipients as best, promptly and flexibly as possible. Employee customers are one of Keva's important stakeholders.



Employer customers

Employer customers are one of Keva's most important stakeholders. Reliable, good, prompt pension insurance and work ability risk services are the focus of Keva's core duties and operations.



Local government family

Keva is a local government pension provider and various municipal advocacy organisations and actors are significant partners.



Ministries, public officials and regulators

On account of dealing with confidential matters, Keva considers it important to have good and immediate contact with Finnish officials.



Parties and public sector employee organisations

Labour market organisations are a key influencer in the preparation of decisions on working life, pension and social security legislation. Keva considers it natural to uphold close working relations with all earnings-related pension providers and to make the expertise of Keva employees available to these providers.



Pensions sector

Actors in the pensions sector constitute a key collaboration network where development of pension processes and regulation takes place. Keva considers it natural to work with all key actors in the pensions sector.

STAKEHOLDER EXPECTATIONS

- Increased personal service and communication, as well as development in decisions and processing times.
- People want Keva to contact them about retirement, vocational rehabilitation, decisions and payment dates.
- Easy, fast communication as well a possibility for straightforward self-service.

KEVA'S ACTIONS

- Smooth service and proactive pension proposals.
- Open, smooth information about pension payment dates.
- Easy, fast communication as well a possibility for straightforward self-service.

STAKEHOLDER EXPECTATIONS

- Active contact and cooperation.
- Good, regular communication and reporting as well as training.
- Availability and proactivity of services.

KEVA'S ACTIONS

- Keva provides customer-oriented, effective service packages that are constantly developed together with customers.
- Easy, smooth communication with Keva.
- Financial benefit from Keva's services.

STAKEHOLDER EXPECTATIONS

- Careful and prudent management of earnings-related pension funds.
- Cooperation on personnel and work ability matters.
- Provides reliable, expert information, expansion of employer customer service provision.
- Active social debater.

KEVA'S ACTIONS

- Keva provides various expert perspectives relating to local government pension provision and investment of pension funds, and actively attends and debates in various cooperative forums.
- Keva is involved in and provides extensive cooperation to the local government sector in development related to wellbeing at work, taking into account the challenges posed by the corona pandemic.

STAKEHOLDER EXPECTATIONS

- Continued cooperation in the same way.
- Expert services, active role in development activities, wellbeing at work and work ability management issues are important.

KEVA'S ACTIONS

- Provides expert assistance in matters relating to local government perspectives, public sector pension provision, investment expertise, wellbeing at work, competence and work ability management.
- Actively invites participants to Keva's events and attends ministry and agency events.

STAKEHOLDER EXPECTATIONS

- Keva provides active contact and advice, addresses work ability issues and rehabilitation, and the provision of good research data.
- Performs its mission incl. responsible and long-term pension investment operations.
- Promotes the operating conditions of municipalities.

KEVA'S ACTIONS

- Provides research and study data, information about the management and investment of pension assets, engages in cooperation in working life development and rehabilitation as well as in work ability management and anticipation of disability matters.
- Keva actively participates in and invites to events and arranges pension awareness training for union activists.

STAKEHOLDER EXPECTATIONS

- Promoting work ability and rehabilitation as well as public sector pension matters is considered to be a good thing.
- Combining the pension systems is considered important.

KEVA'S ACTIONS

- Keva continues to closely cooperate and interact with actors in the pension system and particularly raise the peculiarities of the public sector pensions system as well as expert views on work ability and rehabilitation, and the principles of pension funding and investment operations.
- Cost-effective information system cooperation.



Political decision-makers

Keva's operations are governed by the Act on Keva and political decision-makers decide the content of the Act. Keva wants decision-makers to have an accurate, up-to-date picture of matters at Keva to enable informed decision-making.



Working life developers, research institutions and training organisations

Working life development partners are an important partner in developing working life and wellbeing at work content and also in the provision of some Keva services.



CSOs and citizens

Keva is responsible for the pension provision of around 1.3m citizens. It is important for there to be good confidence in the pension system and in Keva's operations. CSOs, such as pensioner organisations and environment organisations, are a good feedback channel for Keva from the perspectives of their special expertise.



Media

Keva wants to provide information about pension provision and the peculiarities of public sector pension insurance to everyone interested in it. This is why cooperation with the mass media is paramount.



Personnel

The personnel is one of Keva's most important stakeholders. The personnel is a resource that enables us to carry out our statutory duties. The wellbeing and development opportunities of the personnel are important to Keva as an organisation and ones in which we are ready to invest in.



Own administration

Our own administration decides Keva's services and the content of operations within the framework enabled by legislation.

STAKEHOLDER EXPECTATIONS

- Careful and prudent management of earnings-related pension funds.
- Reliable expert information, expansion of the service offering for employer customers, expert cooperation on personnel matters and work ability.
- Active engagement in social debate.

KEVA'S ACTIONS

- Keva makes information, studies and research available to political decision-makers. Keva is in regular contact with key decision-makers.
- Keva actively engages in social debate.

STAKEHOLDER EXPECTATIONS

- Cooperation, research partnership and research data.
- Development, social impact offering of wellbeing at work.
- Proactive in research.

KEVA'S ACTIONS

- Keva continues partnership and research cooperation, and provides partners with information and forums to raise issues.
- Keva's role will open in working life development, offer support and cooperation projects and improve the range of wellbeing at work services.

STAKEHOLDER EXPECTATIONS

- Social, responsible operations across the board that uphold stability.
- More attention to investing issues and carbon policy.

KEVA'S ACTIONS

- Keva looks manages the pension assets it holds and reports them taking into account the responsibility perspectives.
- Keva wants to hear the views of CSOs and is in dialogue on issues relating to responsibility, the position of pensioners, coping at work, and the employment of persons with partial work ability.

STAKEHOLDER EXPECTATIONS

- Active communication and engagement in social debate.
- Meetings and background events are useful.

KEVA'S ACTIONS

- Keva holds background meetings and provides information and tips for articles as well as interesting experts and interviewees for the media.
- Keva engages in social debate i.e. in social media and encourages management and experts to do so. The aim is for Keva to be recognised as the top expert in selected themes and one which is actively contacted.

STAKEHOLDER EXPECTATIONS

- Appreciation of the personnel, reliable employer.
- Hopes for reform and in the development of customer-oriented services.
- Efficiency and successful management.

KEVA'S ACTIONS

- Keva has a culture based on trust and openness, equal and fair pay and HR policy and incentivising reward system.
- Keva's expert work is highlighted. Keva maintains and improves the requirements for customer-oriented development.
- Keva provides support for supervisory work and the development of supervisory working.

STAKEHOLDER EXPECTATIONS

- Expert people, analysed information and an active grip on development.
- An ability for cooperation, renewal, change and the promotion of work ability.

KEVA'S ACTIONS

- Administration is provided with comprehensively analysed information and expert reviews and progress on the implementation of Keva's strategy is reported.
- Communication to the administration is smooth, proactive and timely, and enables good decision-making.

Stakeholder group work and social engagement management at Keva

Keva has a team that coordinates and enhances stakeholder and social engagement. The team meets monthly to discuss stakeholder and public relations engagement. The team is also responsible for setting the goals of Keva's stakeholder programme and for evaluating their implementation.

Stakeholder meetings and social engagement

Keva has dialogue with social decision-makers, labour market organisations and other actors in the pensions industry.

Discussions also raised the possible merger of municipal and private pension schemes, the financing of major national infrastructure projects and the possibilities to preventing employee work ability risks and premature retirement, especially for employees with partial work ability. The meetings also covered Keva's well-being at work surveys in the public sector and the retirement forecast.

In addition to stakeholder meetings, the public media contact Keva because of various information requests. During 2020, Keva received 12 requests for information from the mass media. Most of these requests concerned Finnish MPs' pension adjustment scheme and money. The authorities made nine requests for information.

Keva's views and expertise are also heard by, among others, ministries and parliamentary commit-

Keva's reputation has improved

In addition to employer customers, Keva's stakeholder and reputation survey looked at the perceptions of decision-makers, other earnings-related pension actors and labour market organisations, the media, civil society organisations, working life developers and Keva employees of Keva's reputation and the factors that affect it.

The first survey was carried out in 2016 using the same method. At the time, Keva received 69 points out of a maximum of 100 for so-called overall reputation. In 2018, Keva gained an extra point and in 2020, the number of points had risen to an excellent level, with 73 reputation points.

The survey was conducted in different years by communications agency Pohjoisranta using the same method. The average total number of reputation points of private and public sector organisations in its databank is 67. The total reputation scores of actors in the public sector ranges between 54–80.

Keva's strength from one reputation survey to the next has been "success and expertise". The clear leap of the respondents' images of Keva's responsibility was seen in last autumn's survey. It consists of responses to questions about respect for the environment, compliance with ethical principles, the investment of earnings-related pension funds and compliance with the Act on the Openness of Government Activities.

tees. In 2020, Keva issued 13 opinions to ministries and parliamentary committees.

Keva promotes networking

In January, together with the Association of Finnish Municipalities and KT local government employers was organised as usual for the communications management of the 21 largest cities.

The theme of the Keva Day Keva was "Meaningful Work" and 850 viewers attended the event in March. For safety reasons, the event was held entirely online,

with only speakers and organisers present at Marina Congress Center. Several expert speakers were held at the event and there was also a panel discussion on employer image in public sector workplaces.

Keva also regularly meets representatives of wage earner organisations. Keva's wage earner network meets around 10 times a year and discusses current topics at Keva and matters and issues concerning public sector pension provision.

More transparency than required by the Act on the Openness of Government Activities

Keva is part of public administration and complies with the Act on the Openness of Government Activities and principle. The Act on Information Management in Public Administration that entered into force at the start of 2020 further highlights the ease of obtaining information from the authorities.

Openness increases stakeholder confidence in Keva and its operations. Keva communicates its matters actively and on its own initiative, and among other things publishes all purchase invoices accumulated during the year as well as the Council's and Board's minutes online.

Within Keva, openness increases the exchange of information and streamlines work. Reform of Keva and the change in corporate culture require a more open way of working that crosses organisational boundaries.

Respondents to the stakeholder and reputation survey were given some claims, with 95% of respondents agreeing that the claim "Keva complies with the Act on the Openness of Government Activities" describes Keva very or quite well. Compliance with the Act on the Openness of Government Activities rose to the top of the list of claims. Similarly, the third most frequently mentioned point on the list of stakeholder expectations of Keva was "development of communication, openness, transparency".

MAJOR STAKEHOLDER MEETINGS OF THE CEO, VICE PRESIDENTS AND COMMUNICATION DIRECTOR IN 2020

Parliamentary groups 1
Media journalists 12
Ministers and state secretaries 7

KEVA'S OPINIONS IN 2020

To parliamentary groups 2
(information and request for opinion on premature payment of pensions and request for opinion on the European Commission's initiatives on sustainable corporate governance and corporate responsibility based on appropriate due diligence)
To the Ministry of Finance 2
(request for an opinion on the draft government proposal implementing the Open Data Directive and a request for an opinion on the final report of the working group considering an overhaul of the personal ID number system)
To the Ministry of Social Affairs and Health 0
To others 3
(two Competition and Consumer Authority requests for opinion involving and company acquisition and a request for an opinion on the draft of the National Archives value determination and screening policy document)

Total 7

REQUESTS FOR INFORMATION RECEIVED BY KEVA IN 2020

Private persons 4
Authorities and other organisations 9
Related to procurement 0
Media 12
Other 2

Total 27

KEVA'S MEMBERSHIP IN 2020

Automobile and Touring Club of Finland
EAPSPI – European Association of Public Sector Pension Institutions
EGN Suomi Oy
EMCC Finland ry
Finnish Business & Society ry
FINSIF–Finland's Sustainable Investment
Focus Localis ry
GBC Suomi ry
Helsinki Region Chamber of Commerce
Henry – Finnish Association for Human Resource Management
IIGCC – The Institutional Investors Group on Climate Change
INREV European Association for Investors
Institutional Limited Partners Association
International Social Security Association
Metsänhoitoyhdistys Eteläinen Metsäreviiri
Nooan Arkki OY AB
PRI Association
Rakli ry
Standards Board for Alternative Investments
The Actuarial Society of Finland
TIEKE Finnish Information Society Development Centre
Finnish Pensions Alliance TELA
Taxpayers Association of Finland

Keva's social engagement

Matters	Background	Keva's opinion	What has been done about the matter?
Merger of the pension systems	Finland's Government Programme includes the start of preparations to merge municipal and private sector pensions.	According to Keva, a merger is both possible and doable. Whether or not it is expedient will be resolved once the final cost calculations have been completed, at the latest in the round of consultations stage.	Keva is widely participating in the merger preparations and makes background documents available to the merger working group. Discussions on the matter have been held with stakeholder representatives and decision-makers.
Major transport project financing models, participation of institutional investment	Finland is planning major billion euro-class rail investments in the East, West and North of the country. The project has considered various ways of financing construction.	Keva has stated it is interested in being involved as an investor in financing major track investments and in considering the financial instruments that could be employed in this case.	Keva has provided its expertise to study financing models and has proposed various financing models both to officials and political decision-makers. Discussions about the matter are still ongoing.
Development of the regulation of synthetic securities	The European Commission has launched development of the regulation of synthetic securities.	Keva supports the initiatives made. Improving the standardisation and transparency of synthetic securitisation would deepen the market concerned while significantly improving the quality of transactions.	Keva and several major European investors were involved in an advocacy letter sent to the European Parliament. Keva has been in contact with the Financial Markets department at the Ministry of Finance and made a memo related to the matter available to officials.
Amendments to the Act on Keva	Representation of pension payers was strengthened in Keva's administration and a committee structure, incl. risk management to the Board of Directors. In the autumn, election of the administration was revised in line with the municipal election term.	Keva has hoped for a change in the administrative structure and the inclusion of certain structures to assist the Board of Directors' working in Keva legislation.	Keva has been in contact with legislative drafters about the amendments and has made its own views known to them. Keva has also contacted the presenting ministers in both the spring and autumn. Actors in parliament were informed of the matter in the spring and hoped that the Act could be considered regardless of Covid-19 restrictions.

Matters	Background	Keva's opinion	What has been done about the matter?
Customer Data Act	Reform of customer data legislation.	Keva would like the upcoming Customer Data Act to enable the smooth use of the Kanta archives in pension decisions.	Keva has been involved in preparing the Finnish Centre for Pensions' statement and proposed sections. Keva has reminded staff functions at the Ministry of Social Affairs and Health of the Finnish Centre for Pensions' statement and its importance to ensure the smooth, prompt processing of pension decisions.
Employment of people with partial work ability	The Minister of Employment has appointed a rapporteur to consider how the Finnish model for the partially able to work should be implemented.	Keva has proposed a number of different measures to improve the position of people with partial work ability in society and is in favour of building a Finnish model.	Keva has stated its own views in the work of the rapporteur and in addition officials and political decision-makers at the Ministry of Economic Affairs and Employment, the Ministry of Finance and the Ministry of Social Affairs and Health have been informed of the improving the position of people with partial work ability.
Reform of the Act on the Openness of Government Activities	The Ministry of Justice completed a feasibility study of reform of the Act on the Openness of Government Activities.	Keva favours reform of the Act on the Openness of Government Activities. It would be natural for all actors in earnings-related pension provision to be covered by the Act on the Openness of Government Activities without separate restrictions as is currently provided for Keva.	Keva has discussed the matter with advisers at the Ministry of Justice and made material about the application of the Act on the Openness of Government Activities in Keva available to the minister.
Health and social services reform	A major health and social services reform has been proposed in Finland where responsibility for organising health and social services will be transferred from municipalities to wellbeing services counties, which will become Keva member organisations.	Keva has seconded the legislative proposals related to pension provision in health and social services reform and hopes for a structural reform of the payment of Keva pension contributions.	Keva has been in dialogue with legislative drafters about the changes and has made its own views known to them. Keva has also borne responsibility for the position of Municipal Finance plc in health and social services reform.

Matters	Background	Keva's opinion	What has been done about the matter?
Reform of lifelong learning	Both the Finnish Innovation Fund Sitra and the Ministry of Education and Culture have studied a reform of lifelong learning. That work resulted in a proposal for development needs in December 2020.	Keva has considered it very important enabling lifelong learning for employees in working life from the aspect of reducing the risk of work disability, for example.	Keva has been involved in work by the Finnish Innovation Fund Sitra and the Ministry of Education and Culture's work in preparing proposals to develop lifelong learning.
Promotion of domestic ownership	The Ministry of Economic Affairs and Employment has appointed a rapporteur, Juha Sipilä, to consider measures to promote domestic ownership.	Keva is keenly following preparation of the matter and has drafted its own proposals to promote domestic ownership.	Keva has made its proposals available to the rapporteur and secretary to the working group and has also informed management at the Ministry of Finance and key decision-makers about the matter.
National work ability programme related to the Corona crisis	Corona has burdened frontline workers in the municipalities, state and church. This increases the risk of work disability of these workers. Keva has proposed the government make a Corona work ability programme.	Keva is prepared to fund half of the re-sources required by the aforementioned worked ability programme. It would be important to get a decision to start the programme. The programme could be part of EU's sustainable growth fund projects set up due to corona.	Keva has prepared a detail project plan and discussed the matter with key public officials at the Ministry of Finance, secretaries state, special advisers and ministers. Wage earner organisations have been informed of the programme.
Rehabilitation reforms	A programme has been completed to implement the Rehabilitation Committee's proposals. In addition, the Finnish Pension Alliance TELA and The Finnish Centre for Pensions have considered the effectiveness and reform of rehabilitation under the earnings-related pension system.	Keva has considered various proposals related to improvements to rehabilitation under the earnings-related pension system and the work of the Rehabilitation Committee. Keva considers it important to quickly prepare and make changes.	Keva has drafted its own proposals for the follow-up work of the Rehabilitation Committee, participated in the Finnish Pension Alliance TELA's reflection on improving the effectiveness of rehabilitation under the earnings-related pension system and the Rehabilitation Committee's implementation plan. Keva has informed pension providers and political decision-makers of its views.

Matters	Background	Keva's opinion	What has been done about the matter?
Linear calculation of disability pension	Legislative preparations are under way to reform disability pension with a so-called linear calculation model, which would enable better alignment between working and income when receiving a pension.	Keva has pointed out that sufficient time must be allowed between any changes and implementation.	Keva has taken part in deliberating the statutes and contributed its expert views to preparatory work.
Insurance by Keva of Bank of Finland employees	Insurance of the pension provision of Bank of Finland employees was transferred to Keva.	Keva is in favour of the transfer of Bank of Finland employee pension provision to Keva.	Keva provided support for drafting legislation and was consulted in Parliament. The Act was passed and is in force. The Bank of Finland became Keva's customer at the start of 2021.
Retirement of public-sector employees and securing labour needs	Keva has actively raised in public social themes that affect the funding of pension provision and the related research, studies and Keva's statistics.	Keva has proposed an improvement in work-based immigration practices, influencing the wellbeing of employees.	Keva has prepared and published a public sector retirement forecast, disability figures, studies related to rehabilitation and has studied local government decision-makers' opinions of local labour shortages.
So-called automatic decision-making	The Parliamentary Ombudsman drew attention to the Tax Administration's automated decision-making. A review of legislation on the matter has been triggered.	Keva is following discussions on the subject and has assessed its own practices against this background.	The matter is actively being followed and where necessary there is active participation in regulatory development work, including through social engagement and pension sector stakeholder work.
Tax at source of institutional investors	The Ministry of Finance has set up a working group to consider tax at source on investment returns of institutional investors.	Keva considers that there should be no change in the present tax status.	Keva has raised various aspects of changing Keva's tax status both in cooperation with stakeholders and in discussions with decision-makers.

Tax footprint

Keva's domestic tax footprint is made up of withholding tax on pensions paid as well as taxes and social security costs related to its own operations. In addition, taxes are paid on real estate investments. Pension contributions are deductible for income tax purposes for employers, employees and entrepreneurs. When pensions and benefits are paid in due course, they are taxable income for the recipient.

In 2020, Keva paid EUR 10.9 billion in pensions and cash rehabilitation benefit to local government, State, Evangelical Lutheran Church and Kela employee customers. Tax of EUR 2.6 billion was withheld on these. Taxes and social security costs for Keva's own operations totalled approximately EUR 38 million (2019: EUR 44m, the difference is due to a decrease in VAT included in operating expenses and investments as well as a decrease in net taxes on real estate investments).

Taxes on investment income in accordance with laws and agreements

Earnings-related pensions are financed by pension contributions and investment income, and the investment operations of Keva and other earnings-related pension providers are intended to secure the long-term funding of pensions. Under legislation, earnings-related pension funds must be invested profitably and safely. Earnings-related pension insurers pay no taxes

to Finland on investment income received. If taxes on investment income were paid to the home country already at the funding stage, the deficit would have to be filled e.g. by increasing pension contributions.

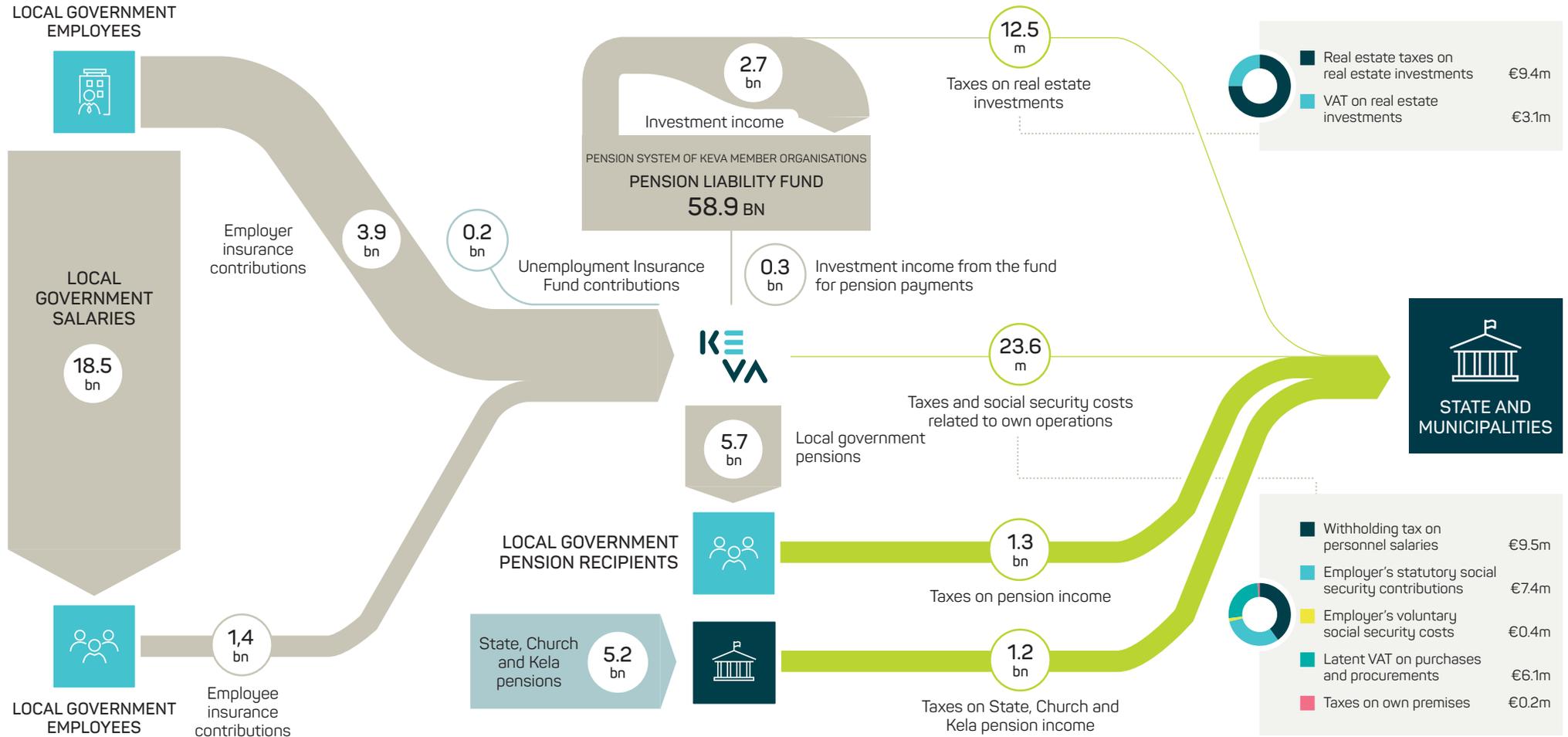
The investment activities of earnings-related pension providers are organised so that security and the income perspective are implemented at the same time. This requires the global diversification of investments between different investees and effective management of future returns on investments. This includes the ability to take into account the impact of taxation on investment income.

Earnings-related pension providers invest a significant share, Keva about 80%, of their investment assets outside of Finland. Foreign investments are planned in accordance with international law and as tax-efficiently as possible, so that the beneficiaries of the local government pension system receive the best possible return on them.

Investment operations are based on the premise that taxes are not paid unnecessarily, twice or excessively on investments made outside of Finland.

Keva ensures that investments are taxed in accordance with international tax laws and tax treaties between Finland and the source countries, and that Keva's position as a Finnish earnings-related pension provider and a guarantor of pensions in the Finnish local government sector is taken into account in taxation.

Tax footprint



GRI CONTENT

GRI index	Index content	Location in the report	More information
102 GENERAL STANDARD DISCLOSURES			
102-1	Name of organisation		Keva
102-2	Lines of business, brands, products and services	Our responsible mission p. 7 Annual Report pp. 11–15	
102-3	Location of headquarters		Unioninkatu 43 Helsinki
102-5	Ownership and legal form		Keva is a public pension provider managed by its member organisations
102-6	Markets served, lines of business		Keva operates as a pension provider in Finland
102-7	Scale of the organisation	Our responsible mission p. 7 Responsibility for the personnel p. 33 Financial statements p. 38	
102-8	Information on employees and other workers	Responsibility for the personnel pp. 32–36	
102-9	Supply chain		
102-10	Significant changes to the organisation and its supply chain	Annual Report pp. 5 and 22–25	
102-11	Precautionary principle or approach	Responsibility for investments pp. 17–31	
102-12	External policies or initiatives adopted or promoted by the organisation	Responsibility for investments pp. 17–31 Environmental impacts of the Keva building pp. 40–41	The Zero Carbon Buildings Commitment s. 25 Sustainability Accounting Standards Board p. 22 CDP p. 23 Climate Action 100+ p. 24 Global Compact p. 27 WWF Green Office p. 41
102-13	Membership of associations	Stakeholder dialogue strengthens confidence pp. 42–50	

GRI index	Index content	Location in the report	More information
102-14	CEO's review	The year of corona p. 3	
102-15	Key impacts, risks and opportunities	Our responsible mission p. 7 Annual Report pp. 28–30	
102-16	Values, principles, standards and norms of behaviour	Responsible culture and ethically sound practices p. 37	Code of Conduct
102-17	Mechanisms for advice and concerns about ethics	Ethics Team opened an anonymous whistleblowing channel p. 39	
102-18	Governance structure and corporate responsibility management	Our responsible mission p. 7 Annual Report pp. 22–24	
102-20	Executive-level responsibility	Annual Report pp. 38–48	
102-21	Consulting stakeholders	Stakeholder dialogue strengthens confidence pp. 42–50	
102-22	Composition of the highest governance body	Annual report p. 44	
102-23	Chair of the highest governance body	Annual Report p. 44	
102-24	Nominating and selecting the highest governance body	Annual Report pp. 22–23	
102-30	Effectiveness of risk management processes	Annual Report pp. 28–30	
102-33	Communicating critical concerns	Ethics Team opened an anonymous whistleblowing channel p. 39	
102-35	Remuneration policies for the highest governance body and senior executives	Annual Report pp. 22–23 Financial Statements p. 14	

GRI index	Index content	Location in the report	More information
102-40	List of the organisation's stakeholder groups	pp. 45–46	
102-41	Collective bargaining agreements		Keva's personnel are covered by Keva's collective agreement and KVTES
102-43	Approach to stakeholder engagement	Stakeholder dialogue strengthens confidence pp. 42–50	
102-45	Entities included in the consolidated financial statements	Responsibility Report and Annual Report and Financial Statements cover all of Keva's activities	
102-46	Defining report content and topic boundaries	CEO's review p. 6	
102-47	Material topics	CEO's review p. 6	
102-49	Reporting period		1 January - 31 December 2020
102-51	Reporting cycle		annually
102-52	Contact point for questions regarding the report		https://www.keva.fi/en/this-is-keva/responsibility/
102-53	Claims of reporting in accordance with the GRI standards		This report has been prepared in accordance with the GRI standards (reference level)
102-54	GRI content index	GRI content pp. 53–55	
102-55	External assurance		The Responsibility Report has not been assured
102-56	Material topics and their boundaries		https://www.keva.fi/en/this-is-keva/responsibility/
103-1	The management approach and its components	Annual Report pp. 22–24 and 38–48	

GRI index	Index content	Location in the report	More information
200 FINANCIAL IMPACTS			
201-1	Direct economic value generated and distributed	Our responsible mission p. 7 Tax footprint pp. 51–52	
203-2	Significant indirect economic impacts and their scope	Our responsible mission p. 7	
204	Procurement process and Keva's purchases	Responsible procurements p. 38 https://www.keva.fi/tama-on-keva/hankinnat/	
205-2	Communication and training about anti-corruption policies and procedures	Responsible culture and ethically sound practices pp. 37–38	
207-1	Taxes	Tax footprint pp. 51–52	
	Total processing time of applications	Annual Report p. 33	
	Share of disability pension applications rejected in the public and private sectors	Annual report p. 33	
	Keva's service level	Processing times determine the service level p. 13	
	Appeals against Keva's decisions	Annual Report p. 33	
	Effectiveness of rehabilitation	Vocational rehabilitation helps employees to continue working for longer p. 13	
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300 ENVIRONMENTAL IMPACTS			
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403-3	Occupational healthcare services	Sickness absences fell during the year of corona p. 36 Annual Report p. 26	
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404-1	Average training hours a year per employee	Basic information about Keva employees p. 33	
404-3	Percentage of employees receiving regular development discussions and career development reviews		Whole of Keva's personnel
405-1	Diversity of governance bodies and employees	Promoting equality p. 34 Annual Report pp. 22-24 and 38-48	
405-2	Ratio of basic salary and remuneration of women to men	Promoting equality p. 34 Annual Report pp. 22-24 and 38-48	
415-1	Political contributions	Keva made no political contributions in 2020	
416	Customer health and safety Privacy protection	Stakeholders expect development of privacy and data protection pp. 39-40	



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