

**RESPONSIBILITY FOR  
CUSTOMERS**

**RESPONSIBILITY FOR  
INVESTMENTS**

**RESPONSIBILITY  
FOR THE PERSONNEL**

**OUR WAY OF  
WORKING**



**KEVA'S RESPONSIBILITY KPIs  
2022**

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## CEO's review: RESPONSIBILITY IS A KEY ELEMENT IN KEVA'S STRATEGY

Keva's Board of Directors adopted the new strategy in June 2022. Our goals and indicators are aimed at 2027, by when our vision is that we will be an innovative, service-minded and effective actor. Our ambitious goal is to be Finland's best earnings-related pension provider at the end of the strategy period.

We have summed up our strategy in the heading, "Sustainable Keva". It can be characterised as a return to our mission, looking after the pension provision and pension funds of our customers. The new strategy is based on four cornerstones: we are a service-minded and cost-effective partner to our customers, we work sustainably and transparently, we safeguard sustainable pension funding and our work community is innovative, competent and healthy. These cornerstones also define the core of our responsibility.

Updating our strategy included analysing changes in our operating environment and the wishes of customers and our other stakeholders. Our role as an earnings-related pension provider makes us a major public actor, and rightly subject to many expectations regarding responsibility and sustainability. This is why Keva's Board of Directors has highlighted the importance of responsibility.

### From a programme to responsibility that permeates what we do

Keva had a separate responsibility programme

which defined the goals, indicators and core steps in responsibility work. The three-year programme period ended at the close of 2022.

The updated strategy has resulted in the discontinuation of a separate responsibility programme. Instead, responsibility goals are now part of our strategic goals and Keva's Board of Directors and Management Group will use a common set of indicators to monitor the achievement of all goals.

Clarifications regarding the principles and achieving goals in the area of responsibility call for more detailed plans. This is why in autumn 2022, we launched work to consider how the responsibility goals are reached and work with responsibility is organised. Representatives from all Keva's functions were brought together for this work, which will be completed during 2023.

The new strategy also led to an updating of Keva's Code of Conduct in 2022. The update resulted in 10 condensed principles which will be used to support responsible ways of working and to build a good work community.

### We safeguard sustainable pension funding

Keva is Finland's largest earnings-related pension provider and investor. The returns on the fund's investments cover pension liabilities extending to decades ahead. Expectations are particularly focused



CEO Jaakko Kiander

on the responsible management of pension funds and responsible investment operations.

The long time span of our mission highlights the importance of the aspects of responsible investing. Above all, responsible investment operations means managing investments in a way that safeguards a stable contribution level and pension benefits across generations. Equally, the environment and climate, social responsibility and good governance must be taken into account. This is guided by the responsible investment beliefs adopted by the Board of Directors.

A significant part of Keva's investment assets has been outsourced to be managed by our international network of asset managers. We strive in joint discussions to deepen our understanding of the responsibility aspects. We systematically survey the views of asset managers in our portfolio on the implementation of responsibility in our investee companies.

Voting at general meetings and goal-oriented engagements are Keva's most important ways of implementing active ownership. Keva and external asset managers voted in approximately 9,000 general meetings on around 130,000 proposals.

Based on a survey of asset managers, last year there were around 600 different engagements aiming at change.

Even though 2022 was challenging from the investment perspective and returns on investments were 7% in negative territory, the funding position of

the pension system of Keva member organisations remained strong. This allowed us to continue a moderate reduction in the contribution rate of member organisations and Keva's Councillors decided to reduce the overall contribution rate by 0.5 bp to 27.4%.

### For customers

We want to be a service-minded and effective partner to our customers. We continuously monitor customer satisfaction and develop the ease of our services.

Cost efficiency is important to Keva customers and is one of the responsibility goals monitored in our strategy. Keva shows excellent performance in cost efficiency benchmarking. We have successfully managed to keep costs under control while improving the quality of our services.

During 2022, we began to collect feedback from employee customers in a new way and persons receiving a pension or benefit decision automatically received a link to a feedback survey. This allowed us to get feedback faster than earlier and to use the results to build better services.

Ordering and providing tax cards became easier in April, when we became the first pension provider to start using the Tax Administration's integration service. Pension information is now transmitted smoothly to MyTax and for some customers the Tax Administration also makes a proposal for a pension income tax card. Once the customer has accepted the

proposal or ordered a tax card, the Tax Administration forwards the tax card electronically straight to Keva.

Our customers need to be able to have confidence in their personal data being secure with Keva. During the course of the year, we improved our technical capability by among other things replacing our firewalls. We developed the information security skills of Keva employees through education, one example of which was information security training to recognise electronic phishing and spam mail.

### Together for working life in public sectors

Reducing the risk of incapacity for work is one of Keva's statutory duties. We provide employer customers with tools, statistics and other research-based knowledge to support work ability management.

The beginning of 2023 saw the largest reform in public sector administration in history take place in Finland with the transfer of health, social and rescue services from the municipalities to wellbeing services counties. Keva will continue to be responsible for the pension provision of the almost 200,000 employees transferring to the services counties under the reform.

The reform resulted in more than 20 new large employer customers for Keva. Keva supported the wellbeing services counties in the reform by providing information and tools to support management, earnings-related pension insurance and workplace

wellbeing. Cooperation started on a smooth note. A multivocational team serves the wellbeing services counties and each employer has a dedicated account manager.

In 2022, we launched the Sustainable working life project to develop strategic work ability management and strengthen the foundation of knowledge-based management in public sector organisations. The project has spawned new business models, services and cooperation networks that can be used to impact staff work ability and workplace wellbeing. The project received government aid from the Sustainability Growth Programme for Finland funded out of the EU's recovery and resilience instrument.

### Retirement challenges our society

Keva provides a huge amount of information each year for member organisations and the public at large. Work ability management, the risk of incapacity for work, sickness absenteeism in the local government sector and the employment of pension recipients were among the topics we studied in 2022. We continued doing the municipal decision-maker barometer.

Keva has long published information about public sector retirement. A retirement forecast was earlier prepared for local government and State employees. In 2022, we also calculated a forecast for Church employees.

Of public sector employees, an estimated 23%

of current local government sector employees, 27% of State employees and 30% of Church employees will retire on an old-age pension during the next ten years. Many social and healthcare occupations will see a particularly high retirement rate. Based on this scenario, the labour shortage in the public sector will at least not ease as demand for services grows as the population ages.

### Our work community is innovative, competent and healthy

Early on in the corona pandemic, Keva employees quickly adopted remote working practices and work continued to be effective. After the summer holidays of 2022, Keva addressed reorganisation and the learning and communality of Keva employees. This resulted in a management policy that each Keva employee must work in the office at least once a week. We will continue to develop office and remote ways of working and the Keva building throughout the strategy period.

In 2022, Keva was a main partner in the Oikotie Responsible Employer campaign and together we produced articles, a video and podcasts and we gained visibility on the campaign's Instagram pages.

In April, Keva employees responded to the campaign survey for the third time. Employees thought that Keva's employer strengths are the meaningfulness of work and work development, a good applicant experience and a work-life balance,

The separate Responsibility Programme has ended and responsibility is now integrated into our strategy.

and wellbeing. Respondents, both in the Keva survey and nationwide, were of the opinion that pay and rewards commensurate with the task were the weakest aspect of employer responsibility. Partnership with Oikotie continues in 2023.

Keva's employee survey was carried out in November by Promenade Insight Oy and the results were obtained at the beginning of 2023. The survey was based on the approach that good employee experience is a requirement for good customer experience. The survey aims to ascertain our strengths and areas for development and to draw on the results in developing our operations going forward.

**Jaakko Kiander**  
CEO

## OUR RESPONSIBLE MISSION

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

Keva manages the processing of 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 in the service of the State, Evangelical Lutheran Church, Social Insurance Institution of Finland Kela, the Bank of Finland and the Financial Supervisory Authority. The wellbeing services counties became Keva customers at the beginning of 2023.

Keva's statutory duty is to reduce the risk of incapacity for work in the public sector. Keva supports employer customers in work ability management and in proactive measures to prevent the risks of incapacity for work and thus support the continuation of careers.

### Responsibility for the livelihood of hundreds of thousands of Finns

Keva is Finland's largest earnings-related pension provider and serves around 1,100 local government employers, around 570 State employer customers,

## Key figures describing Keva 2020–2022

	2020	2021	2022
Sum of wages and salaries of Keva member organisations, €m	18 487	19 462	20 345
Contribution income from Keva member organisations, €m	5 252	5 489	5 677
Number of insured Keva member organisation employees at 31 Dec*	541 239	563 644	573 945
Number of Keva member organisation pension recipients at 31 Dec	418 696	423 827	435 830
Keva member organisation pensions paid, €m	5 728	5 915	6 192
Investments at fair value at 31 Dec, €m	58 009	66 849	62 235
Return on investments at fair value	4,7 %	15,8 %	-7,0 %
Annual real return on investments since funding started in 1988 (capital weighted)	4,0 %	4,4 %	3,7 %
Annual real return on investments since funding started in 1988 (not capital weighted)	5,2 %	5,5 %	4,9 %
Operating costs, €m	76,6	79,9	81,1
Permanent personnel at 31 Dec	496	485	481
Number of State pension recipients at 31 Dec	242 145	237 008	232 613
State pensions paid, €m**	4 857	4 879	4 982
Number of Evangelical Lutheran Church pension recipients at 31 Dec	19 509	19 573	19 928
Evangelical Lutheran Church pensions paid, €m**	217	223	234
Number of Social Insurance Institution of Finland Kela pension recipients at 31 Dec	5 958	5 965	6 057
Social Insurance Institution of Finland Kela pensions paid, €m**	106	108	114
Number of Bank of Finland pension recipients at 31 Dec		1 404	1 458
Bank of Finland pensions paid, €m**		29	29

\* Due to the Incomes Register and new reporting practice in employment relationships, there is a break in the time series between 2018 and 2019. From 2019 onwards the calculated principles of the insured were updated: zero-earning insured persons not in employment or service are excluded.

\*\* The principles of calculating the insured were updated in 2020: zero-earning insured persons not in employment or service. Keva began to implement Bank of Finland pensions on 1 January 2021.

around 260 church organisations and the Bank of Finland and the Social Insurance Institution of Finland Kela.

Keva has 1.3 million employee customers, of whom around 614,000 are pension recipients, and the pensions of around 720,000 local government, State, Evangelical Lutheran Church, Kela and Bank of Finland employees are covered by Keva.

### Circulation of earnings-related pension money

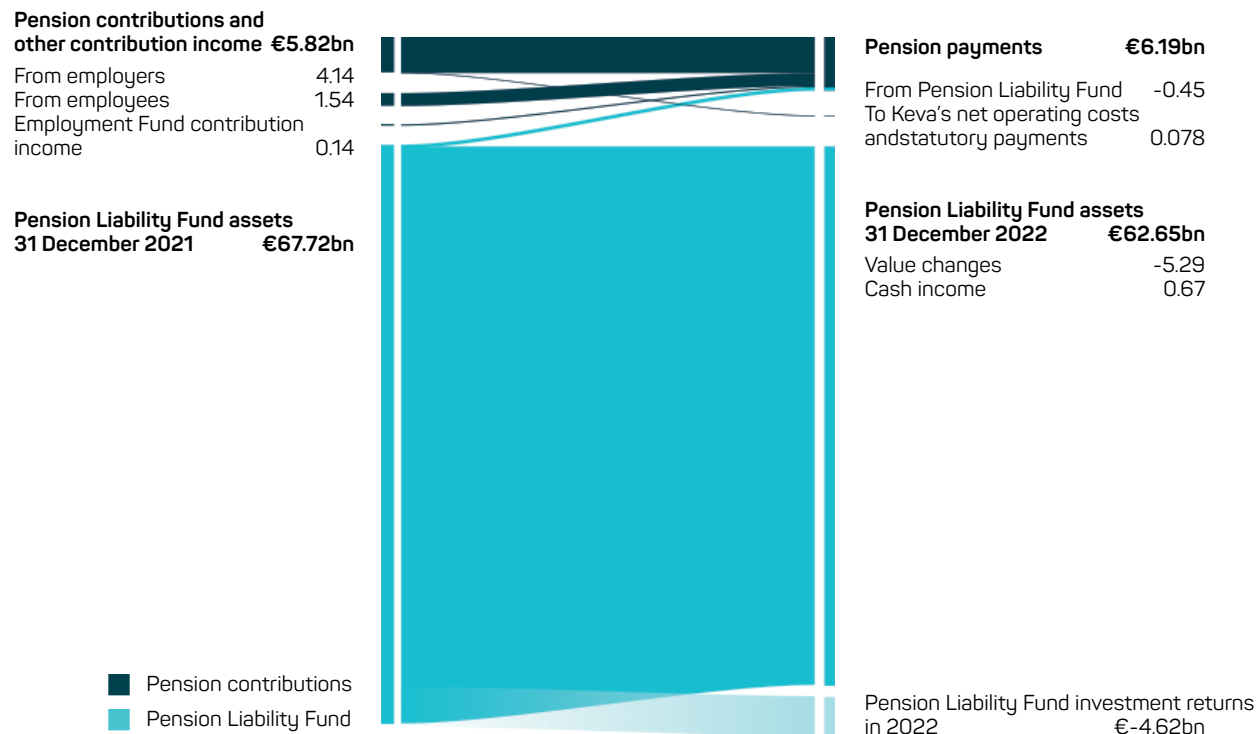
The majority of pensions are paid out of contributions collected from employers and employees. In 2022, around EUR 5.7 billion was collected in pension contributions from Keva member organisations, i.e. actors in the local government sector. The Employment Insurance Fund contributed around EUR 0.14 billion to pension payment.

Around EUR 6.2 billion was paid out in local government sector pensions. The gap of around EUR 0.4 billion between pension contributions and other contribution income compared to 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

### Circulation of earnings-related pension money of Keva member organisations 2022 (€bn)



operations, which are managed by the State Pension Fund and Church Pension Fund, respectively.

More detailed information about Keva's customers can be found on pages 8–9 of the Annual Report and the accrual of contributions on pages 13–14.

### Responsibility Programme ended

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 Responsibility Programme adopted by the Management Group in December 2019 ended at the close of 2022. Under the programme, the development of responsible operations took place in Keva's units, functions and processes.

The programme had defined goals for 2020-2022 for each of the four areas. In addition, the programme

outlined what happened in each area of responsibility. The goal was to integrate the measurement of responsibility results into Keva's strategy indicators.

During the programme period, Keva had a Responsibility Team which made initiatives for the operational planning of the units, functions and processes. In addition, the Responsibility Team monitored stakeholder expectations, for example, and promoted the responsibility approach of Keva employees.

### Firm implementation of the strategy

The mission of the strategy, which was updated in summer 2022 and extends to 2027, is "we look after the pension provision and pension assets of public sector employees and provide support for the risks of incapacity for work".

The new strategy contains many responsibility goals and their indicators, many of which are familiar from the Responsibility Programme just ended. More information about the strategy can be found in the CEO's review on page 3.

### Keva's responsibility goals and indicators

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

### Keva's responsibility goals and indicators 2022

	Goal for 2022	Achieved in 2022
<b>Responsibility for customers</b>		
Start of disability pensions	0,85	0,79
Service level of pension decisions	92,1	95,8
Employee customer experience of ease of service / CES	85	88
Satisfaction of employer customers with contact points / NPS	76	68
<b>Responsibility for investments</b>		
Cumulative real return on investments	5,80	3,90
Climate targets for real estate investments:		
Reduction in CO2 emissions		
by the end of 2025 -50%		
by the end of 2030 -100%		-54 %
<b>Responsibility for the personnel</b>		
Employee readiness to recommend Keva as a workplace, index eNPS	20	35
Employee sickness absences	< 2,5 %	1,95 %
<b>Our way of working</b>		
Ratio of operating expenses to expense loading components	60,0	58,0
Reprimands received as a result of complaints	0	0
Data protection incidents	10	17
Energy consumption and waste at the Keva building	Below 2019 levels	Achieved



## Explanation of indicators

Indicator	Direction	Explanation of indicators
Start of disability pensions	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 of 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.
Employee customer experience of ease of service / CES	Higher, better	Summary of the service experience at contact points (telephone services, My Pension online service). CES (Customer Effort Score) measures the customer's effort: "How much effort did you exert to get the service you required?" Calculated weighted by transaction volumes at contact point.
Employer customer satisfaction with contact points / NPS	Higher, better	Summary of the service experience at contact points (customer visits, online service, feedback from event attendees, telephone call feedback). Measures the willingness of customers to recommend through individual service experiences. Asks on a question of 0–10 "How likely are you to recommend Keva / our services?" Calculated by subtracting the percentage (0–6) of detractors from the percentage of promoters (9–10). The result may be anything between -100 and +100. The figure is the mean of the NPS for all channels.
Cumulative real return on investments	Higher, better	The cumulative real return on investments is the difference between the nominal return on investments and inflation over the past 10 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.
Environmental objectives for real estate investments	Lower, better	The climate impact or CO <sub>2</sub> emissions arising from the use of energy in properties has been defined as the most significant environmental impact of real estate investments. The long-term ambition is for 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 <sub>2</sub> /unit m <sup>2</sup> /year, compared to the emissions level in 2018.
Personnel's readiness to recommend Keva as a workplace, eNPS	Higher, better	eNPS is calculated using the formula: the percentage (0–6) of detractors subtracted from the percentage of promoters (9–10).
Employee sickness absences	Lower, better	Trend in employee sickness absences calculated by the number of sick days as calendar days in relation to the number employees at the end of the month.
Ratio of operating expenses to expense loading components	Lower, better	The cost-effectiveness indicator is calculated in the same way as 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.
Reprimands received as a result of complaints	Lower, better	The number of reprimands that the Parliamentary Ombudsman or some other regulatory authority overseeing Keva's operations has issued based on complaints made to him.
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
- Service level of Keva's pension decisions
- Employee customer experience of ease of service, (CES)
- Employer customer likelihood of recommending, NPS

- Long-term return on investments
- Environmental objectives for real estate investments



**INDICATORS IN KEVA'S RESPONSIBILITY PROGRAMME 2019-2022**



- Personnel's readiness to recommend Keva as a workplace
- Employee sickness absences

- Ratio of operating expenses to expense loading components
- Complaints received and reprimands issued as a result of them
- Data protection incidents
- Energy consumption and waste in 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 our way of working.**

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

## RESPONSIBILITY FOR CUSTOMERS

During 2022, Keva focused significantly on supporting the wellbeing services counties that started on 1 January 2023, ensuring pension provision and ease of pension insurance, and supporting work ability management. Support for work ability management highlighted the position of persons with partial work ability and support in structural change.

The decisions of earnings-related pension providers are based on the law and the principles of good governance. Keva's responsibility for 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.

Keva is a public actor and complies with the Act on the Openness of Government Activities. Keva supports openness and transparency in all its operations as far as possible as long as this does not compromise the data protection of the individual. Good governance means, for example, that an employee customer is granted all the benefits they are entitled to at once. The customer is consulted where necessary and Keva will, on its own initiative, obtain any missing information.

Information about claims for rectification of Keva's pension decisions as well as decisions of appeal bodies can be found on page 18 and starting on page 35 of the Annual Report.

### Uninterrupted livelihood

The minimum old-age retirement age increases by three months each year until the pension age of 65. Persons born in 1958 reached their pension age of 64 in 2022. The average retirement age in the public sector in 2022 was 64.5 years, which is three months older than a year earlier.

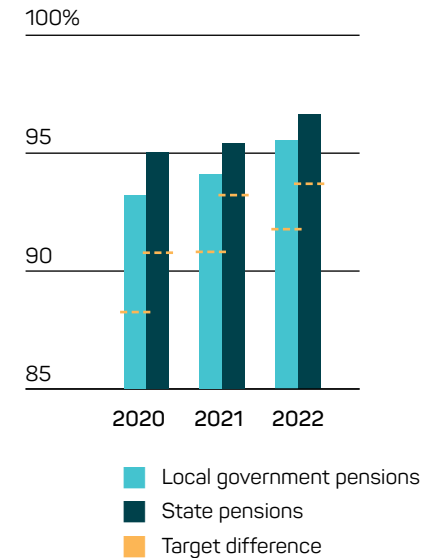
The number of partial early old-age pensions increased by around 6,600 or more than 150% and old-age pension decisions increased by around 3,300 or 14% in 2022. This was due to the exceptionally high increase, 6.8%, in the earnings-related pension index in the beginning of 2023.

Continuity of livelihood requires that the register information of the pension applicant is correct and up-to-date, and that the applicant applies for a pension in good time before the planned start of retirement. Keva reminds customers to check their 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. Keva significantly shortened processing times of pension applications during 2022.

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

Keva's service level indicator is used to monitor

### Service level 2020–2022



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.

the continuity of livelihood. In 2022, the service level of all pension applications was almost 96%, with differences in pension types. Continuity of livelihood is most often interrupted when applying for discretionary pension.

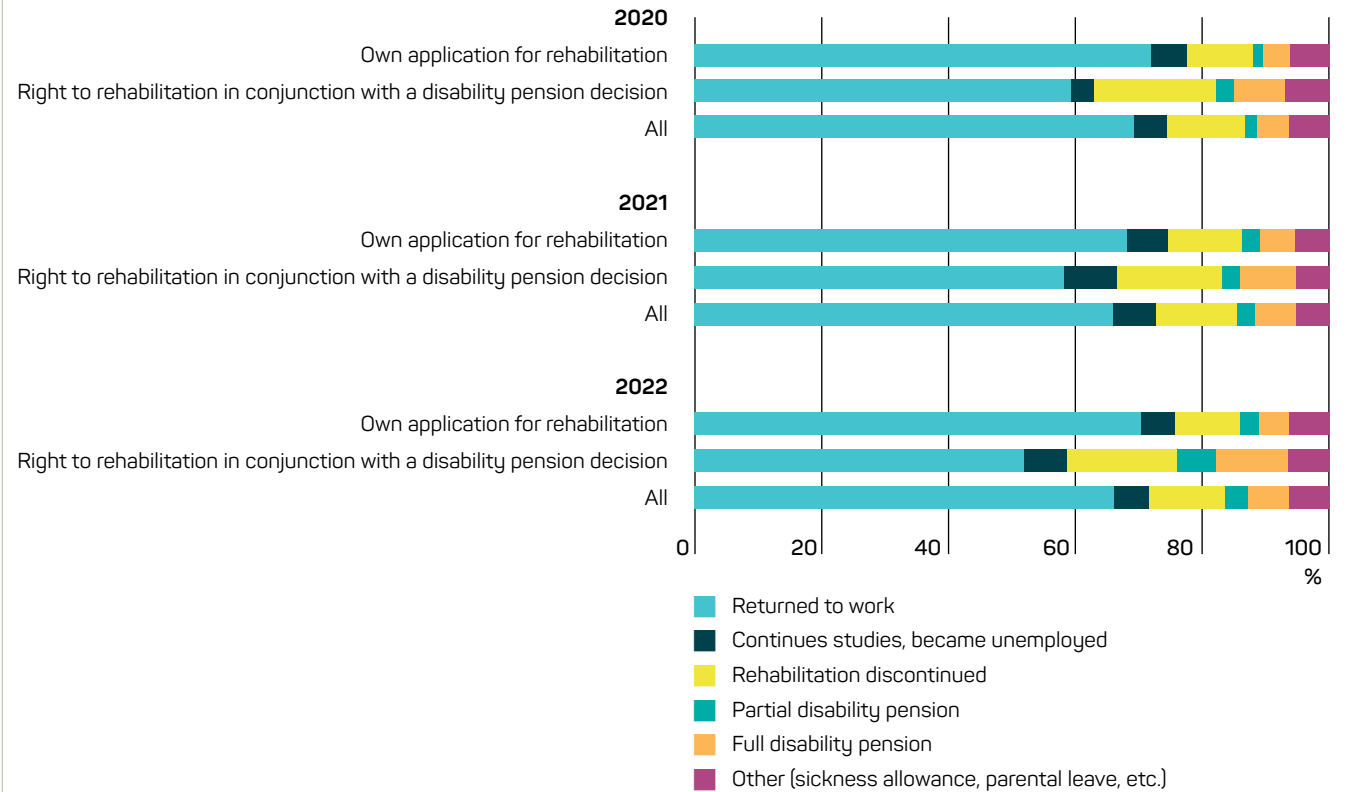
### Vocational rehabilitation supports coping at work

When an employee's ability to work has significantly diminished for health reasons and workplace arrangements are no longer adequate, vocational rehabilitation can provide possibilities to continue in working life. Vocational rehabilitation methods include work try-outs and training.

Depression has emerged as a significant factor affecting work ability. This is why in autumn 2021, Keva launched a pilot aimed at identifying ways to support people who received cash rehabilitation benefit, i.e. full disability pension for a fixed term, because of depression to retain a connection with the workplace and take part in work. The pilot provides information about the possibilities to take part in work and the impacts of returning to work.

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.

### Rehabilitated by Keva for the labour market 2020–2022



A significant downturn was seen in vocational rehabilitation application and decision numbers in 2022. The phenomenon can partly be explained by the wellbeing services county reform, which at least in 2022 hindered the launch of work ability processes.

Keva helps rehabilitation customers to find lasting solutions to continue at work, if necessary with the help of personal guidance provided by rehabilitation partners. During 2022, Keva carried out the public procurement of new service providers and agreed on the roll out of new services that support rehabilitation. At the same time, the possibilities for rehabilitation customers to choose their service provider were increased.

### Digitalisation speeds up services

Keva aims to provide its customers with easy, effortless interaction in everything related to pension provision. The online pension calculator can be used to check how much pension has accrued for work done to date and to calculate the estimated amount of pension at different times. Customers can use the My Pension service to apply for a pension and to make changes relating to pension payments, such as changes in banking details.

During 2022, customer service switched increasingly to the My Pension Service. An exceptionally high increase in the earnings-related pension index meant record high traffic in all service channels, in particular in the last quarter of the year.

The self-service/personal service ratio was 88.7% for the year as a whole.

The priorities of customer guidance in 2022 were on increasing e-interaction in the My Pension service and increasing the paperless service. Using communications and campaigns, customers were strongly steered to become users of online services. Subscriber numbers to paperless services increased by more than 80% during the year.

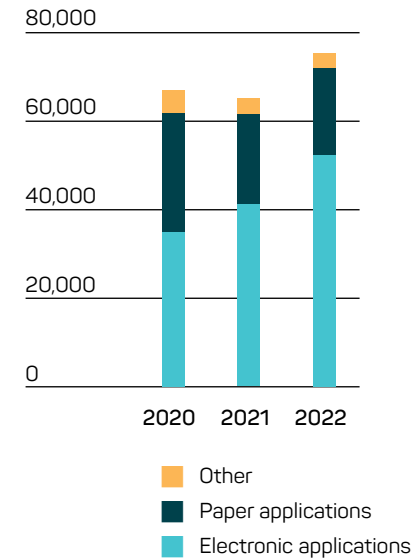
### Increasing use of electronic service

Keva recommends applying for a pension via the My Pension online service because electronic communication speeds up application processing and ensures the continuity of livelihood. Electronic application helps the customer to complete the application correctly first time and to provide the attachments required.

The number of online applications continued growing during 2022, with more than 63% (2021: 57%) of all applications arriving through the My Pension service. Around 84% (81%) of old-age pension applications and around 95% (92%) of partial early old-age pension applications were made electronically. Of all disability pension applications, around 37% (36%) were submitted electronically. In addition, around 6% of all pension applications arrived electronically, including via Kela.

Despite the strong growth in online interaction, Keva guarantees an opportunity to interact and

Applications received by source 2020–2022



receive personal advice also for persons with limited opportunities to use an e-option.

In 2022, Keva's websites were visited almost 3 million times, up by almost 29%. Already around 1.64 million log ins to the My Pension service were recorded, with a significant increase seen during the last quarter of the year in particular. The increase was around 44% higher than in 2021.

Enquiries from around 62,000 employee customers were answered through the online service. The advisory robot Ilona answered customers' questions on the website. There were around 48,000 chats with Ilona, who was able to provide the answer in around 88% of cases.

## Development of services and cooperation with employer customers

Keva's employer customers worked hectically in 2022 on preparations for major reforms. The municipalities and new wellbeing services counties prepared for the health and social services reform, the largest reform in the history of the public sector, while the corona pandemic was still present in Finland and efforts were made to catch up on the care debt.

The health and social services reform was very visible in work done with employer customers in 2022. Between autumn 2021 and spring 2022, Keva's employer customer relationship management met with the preparation of the wellbeing services counties. Keva had a project aimed at ensuring

that we had built the capacity to process all applications from organisations eligible for Keva membership and belonging to wellbeing services counties' corporations. In addition, the project ensured the functioning of the services intended for new members. Keva employees from across the organisation took part in the work.

Keva customers also prepared for the TE24 reform or the centralisation of employment services, municipal training services and business development services on the municipalities. The biggest individual aspect is the acute labour shortage, which concerns the entire country and burdens various sectors. This is also seen concretely in the expectations and wishes of Keva's customers as work ability management has an increasingly strong presence on the management agenda of customer organisations.

## Expansion of multivocational teams

In summer 2020, Keva undertook an organisational reform where multivocational teams were formed to develop the overall service and customer experience of employer customers. The activities of the teams were deepened in 2022. In addition to customer managers doing customer work, vocational rehabilitation and disability decision-makers, Keva's statistical skills and digital services developers were added to the multivocational teams.

In the same context, the composition and customer responsibility of multivocational teams

was changed so as to take account of the wellbeing services counties launching at the beginning of 2023. Since May 2022, Keva has concentrated all wellbeing services counties and the City of Helsinki around one multivocational team.

## Launch of Sustainable working life project

Another major key matter in employer customer relationships in 2022 was ensuring the launch and success of the Sustainable working life project. A joint project between Keva and the Ministry of Finance, the project has been granted government aid and is related to the Sustainable Growth Programme for Finland funded out of the EU's recovery and resilience instrument.

The aim of the Sustainable working life project is to enable public sector employers to recover from and build resilience to the corona pandemic and increased risk of incapacity for work. The project will promote human resources and risks in an optimal way taking into account work ability management and will strengthen knowledge-based management in the public sector.

During autumn 2022, customers interested were sought and happily found for the project from Keva member organisations. The focus of the project is on sectors where we assess there to be the greatest pressures of risks of incapacity for work and change: health and social services, teaching (early childhood education and care, basic and secondary education)

and the state security sector. Keva's largest member organisations were included in the different projects and a start will be made in 2023 to take these vigorously forward. More than ten new wellbeing services counties and the six largest cities, among others, are involved.

### Support for work ability management

Keva supported the development of the work ability of customers through workplace wellbeing promotion grants, which totalled EUR 600,000 in 2022. A total of 38 applications were received from the local government sector and the Evangelical Lutheran Church, and 22 organisations received support. The choice of projects ensured that the money was divided among organisations of different sizes, types and at different development stages in work ability management.

At the end of 2022, a decision was made to strengthen Keva's statutory duty. In accordance with the duty and Keva's strategy, the role of knowledge-based information will be strengthened to support reducing the risk of incapacity for work and work ability management. To this end, a research team was established and is headed by Keva's head of research.

### Customer experience and willingness to recommend of employer and employee customers

Keva continuously collects and utilises feedback

## Projects that received workplace wellbeing promotion grants in 2022

**Omnia, the Joint Authority of Education in the Espoo region** (EUR 75,000)

Work community skills and wellbeing at work

**South Karelia Joint Authority for Education, Saimaa Vocational College Sampo** (EUR 35,000)

Tiimi kantaal

**Joint Municipal Authority for Social and Healthcare in Central Uusimaa** (EUR 40,000)

Towards better work ability management by measuring personnel experience

**Lakeuden Etappi Oy** (EUR 15,000)

Circular economy in change: ensuring competence in changing situations

**City of Lappeenranta** (EUR 17,000)

Production work ability management in the City of Lappeenranta

**Municipality of Laukaa** (EUR 30,000)

POLKU – Proactive work ability and career management in Laukaa

**Municipality in Liminka** (EUR 33,000)

Our Steps – Check marks for detecting, managing and supporting proactive work ability

**City of Mikkeli** (EUR 11,000)

TYKKI project – efficiency and reform for work ability management

**Municipality of Muonio** (EUR 10,000)

Healthy employee, healthy municipal organisation – promoting the holistic wellbeing of employees

**Pirkanmaan Voimia Oy** (EUR 40,000)

Strength for work ability

**Polkka - Pohjois-Karjalan tukipalvelut oy** (EUR 55,000)

Polkka 2.0 – employee experience and consistent corporate culture in wellbeing services county change

**Municipality of Rautavaara** (EUR 15,000)

Proactive work ability and career management towards motivating work!

**City of Rovaniemi** (EUR 18,000)

From sickness absenteeism to proactive work ability management

**Savo Consortium for Education, Sakky** (€12,000)

Better flowing brain work in Sakky

**City of Savonlinna** (EUR 15,000)

Project to develop the wellbeing skills of early childhood education and care staff

**Town of Somero** (EUR 20,000)

It can be done here - Communal Somero

**Municipality of Taivalkoski** (EUR 25,000)

Wellbeing for work helped by decision-driven work supervision in the Municipality of Taivalkoski

**City of Tampere, Employment and Growth Services** (EUR 45,000)

DOT – data, skills and workplace wellbeing  
(The City of Tampere did not take receipt of the project funding granted)

**Turun Kaupunginteatteri Oy** (EUR 27,000)

Turku City Theatre workplace wellbeing programme

**City of Vantaa** (EUR 42,000)

Key factors in work ability management in Vantaa and Kerava employment services

**Vantaa Parish Union** (EUR 10,000)

Management development – healthy staff

**Municipality of Ylitornio** (EUR 10,000)

Work ability in focus without forgetting career management

about the customer experience of both employer and employee customers of interaction with Keva. Customer experience is a strategic indicator at Keva and is also reported to Keva's Board of Directors.

Keva monitors the experience of employee and employer customers of interaction in different services. The satisfaction of employee customers is measured by how much effort is required to get an issue resolved, Customer Effort Score (CES), and measurement is weighted by the number of interactions in different service channels. Employee customers similarly assess different interaction situations using the Net Promoter Score (NPS) as the indicator.

Both CES and NPS scores are very high. In 2022, the NPS was 69 (2021: 71) and the CES was 88 (2021: 86).

Besides continuous monitoring, a customer satisfaction survey for employers was carried out in November 2022. The results showed further improvement in satisfaction with Keva's operations, with 84% of respondents considering that Keva had managed to serve them well or excellently. The NPS rating also showed positive development for the third

year running. The main conclusion of the survey was that the services provided by Keva seem to correspond well to customer needs and expectations.

Employee customers' experience of the entire interaction process was measured by a survey, introduced at the beginning of 2022, sent to persons receiving a pension or benefit decision in which they were asked to evaluate the smooth flow of the entire pension application process. Of the customers responding to the question (n=12071) 87.5% thought that the application process was effortless.

During 2022, a process was created for processing the feedback given by persons receiving a pension or benefit decision, which aims in particular to identify areas for development. Persons whose applications were rejected were on average more dissatisfied with the ease of the application process. This was partly why Keva updated its guidance service for those persons whose application was rejected. Since the beginning of 2023, the service can be provided both for those receiving a negative disability pension and rehabilitation right decision. The guidance service seeks to clarify the pension applicant's alternatives and livelihood possibilities.

### Satisfaction and readiness of employer customers to recommend Keva

	2020	2021	2022
Overall assessment of Keva's operations (Percentage of respondents giving a good (4) or excellent (5) grade in the annual employer customer satisfaction survey, excl. don't know)	79	80	84
NPS (recommendation rating for the service after having used it. The result has been weighted by the number of persons providing feedback)	63	71	68*

\* Change in question layout

### Employer customer experience of ease of service

	2020	2021	2022
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	86	88



## RESPONSIBILITY FOR INVESTMENTS

### Keva's responsible investment highlights in 2022



**62.2**

bn EUR  
investment assets at 31 Dec 2022



**3.9%**

return on investments over 10 years  
(real return excluding capital weighting)

**4.9%**

return on investments since funding  
began in 1988 (real return without capital  
weighting)



Attendance at  
**9,016**  
general meetings

**98%**

attendance rate at general meetings

**131,098**

votes cast in general meetings



**611**

goal-oriented engagement projects in  
equity and corporate bond investments

**153**

engagement projects relating  
the environment (E) theme

**57**

engagement projects relating  
the social (S) theme

**401**

engagement projects relating  
the governance (G) theme



**-54%**

in CO<sub>2</sub> emissions derived from energy  
use in our direct real estate investments  
compared to 2018

## Chief Investment Officer's review

The basis for Keva's responsible investments is securing the long-term solvency of current and future pensions, with the investment return on pension assets playing an increasingly important role in the coming decades. The management of intergenerational pension commitments requires the continuous assessment of investment risks and opportunities in the long term from the sustainability perspective this includes reviewing environmental, social and governance risks. These criteria are integrated into our investment decision-making process and help to ensure better investment decisions.

In 2022, investors were faced with increasingly complex and multidimensional challenges. Russia's war on Ukraine, the threat of energy shortages,

Managing intergenerational pension liabilities is at the centre of Keva's responsible investment.

rapidly accelerating inflation and the pandemic increased uncertainty in the global economy.

Different events and actions can be interconnected in surprising ways, and there are often no clear or easy answers. This is why a consistent and long-term investment approach is essential in such an operating environment.

### **Continuity is the foundation of our investment policy**

Our investments are governed by the investment beliefs approved by Keva's Board of Directors. These beliefs apply to responsible investment and investment in general. They also ensure that we can fulfil our mission. The past year has demonstrated that our policies can withstand the test of time and address the ongoing changes in the world. For global investors like Keva, the challenge is to look ever further when it comes to investment horizons and opportunities.

In addition to our own investment professionals, Keva's assets are managed by a global network of well of 100 asset managers to whom over 70% of our assets have been outsourced.

Their in-depth understanding of investment opportunities and long-term profitability serves as the foundation for responsible investment decisions. We work closely with our carefully selected fund managers to ensure we can meet our investment targets successfully. This cooperation also enables us



CIO Ari Huotari

Photo: Keva/Paavo Pykäläinen

to get a wide understanding for the opportunities and challenges of responsible investing.

### **Understanding impacts of climate change is key**

Information management continues to be a growing challenge in responsible investing. Every day the responsible investment community is creating new topics and talking points that require careful assessment and evaluation. For investors this proves a challenge to stay on top and deepen their understanding of critical long-term factors like climate change from the perspective of investment returns.

In recent years, we have sought to increase our understanding of climate change as a phenomenon, as well as its impact on our investment portfolio. With the help of climate scenario modelling, we have been able to increase our understanding incrementally and consistently.

We have also improved our understanding future energy solutions – both in terms of their underlying rationale and broader societal impact. We believe that energy economics will continue to play an increasingly significant role in responsible investment.

### **Active ownership builds on active engagement**

Keva's active ownership focuses primarily on engagement with investee companies and voting in annual general meetings. We also work together with our investment managers and other investors to implement our active ownership. In the past year, Keva and its external investment managers voted on more than 130,000 proposals in approximately 9,000 general meetings globally.

Engaging with companies can many times span over several years. We monitor the engagements that our investment managers are involved in.

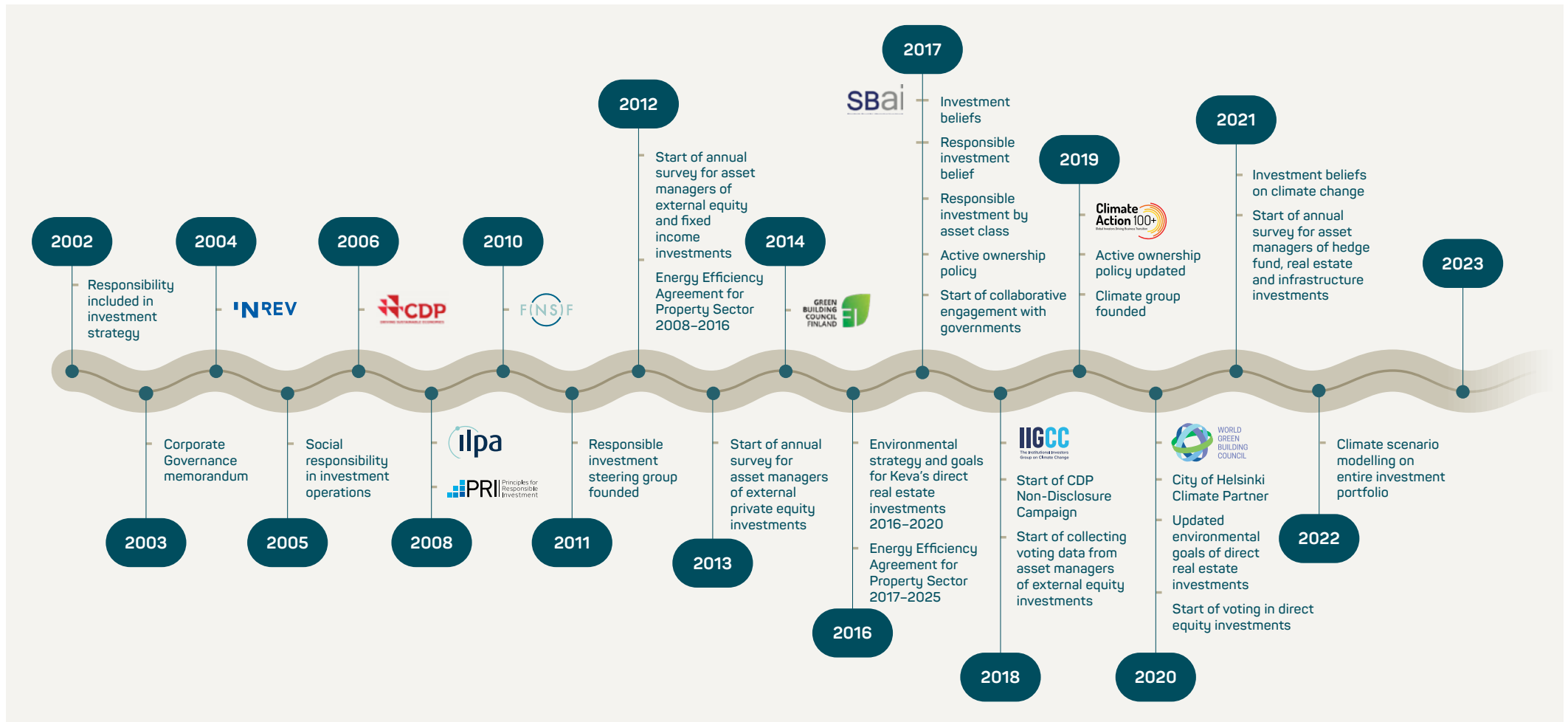
According to our survey focusing on engagements, the investment managers working for Keva reported nearly 600 engagements pushing for change in almost 400 investee companies.

The most important engagement themes were issues concerning the investee company's board of directors, the development of sustainability reporting and disclosure and greenhouse gas emissions. The biggest challenge was making sure that our engagement projects bring about concrete and lasting change.



Photo: Shutterstock

### Progress in responsible investment at Keva



## Interview with Head of Responsible Investment Kirsi Keskitalo: Cooperation and exchange of information with asset managers is growing in importance

Slightly more than 70 percent of Keva's investment assets have been outsourced to a global network of asset managers, with the continuous development of cooperation with external asset managers being a key priority.

According to Kirsi Keskitalo, Head of Responsible Investment, regular monitoring of asset managers is central to the implementation of Keva's responsible investment.

"By monitoring our external asset managers, we ensure that they are acting in line with our responsible investment policy. We can also assess if their responsible investment practices have a concrete effect on our investments," says Keskitalo.

### Careful selection of asset managers

One of Keva's strengths is its international network of asset managers, which offers a broad range of expertise in different investment categories and perspectives. One person does not need to be master of all investment topics and themes.

"Different areas of expertise and competencies promote joint learning, as cooperation and information sharing play an integral role in ESG investing," says

Keskitalo.

Cooperation with external asset managers is based on a long-term partnership, trust and transparency. Asset management partners are rigorously vetted before they can join Keva's asset manager network.

"We believe that it is essential that asset managers share our investment beliefs. Of course, we also have fiduciary duty to monitor them," says Keskitalo.

### Investors are interested in the data collected by asset managers

Keva collects a significant amount of data related to responsible investing annually, as more than a hundred asset managers report on their activities.

When it comes to the implementation of active ownership, the principal data sources are voting at general meetings and investor engagement.

"We collect data on voting in general meetings, as well as ongoing investor engagement projects. We carry out an annual survey asking for details on the engagements our investment managers have been involved in and the success of the engagements, as well as about ESG themes in general. These surveys are conducted by us or in cooperation with our partners. At the same time, we review the asset managers' own sustainability reports and publications related to responsible investing," says Keskitalo.

"While we have a lot of information at our disposal,



Head of Responsible Investment Kirsi Keskitalo

we are constantly improving our data collection and processing capabilities. In the past year, for example, we renewed our survey for real estate fund and infrastructure investments, an asset class in which ESG data is more dispersed than in listed asset classes. Simply put, we need to use data more efficiently to support investment the work our investment professionals do."

### Engagement instead of exclusion

Keva's responsible investment beliefs does not exclude any investments as a rule. The exception to this general rule is controversial weapons, which are prohibited according to international agreements, and which are excluded from all of Keva's equity

Climate metrics are continuously evolving. Monitoring and evaluating them is a key development focus at Keva.

and corporate bond investments. At year-end 2022, 48 equity investments and 69 corporate bond investments were excluded based on this exclusion policy.

"We monitor compliance with international conventions amongst our investees. Our norm-based assessment of our investments utilize data produced by an external service provider in listed equity and fixed income investments. We are also expanding our monitoring capabilities to other assets classes," says Keskitalo.

### **Understanding the effects of climate change is critical**

Climate change and its effects continue to require a multifaceted approach to learning and development work.

The monitoring and assessment of climate indicators is one of the principal development areas in Keva's responsible investment. As climate change indicators are constantly changing and evolving, understanding their importance is a long-term undertaking that involves the continuous refinement of concepts and tools.

"We are constantly working to increase our understanding of how climate change affects our investments. With the help of a new climate scenario analysis tool, we can better understand how the impact of climate risk can be modelled effectively," says Keskitalo.

### **Keva's climate group sets a new course**

Since 2019, Keva's internal climate group has included experts in portfolio management, investment strategy and responsible investment. The group enhances learning inside Keva, helps investment professionals understand climate change more effectively, and shares best practices from different sectors and industries.

"Our climate group revised its focus last year. This means that we are expanding our knowledge of technologies needed to combat climate change. For instance, we organized two seminars on the role of new green technologies in the global energy transition," says Keskitalo.

In spring 2022, Jero Ahola (LUT University) and Janne Peljo (Confederation of Finnish Industries)

spoke about the current state of global energy production and future technologies. They also discussed how the global transition to renewable sources of energy creates opportunities and challenges.

In November 2022, Antti Arasto, Vice President, Industrial Energy and Hydrogen at VTT, Outi Ervasti, Vice President, Renewable Hydrogen, Neste, Harri Leppänen, Head of EHS at SSAB, and Herkko Plit, Founder and CEO at P2X Solutions Oy, were invited to discuss the opportunities and challenges of hydrogen technology.

This year's climate group topics include electrical power systems and power storage, as well as the minerals and materials behind many clean energy technologies. The group will also discuss the challenges of adapting to a warmer climate.

### **Long-term development projects**

In 2023, Keva's ongoing development projects within responsible investments will continue to focus on data management and climate change modelling.

"We are developing our data processes, so that we can make even smarter use of data in terms of analysis and collection. We are also trying to better understand our asset managers' engagement efforts and results. Development projects are iterative and time consuming: because the world is always changing, development needs must be assessed regularly," says Kirsi Keskitalo.

## Interview with Tommi Moilanen, Head of Investment Strategy at Keva: Modelling a deeper understanding of the effects of climate change on investments

Keva uses forward-looking probability distribution modelling to assess investment returns and key economic indicators such as economic growth and inflation from the perspective of pension liabilities. A third-party ALM simulation software continues to be Keva's preferred platform for creating modelling tools. In autumn 2022, Keva expanded its modelling capabilities to include the effects of climate change.

The primary objective of climate scenario modelling is to improve our understanding of climate change as a phenomenon as well as its effect on investment return and risk.

Tommi Moilanen, Head of Investment Strategy at Keva, is responsible for the development of scenario modelling at Keva.

"We begin by creating a base model for a set time span with no climate risk component. We use climate modelling to learn how our basic model would change in terms of economic growth, inflation and investment returns. This requires that we introduce to the base model certain assumptions about the economic impact of climate change and the impact of efforts to combat climate change," says Moilanen.

### Three models, one purpose

The Keva climate model considers three alternative futures or scenarios. These scenarios differ significantly when it comes to estimated rise in greenhouse gas emissions and global mean temperature.

- First scenario: we effectively limit global warming to 1.5 °C and the world is carbon neutral by 2050.
- Second scenario: we effectively limit global warming as in the first scenario. However, the impact of our efforts to combat climate on financial markets is not gradual but sudden and is greater than the effect of economic growth as such.
- Third scenario: We fail to combat climate change and the climate warms by 4 °C.

### Climate scenario model

*In climate modelling, the basic model is augmented with two separate models. An empirical macroeconomic model is used to describe entire economies, energy production and consumption and trade. It also simulates the productivity effects of climate change and the transition effects of policy choices and technological development (e.g. the cost impact of emission allowances on energy production).*

*The second model is used to model the effects of extreme weather phenomena in a form that can be priced effectively. When the data from these two models is combined with the sensitivity data included*



Head of Investment Strategy Tommi Moilanen

*in the base modelling (e.g. how the stock returns of a certain country depend on changes in its GDP), we have a clearer picture of the effects of the climate scenario on investment return.*

Keva reviewed several modelling tools before selecting its current modelling platform for climate scenarios. According to Moilanen, the current climate scenario model was chosen in autumn 2022, largely because the base model on which the new models are built has been in use in Keva for a long time and is well understood.

"Based on the results from our pilot climate modelling project, we also learned that a top-down modelling approach would probably meet our immediate needs more effectively. This type of modelling gives us a theoretical idea how climate risks impact our entire investment assets," says Moilanen.

According to Moilanen, the modelling solution used in an earlier pilot project was better suited for

Investors can choose between different modelling climate scenarios.

the analysis of individual companies and could not easily be scaled to include Keva's entire investment assets. The new model provides the same level of information on sector and company levels. This also enables a company-level analysis based on sector classification.

### **Systematic work is challenging yet rewarding**

The first climate modelling using the current tool was carried out in the autumn of 2022. Project teams made up of investment professionals are primarily responsible for climate modelling work at Keva.

"We converted data from our portfolio into a form the climate model could understand. Then the third-party software supplier used the latest climate modelling to create climate scenarios for our investment portfolio. Concurrently we organized several methodology workshops, which helped our project teams to obtain a basic understanding of climate modelling. In December 2022, we received the first two sets of reports: one focusing on the background and general economic content of the climate scenarios, and the other specifically on our investment portfolio," says Tommi Moilanen.

### **One layer at a time**

According to Moilanen, the results of the model can be described as a logical progression. For example, the model shows the changes in the GDP growth trajectory of different countries in relation to the

baseline trajectory for different climate scenarios. It also shows how this change is segmented into transition and physical risks. Moreover, the model can be used to determine the return effect for different investment categories in the portfolio.

The resulting numerical data, however, requires in-depth analysis before it can be used.

"We have been studying climate modelling systematically for several years now. For instance, we already know where we should make changes to the data used in modelling. Our goal has always been to achieve informative results," says Moilanen.

According to him, it is still too early to say how the climate model results will be used in investment decision-making.

"As the model is relatively complex, we need to understand how it works. The time for conclusions will come later," says Moilanen.

"I would describe our work with climate scenarios as the same as peeling an onion or opening a Matryoshka doll: with every level in the model, we find a new level that requires a detailed analysis before we understand how the model generates results consistently from start to finish. We have made good progress, but there is still way – or layers – to go."



## Listed equities

Keva's listed equity investment programme offers a diversified exposure to the global stock market. At year-end 2022, the portfolio was valued at EUR 26.7 billion, comprising a total of 48 investment strategies and approximately 7,000 stocks. A significant part of the portfolio is managed by external investment managers.

Shareholders can often have a significant say in how companies are run. The most important ways to implement responsible investing are voting in annual general meetings, targeted conversations with corporate management and ESG analysis integrated into the investment approach.

## Direct equity investments

ESG is an integral part of our investment processes, and we use industry-specific assessment criteria and practices to evaluate its implementation in investee companies.

Our sources of information include analysis and data provided by ESG service suppliers, securities brokerage firms and the investee companies.

In 2022, we met with 98 percent of our investee companies. We also attended the capital market days of many of our investee companies and followed up on corporate management through company interim results and seminars.

ESG issues are regularly brought up in our meetings with corporate management. Companies are

increasingly aware of investor interest in ESG and are incorporating ESG practices into their operations and reporting more effectively than in the past.

In 2020, we began voting in annual general meetings gradually according to our principles of active ownership. In 2022, we voted in 100% of annual general meetings. This percentage figure is presented later in this report aggregated with other voting data.

Norms-based screening is applied to companies in our portfolio and to companies under consideration to be included. We receive automatic notification if a company is in breach of the UN Global Compact. In 2020, no breaches were recorded in our direct equity portfolio.

## Cooperation with asset managers

Cooperation with our asset managers is based on a long-lasting partnership, trust and transparency. Keva's external investment managers represent different investment styles and regional market expertise. They, however, share a common goal of generating excess returns dependent on independent research focusing on the long term. Rigorous vetting is used to select our external asset managers. We also expect our investment managers to share and act according to the same investment beliefs as Keva.

At year-end 2022, our outsourced investment portfolio comprised 42 active strategies and 5 passive index strategies. Some of the passive

strategies follow ESG indexes in Europe and emerging markets. We connect with our investment managers on a regular basis. In 2022, we met with asset managers more than 60 times and ESG themes were brought up in our conversations almost without exception. Topics discussed in these meetings are among other things the company engagements the investment managers are involved in, deepening our understanding of carbon footprint analysis and biodiversity as an emerging topic of interest.

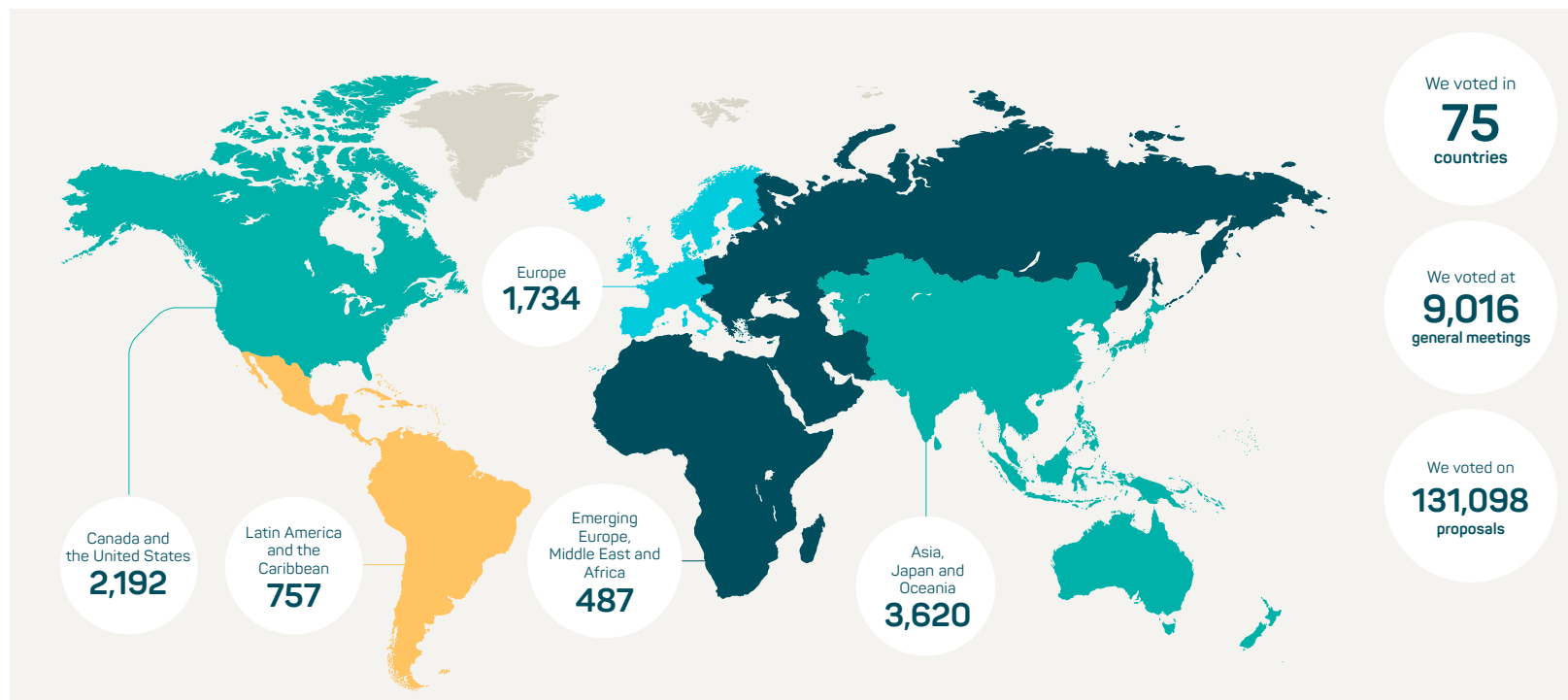
Nearly all of Keva's external asset managers joined in one or more responsible investment project or network. Of these, the most common are PRI and TCFD. In 2022, more than 50% of our external asset manager took in part in the Net Zero Asset Manager project, which is a significant increase over the previous year.

We monitor the implementation of international norms in outsourced investment portfolio at regular intervals.

## Voting in general meetings

In 2022, Keva and its external investment managers voted in more than 9,000 general meetings globally. This represents a participation rate of 98 percent. Keva voted on more than 130,000 proposals, of which 78% were in favour and 18% against. Most of the negative votes involved issues concerning the investee companies' board of directors or compensation policies.

### General meetings by geographical location



The reported information on voting is based on information provided by voting service providers and custodians. The passage of votes in general meetings includes a certain level of uncertainty. We are cooperating with service providers to improve voting processes and to ensure that our votes are registered.

### General meetings by region and distribution of votes given

Region	Number of general meetings	Number of general meetings attended	Attendance rate %	Number of proposals	For %	Against %	Other* %
Africa	126	125	99	2 948	85	15	0
Asia	3 868	3 846	99	41 547	81	18	1
Canada and United States	2 197	2 192	100	26 344	69	21	10
Emerging Europe	188	176	94	3 792	58	26	15
Europe	1 816	1 734	95	42 759	86	14	1
Latin America and the Caribbean	770	757	98	10 539	72	23	5
Middle East	192	186	97	3 169	69	7	23
<b>All</b>	<b>9 157</b>	<b>9 016</b>	<b>98</b>	<b>131 098</b>	<b>78</b>	<b>18</b>	<b>5</b>

\*The category includes meeting proposals where voting was neither clearly in favour nor against.

## The annual ESG survey and purposeful engagements

In addition to voting, we engage with investee companies through active dialogue and other forms of communication. Our external asset managers play a vital role in this interaction.

In 2022, our asset managers were involved in approximately 600 engagements targeting some 400 companies, according to our annual ESG survey. The key themes raised at the aggregate equity portfolio level were issues concerning the investee company's board of directors, the development of sustainability reporting and disclosure and greenhouse emissions. Compared to previous years, most of the engagements focused on capital allocation, sustainability reporting and disclosure and engagement projects concerning greenhouse emissions.

The results are based on Keva's annual ESG survey for internal and external strategies, which were part of Keva's investment portfolio at the end of 2022. The figures apply to reported engagements. In 2022, the ESG survey was improved to focus on engagement projects committed to bringing about positive change. This explains the decrease in number of engagements to previous years.

### CASE

*Our asset managers investing in emerging markets have encouraged more portfolio companies towards*

*comprehensive CO<sub>2</sub> emission reporting. For example, one of our portfolio companies, an Indian e-commerce business, has implemented a year-long engagement process for climate change and sustainability reporting, which has included meetings, phone calls and e-mails. In its 2022 annual report, the company published Scope 1 and 2 emissions and committed to emission reductions. The company also announced that it has reported to CDP for the first time.*

Engagement themes vary considerably between regions. In emerging markets, key engagement themes focused on governance and greenhouse emissions. In Japan, the focus was on the development of sustainability reporting and disclosure and capital allocation. In Europe, emphasis was on good governance practices – especially compensation and corporate board-related issues. In the U.S. compensation was key engagement themes. Greenhouse emission was the biggest engagement theme globally.

### CASE

*For three years, our Asian small cap asset manager talked to a Singaporean luxury watch retail chain about diversity and inclusion. The manager encouraged the company to appoint a female member to its board of directors. At the most recent general meeting, the first female member, who is also independent of the company, was finally elected to the board.*

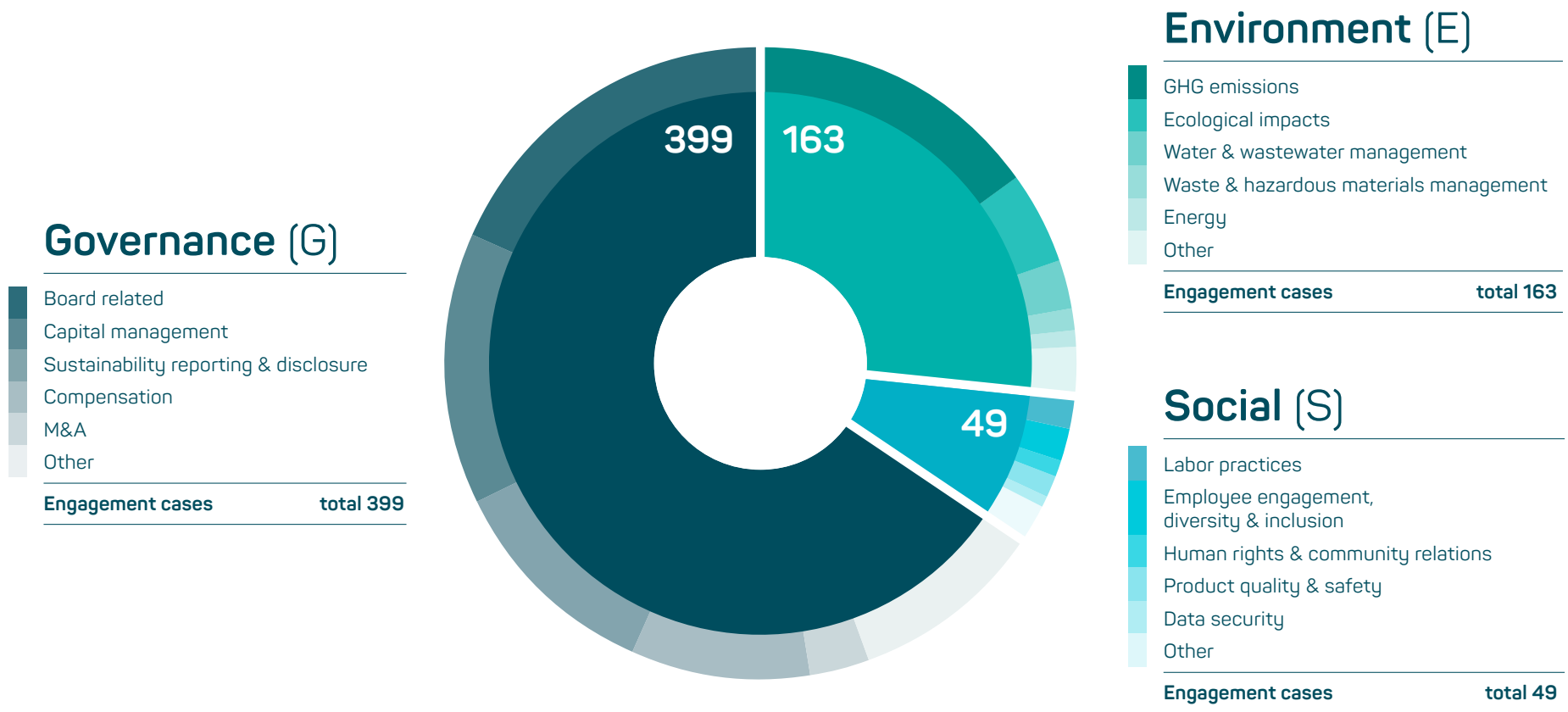
Around half of the engagement processes have lasted for less than a year and nearly 40% from one to three years. However, a small number of cases have continued for more than five years. Direct communication with the investee company was by far the most popular type of engagement, with responsibility and investment relations personnel from the investee company often being on the opposite side of the table. Top management was also included in the engagement process nearly as often as middle and lower-level management. Most engagement projects involve company representatives from several business units or divisions, including experts, top management, and members of the board of directors.

### CASE

*The asset manager of our sustainability portfolio talked to a European company specializing in the refining and recycling of precious metals about the company's bid to reach carbon neutrality. The asset manager also wanted to get an understanding on how the company was taking measures to protect biodiversity. The company's ambitious climate goal was to be carbon neutral by 2035. Carbon sequestration and storage as well as renewable energy purchase agreements were considered effective means to reach this goal.*

*The company is committed to reducing carbon offsetting and is finalizing its Scope 3 goal. The company is still evaluating how best to measure*

### Main themes of engagement in equity investments 2022



This information is based on a survey of Keva's asset managers.  
The figures apply to those engagements reported by the asset managers.

*the impact of its operations on biodiversity, but the integration of more advanced biodiversity monitoring methods into decision-making is underway. The asset manager continues to monitor and support the company in its environmental commitments. In the coming year, there are plans to discuss how the company is promoting human rights in its subcontracting chain.*

About one third of Keva's engagement projects reached its goal, with less than 10 percent failing. More than half of our engagement projects are still ongoing confirming the long-term nature of engagement. Typically for our investment managers engagement is done by the investment teams. For some investment managers they share the work with a specialized ESG team.

### Climate change and carbon intensity

We are committed to developing our own climate analysis resources and capabilities.

Taking the impacts of climate change into account in investment decisions and portfolio risk management have increased, according to our annual ESG survey. Nearly half of Keva's equity strategies already report in line with TCFD (Task Force on Climate-Related Financial Disclosures) recommendations and have conducted a risk analysis concerning the physical impacts of climate change. Nearly half of our strategies have set a climate

transition target for their portfolios.

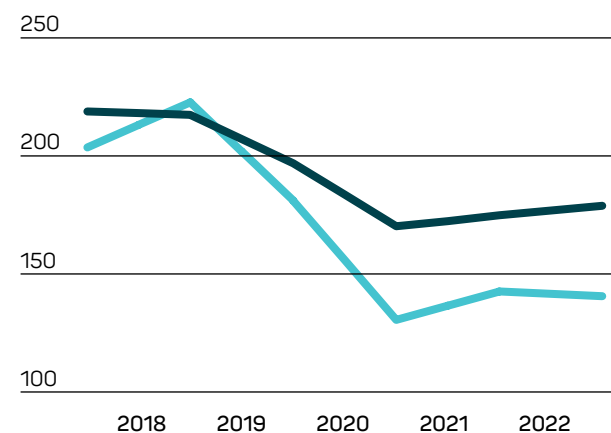
Keva uses climate change indicators in many ways. In most cases, our asset managers monitor carbon intensity and the absolute emissions. Forward-looking indicators are also in widespread use. These include the investee company's strategy and climate targets and the share of investee companies that have set science-based target for emissions.

We currently use Weighted Average Carbon Intensity (WACI) as the carbon metric which is also recommended by TCFD. The metric describes the portfolio's exposure to carbon-intensive investments using information from the latest financial statements, but provides no information about future developments. One might say that WACI provides a rough measurement of the risk posed to the portfolio at a particular point in time by carbon emissions trading and other regulatory risks.

In 2018–2022, the carbon intensity of all our listed equity investments decreased by 31% at the end of 2022 and was 21% lower than the benchmark index. The strategy change in our internal equity investments had a significant effect on this development during the monitoring cycle and reduced investments in resource-intensive sectors in the portfolio.

The emission calculations take into account the emissions produced by companies and the emissions of purchased energy (Scope 1 and 2 emissions). In addition to the direct emissions of investments, it is

### Development of the portfolio-weighted carbon intensity in Keva's listed equity investments 2018–2022 compared to the benchmark index



■ Keva's listed equity investments  
 ■ Benchmark index

tCO<sub>2</sub>/liikevaih tCO<sub>2</sub>/revenue USDm, scope 1+2 to MUSD, scope 1+2

During the monitoring period (2018–2022) the portfolio-weighted carbon intensity of all our listed equity investments decreased by 31% and at year-end 2022 was 21% lower than the benchmark index.

Benchmark index: The benchmark index comprises the following indexes: MSCI Europe IMI, MSCI USA IMI, MSCI Emerging Markets IMI, MSCI Japan IMI and MSCI ACWI IMI

The formula for calculating weighted carbon intensity is:

$$\sum_i \text{Investment } i \text{ portfolio weight} * \frac{\text{Investment } i \text{ emissions}}{\text{Investment } i \text{ net sales}}$$

important to consider the indirect emissions (Scope 3 emissions) of subcontractors and products. However, the correct reporting of this data is challenging. Keva is monitoring the development of Scope 3 data.

When examining the development of the portfolio's carbon intensity over time, it is important to consider how changes in country and sector weightings, share prices and the coverage of companies' reporting cause variation in measurement intervals. Carbon intensity requires long-term monitoring.

During the monitoring cycle (2018–2022), the portfolio's weighted carbon intensity of all our listed equity investments decreased by 31% and was 21% lower than the benchmark index at year-end 2021.

MSCI data is used to calculate the carbon footprint of listed equity investments. The calculation is based on EUR 22.8 billion in investment assets, with 98% data coverage. Of the data, 75% is reported by the companies themselves.

The reporting of greenhouse gas emissions by companies varies in frequency and quality. Emission data is usually reported in annual reports at the beginning of the next financial year. For instance, when examining a company's emissions data for 2022, the most up-to-date emissions data is available in the company's annual report for 2021, which is published in 2022. The emissions data used in this report comprises 70% data from 2021 and 26% from 2020. Combining the market value of investments at

the end of 2020 with historical emissions data can also influence the calculation of carbon intensity. For instance, volatility in the market value of investments can affect the calculation of carbon intensity significantly.

We monitor the development of accounting and reporting standards such as TCFD and PCAF (Partnership for Carbon Accounting Financials) for measuring carbon footprint.



Photo: Folio Images

## Private equity investments

Private equity investments are investments in unlisted companies. The return on private equity investments is to a large degree the result of active ownership. A private equity investor is often the majority shareholder in the investee company. This means that ownership steering plays a critical role in value creation. The company can be developed by streamlining business operations and recruiting key personnel, as well as through investment, financing, and acquisitions. The development of ESG issues is

a natural part of company development and value creation.

We primarily make capital commitments in closed-end private equity funds that involve a long-term investor commitment. Keva's private equity portfolio is diversified by investment strategy, industry, geography, and vintage. At year-end 2022, the portfolio was valued at EUR 9.5 billion and comprised 55 asset managers. More than 60 percent of the portfolio was allocated to 10 asset managers through multiple investment strategies. In total, the portfolio has investments in more than 1,500 companies.

Limited partner advisory committees (LPAC) are the most important means of engagement for investors. The advisory committees are typically composed of the biggest fund investors and meet between two and four times per year. An advisory committee engages with both the investee companies and the asset manager and promotes conversation around responsible investment.

In spring 2022, Keva held seats on the advisory committees of 86 funds and aims to hold a seat on the advisory committee in the largest fund investments. In the past year, we attended more than 100 advisory committee meetings, in which asset managers presented ESG development projects and discussed the integration of ESG issues into the investment and value creation process. Asset managers also reported on ongoing or completed ESG

projects in portfolio companies as well as the results of these projects.

Other forms of engagement include regular meetings with asset managers. In 2022, these meetings focused predominantly on ESG issues such as environmental concerns, employee wellbeing, diversity, and equality. The meetings also examined how investee companies and asset managers take into account environmental and sustainability issues. In the past year, Keva arranged about 70 meetings with asset managers.

We conduct regularly ESG surveys with our asset managers. The survey shows that more than 80% of our asset managers are signatories of UN Principles for Responsible Investment (PRI). The use of sustainability and climate-related risk reporting frameworks such as SASB and TCFD has also increased and over half of our asset managers report in line with the recommendations by SASB and TCFD.

Keva is a member of the Institutional Limited Partners Association (ILPA), which is an international umbrella organisation that advances the interests of limited partners (LPs). ILPA strives to develop and promote best practices, corporate governance, and transparency.



Photo: Shutterstock

## Corporate bonds

### Direct corporate bonds

In 2022, our direct corporate bond portfolio was valued at EUR 3.3 billion. Our investments in corporate bonds are focused on the lower-risk, higher-rated spectrum. These investments cover bonds that are issued by companies and financial institutions in the European market. The portfolio held bonds from 110 issuers.

ESG themes are an integral part of our investment approach, and we use industry-specific assessment criteria to evaluate the ESG performance of companies. Our principal sources of information include analysis and data provided by ESG service suppliers, securities brokerage firms and the investee companies.

ESG issues are today a natural part of any investor presentation and publication. When we meet with companies, we discuss ESG themes with the company's management without exception. Most

meetings are arranged in conjunction with new bond issues. Companies also meet with investors outside of bond issues in order to keep investors informed about potential future bond issues. In 2022, we met with about 60 companies and ESG themes were discussed in all of these meetings.

In recent years, "green bonds" have gained popularity in the corporate bond market. An external accreditation body has defined the uses of financing obtained with green bonds to ensure environmental compliance. As a result of their growing significance, green bonds play an important role in our portfolio as well. The popularity of "social bonds" has also increased in recent years. Social bonds are used to finance projects with a positive societal impact. We invest in green bonds or social bonds only if the company is a responsible corporate citizen. Issuers of these bonds are subject to the same stringent investment criteria we use for any other company. At year-end 2022, our investments in green and social bonds totalled EUR 500 million. The share of these bonds in new issues is rising rapidly, which is also reflected in our portfolio.

Norms-based UN Global Compact screening is applied both to companies in our portfolio and to ones under consideration to be included. We are notified of possible breaches automatically. In 2022, there was one breach of the UN Global Compact in our direct corporate bond investments. Keva is monitoring the flagged company with regard to the breach.

The ESG perspective  
is integrated into every  
investment decision.



Photo: Folio Images



### Cooperation with asset managers

Corporate bonds in our externally managed portfolio are focused on the higher-risk, lower-rated spectrum – also known as high yield bonds. The targeted borrowing need of high-yield companies carries a high financing cost and creates a contractual liability relationship between the company and the investor.

Our higher risk corporate bond portfolio is managed exclusively by external asset managers who are selected for our portfolio through rigorous vetting. They are expected to share and act according to the same investment beliefs as Keva. Cooperation with external asset managers is based on a long-term partnership, trust, and transparency.

At year-end 2022, our high yield corporate bond exposure was managed by 17 asset managers, through 19 different investment strategies. These assets totalled EUR 4.9 billion, and there were approximately 1000 individual companies in our portfolio. The portfolio focuses on European and U.S. companies, though the source of their revenue streams is often global. We follow the implementation of international norms regularly.

In higher-risk corporate bonds, investor engagement is largely based on the granting and control of funding. Especially the largest investors can have a considerable say in bond indentures. On the other hand, effective engagement is not determined by size alone, as leverage can also be relative or situational. This is often the case when the

company is under acute financial stress and needs capitalization options or if the company attracts the attention of a smaller group of lenders due to its relative size.

An engagement relationship is often established through bond syndication. The asset managers of our corporate bond portfolio also operate in 20 official cooperation groups or initiatives, thereby further strengthening engagement. Much of this engagement work is thematic in nature. At the same time, our asset managers strive to work with private equity sponsors, as a large part of the bonds are for unlisted companies. Building a long-term relationship requires commitment, a mutually beneficial perspective, and a good reputation as an investor. A rewarding partnership can be an effective competitive advantage.

### The annual ESG survey and purposeful engagements

In 2022, we carried out an ESG survey with our asset managers. As in previous years, we also compiled a report on goal-oriented engagement projects in investee companies.

#### CASE

*Our asset manager has worked closely with one of Europe's biggest privately owned drilling and refining companies in the gas and oil sector to develop the company's sustainability reporting. For instance, the*



Photo: Shutterstock

*company announced that it would comply with the Paris climate agreement, but had not set emission reduction targets based on the latest climate science. The company's sustainability reporting was considered insufficient. In 2022, the desired changes were made to reporting – especially to coverage, cost breakdowns and schedules. Our asset manager has continued lending to the company and is actively engaged with the company's sustainability strategy and the effects of its ambitious carbon capture system.*

A quarter of our asset managers have provided reporting in line with TCFD requirements and a fifth have set climate transition target green-transition targets for their investments. About half of our asset managers are currently developing or have completed a framework for the assessment of the physical risks of climate change. Adoption rates are higher on average for European than US asset managers.

In 2022, our external corporate bond portfolio included 99 goal-oriented engagements, a third of which were focused on creating positive change.

Most of these engagements focused on the energy and capital goods sectors under the environmental theme. In the sub-themes, engagement processes focused on greenhouse emissions and responsibility reporting. In the past year, of all sectors, the energy sector had the best relative success rate for engagement. Unsurprisingly, the energy sector stands out among the different sectors as high-risk corporate bonds represent industries in which investment in energy transition will be significant in the future.

### CASE

*Our asset manager was engaging with an aluminium recycling company operating in the United States and Europe. The company converts aluminium scrap into final parts for its customers. The engagement focused on improving the processing of salt slag, a waste by-product of aluminium recycling. The asset manager assembled and chaired an advisory committee that*

*included major equity and corporate bond investors. As a result of the engagement, the company acquired a more effective waste treatment system through a company acquisition. The new system enables salt slag to be broken down into cleaner basic components, thus reducing the total amount of waste produced by the manufacture of aluminium. Our asset manager has continued to extend loans to the company. In addition, the committee has met regularly to support the company's ESG efforts.*

### CASE

*Our asset manager wanted to better understand the natural capital and biodiversity impacts of a US oil and gas industry storage and transportation company. The asset manager also wanted to improve the company's responsibility reporting. The asset manager had been in conversation with the company's private equity sponsor and management team for several years. In 2021, the asset manager helped to create a solution to address the company's liquidity crisis. This also contributed to an open and constructive conversation about the company's ESG challenges. The asset manager has gained an adequate understanding of the company's environmental reporting and the ecological impact of its gas storage and transportation systems. In August 2022, the company published its first sustainability report, including Scope 1 and 2 greenhouse emissions. The asset manager has continued lending to the company.*

## Investments in emerging market sovereign bonds

### Cooperation with asset managers

Emerging market sovereign bonds – like the outsourced corporate bond portfolio – focus on the high-risk end of fixed income investment. Emerging market (EM) sovereign bonds are debt financing instruments issued by low and middle rank GDP economies. Our EM sovereign bond portfolio focuses on Latin America, Asia, Eastern Europe, Africa, and the Middle East. Sovereign debt financing is typically targeted to fund wide-range economic, political, and social reforms.

The EM sovereign bond portfolio is managed exclusively by external asset managers. The asset managers are selected for our portfolio through rigorous vetting, and they are expected to share and act according to the same investment beliefs as Keva. Cooperation is based on a long-term partnership, trust and transparency. At year-end 2022, our EM sovereign bond exposure was managed by 3 asset managers, through 3 different investment strategies, with the portfolio being valued at EUR 1.9 billion and investments targeting about 60 developing countries. Our asset managers monitor their portfolios in accordance with the international norms.

In the past year, we conducted an ESG survey with our asset managers. As in previous years, we also compiled a report on goal-oriented engagement

## Creating new channels of dialogue and cooperation drives investor engagement with governments.

projects in investee companies.

Two thirds of our asset managers have provided reporting in line with TCFD requirements and a third have set green-transition targets for their investments. All our asset managers are currently developing or have completed a framework for the assessment of the physical risks of climate change.

### CASE

*Our asset manager's thoughts on national-level engagement: "When considering investing in government bonds, we look at the general development trend of the country in question and whether the provision of capital is likely to help it achieve its goals. We believe that if a country is managed effectively, its people are respected, and its natural resources are managed responsibly. There is also a better chance of securing sustainable growth and loan repayment.*

*Investor engagement with governments is continuously developing, and engagement is increasingly seen as mutually beneficial."*

The exact number of engagement cases is difficult to determine as EM engagement is more diffuse than engagement with corporate bond investments. In addition to direct contact with sovereign nations, asset managers are encouraged to engage with supranational agencies, development banks, central banks and national ministries. Our EM asset managers also operate in 10 official cooperation groups and initiative projects, thereby further strengthening engagement. Most of these projects focus on climate change.

### CASE

*In autumn 2022, our asset manager took part in a World Bank project, the goal of which was to improve communication between governments and investors in developing countries, in such areas as the development of comprehensive climate budgeting. Investors need to be aware of the financial impact of governments' climate actions and targets in order to make effective investment decisions. The World Bank's objective is to promote the mobilization of private (vs. public) capital in financing the sustainable development goals of developing countries. The project included World Bank experts, representatives from 32 developing countries and 12 selected institutional investors.*

## Real estate and infrastructure investments

### Direct real estate investments

Keva's direct real estate investments include direct property investments in Finland, shares of real estate companies as well as joint venture investments in the Nordic countries.

At year-end 2022, the market value of our real estate portfolio was EUR 3.4 billion. Keva's direct real estate investments consists of around 130 properties with a net lettable surface area of around 1,100,000m<sup>2</sup> at year-end 2022. The properties are concentrated in the capital Helsinki region and in other growth centres in Finland. The portfolio consists of, in terms of value, offices (26%), residential (23%), retail (38%), hotels (8%) and other (5%).

Keva's responsible real estate investment policy takes into account economic criteria as well as the environmental and societal impact of real estate investments.

Minimising the climate impact of energy use in property investments is a key element in environmental responsibility. The energy consumption of our direct real estate investments was still equal to 0.0005 of Finland's total greenhouse emissions in 2018. We halved these emissions already in 2021 and hope to achieve carbon neutrality by 2030. Our carbon neutrality target is in accordance with the content of the Green Building Council's (GBC) Net

### Zero Carbon Buildings Commitment.

Our long-term action programme for carbon neutrality in energy use has three main objectives:

- to improve the energy efficiency of our properties by 20% by 2030
- to increase the share of renewable energy produced on site at the properties to 10% of the total energy consumption by 2030
- to secure that the remaining energy is purchased from low-carbon energy sources.

The year 2022 brought with it major changes both to Keva's direct real estate portfolio and Finland.

From the standpoint of emissions reporting, Keva's comparable real estate portfolio grew by almost 30 percent when measured by an increase in rentable square meters. Keva bought two large commercial properties Stockmann's department store in the centre of Helsinki and the shopping mall Kaari in Helsinki. In addition to the purchases of commercial properties, two new residential properties were completed in Helsinki and Tuusula, and the renovation of Hotel Ilves in Tampere was completed. These investments increased total energy use and resulting emissions.

The weather-corrected energy consumption of Keva properties increased by 26 percent in total compared to 2021, i.e. less than the heated area of the properties. In line with our environmental strategy, electric power accounted for most of this

increase in energy consumption. Electricity can be generated with low emissions in Finland. The total emissions of our real estate portfolio rose to the level of 20,400 tCO<sub>2</sub>e/y (+23% compared to the previous year). The total emissions are still below the 2020 emission level by 30 percent. The monitored specific emissions continued to decrease according to our emission targets. To reduce the emissions of the new commercial properties in our portfolio, we are taking measures to improve energy use and planning new

renewable energy investments.

Russia's war on Ukraine created shock waves in energy markets around the world and led to major disturbances in global supply chains. Finland was also affected by these events. Component shortages and longer delivery times have hindered the scheduling of Keva's 2022 action program.

Keva was involved in mitigating the societal impact of these disturbances. We implemented proactive cost-saving measures as part of the Finnish



Photo: Stockmann

government's Down A Degree campaign. We also took part in the launch of RAKLI's Green Homes network, which focuses on rental housing in cooperation with 6 other major landlords in Finland.

### CASE

*Keval's entire portfolio of 4,000 rental apartments is part of the Green Homes network coordinated by Rakli, a prominent association of property owners and developers in Finland.*

*In the first phase of the project, which started in September 2022, seven professional landlords, who are committed to the measure program of the energy efficiency agreement for rental apartments, took part in VAETS.*

*Green Homes properties are committed to reaching net-zero for emissions by 2030 and improving energy efficiency in cooperation with residents.*

*In the rental homes included the Green homes network, the residents receive information from the landlord annually about the rental house's electricity consumption and its CO<sub>2</sub> emissions, as well as the residents' water consumption and recycling rate. Residents are regularly provided with information about the property's GHG emissions and water consumption and receive help in making environmentally sustainable decisions.*

*Together with its own cooperation network, Keva prepared property-specific climate receipts, which enable residents to better understand the climate*

*effects of living in a Keva Home. Tenants receive monthly information about climate and energy-saving topics by e-mail.*

In 2022, Keva implemented 70 individual energy-use enhancement or renewable energy production measures, which achieved deferred yet measured energy savings of 1.5 percent. In 2022, most of these savings were achieved by using conventional building technology measures listed in the Down A Degree campaign. We also expanded the smart heating management of apartments to cover three quarters of our apartment stock. At the same time heating and ventilation controls were upgraded throughout our property portfolio. In addition, we reduced electric energy consumption by implementing measures to improve electricity usage in our property investments.

In 2019–2022, the energy efficiency of our building stock has improved by more than 10,700 MWh/year or by nearly 5 percent.

We are also exploring to increase the share of renewable energy in our property investments. We will need to extend the completion date for our renewable energy projects into 2023 due to global supply chain disruptions. We have launched a total of 18 property-specific renewable energy projects, which, upon completion, would have reduced energy consumption in 2022 by more than 3 percentage points. However, component shortages postponed the completion of critical heat pump contracts by several months to the



Photo: Keva

spring and summer of 2023. At the turn of the year, only half of these projects had been completed, in total nine systems, the majority of which were solar panels for office sites.

In 2022, the share of property-specific renewable energy reached the 1 percent mark as expected. This share is expected to rise to more than 2.5 percent with the completion of our renewable energy projects.

**CASE**

*In 2022, the energy efficiency and energy recycling project of Hermian Farmi, a business park in Tampere, was one of the largest environmental investments in Keva's direct real estate portfolio.*

*The project focused on reducing energy consumption and accelerating the transition to renewable energy sources. The project included the construction of a recycling system for the building's internal waste heat and a large geenergy field for seasonal storage of waste heat and utilization of ground heat. At the same time the site's ventilation system and building technology were modernized to improve energy efficiency. In 2021, a solar panel system was installed at Hermian Farmi in line with the project's renewable energy targets.*

*The project's objective is to reduce the consumption of district heating by more than 70 percent, which in turn reduces greenhouse gas emissions from heating. The project also promotes the climate goals of the city of Tampere and Keva's real*

*estate investments, while reducing Finland's need to import natural gas and fuelwood.*

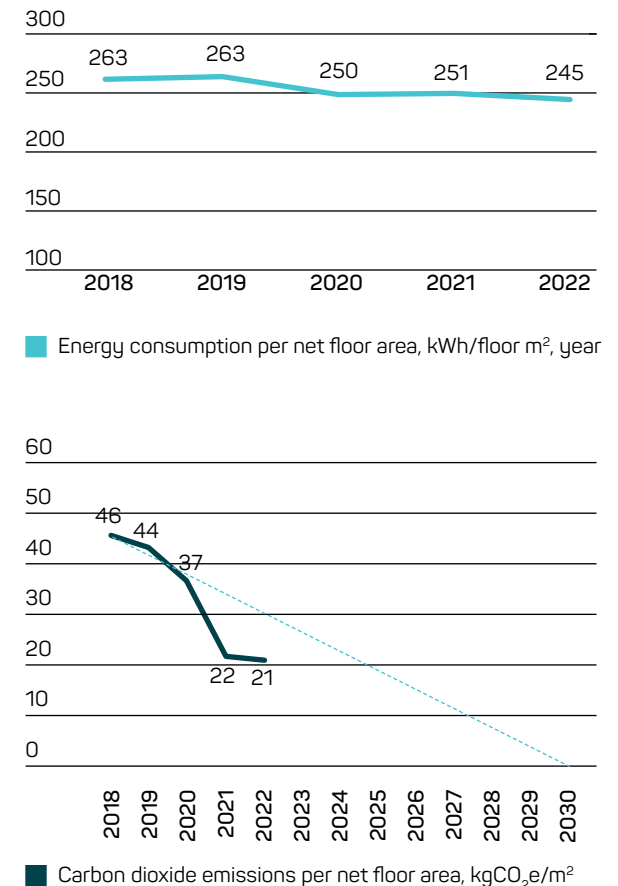
In line with international reporting guidelines, our real estate investments monitor carbon dioxide emissions based on measured – not weather-corrected – energy consumption.

In 2022, our reported comparable real estate portfolio increased by nearly 30 percent, with emissions increasing by 23 percent. Due to expected changes in the real estate portfolio, the numerical characteristic for energy use and CO<sub>2</sub> emissions relative to the leasable area is used in monitoring and reporting. In 2022, emissions from our real estate investments continued to decline in step with our climate targets for 2025 and 2030. Specific emissions (kgCO<sub>2</sub>e/m<sup>2</sup>) fell, especially in the housing portfolio, as expected. The newly installed heat pumps at many of our sites run on low-emission domestic electricity, which means that reliance on district heating was reduced significantly in the past year. The use of district heating also decreased at other sites due to increased use of smart heating controls.

**Investments in real estate funds**

The real estate investment funds in Keva's portfolio are diversified geographically, chronologically, by investment style and by property style. Most of the investment properties in the portfolio are located outside of Finland, mostly in Europe and the United

**Trend in energy use and CO<sub>2</sub> emissions in internal real estate investments 2018–2022. The indicators have been presented as numerical characteristics relative to the net floor area of the investment properties**



States. At year-end 2022, the portfolio was valued at EUR 1.2 billion and consisted of about 600 individual properties.

The real estate investment funds in Keva's portfolio almost invariably own the entire property, which means asset managers can engage directly with the properties. Our asset managers focus on the energy and water consumption of the properties along with safety. As part of their commitment to responsible investment, asset managers also focus on carbon footprint monitoring, the environmental classification of the buildings and construction projects (BREEAM and LEED), and Global Real Estate Sustainability Benchmark (GRESB) reporting at the fund level. ESG analysis has been integrated into the investment analysis.

Keva's investments are primarily made in closed-end funds where the investor commits for multiple years. During the life of the fund, limited partner advisory committees are the most important means of engagement. The advisory committees typically include the biggest fund investors and meet between two and four times a year. The advisory committee engages with both the property investments and asset manager and promotes the general discussion of ESG issues.

In the past year, Keva had a seat on the advisory committee of 40 funds and attended around 80 committee meetings. Other forms of engagement include regular meetings with asset managers. In

2022, these meetings almost invariably covered ESG themes. Keva had around 50 meetings with asset managers in the past year.

In 2022, Keva's real estate investment fund managers took part in our updated ESG survey, which surveyed their responsible investment practices. More than 90% of our asset managers are also signatories of the UN Principles for Responsible Investment (PRI).

More than two thirds of our real estate investment fund managers say that they employ a systematic process for identifying transition risks, with nearly all managers also identifying physical climate risks systematically.

About 40 percent of the funds have set a net-zero target, with 90 percent of the funds having also set other ESG targets.

More than 90% of the asset managers in Keva real estate funds have signed the UN Principles of Responsible Investment (PRI).

Keva is a member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV). INREV is Europe's leading platform for sharing knowledge on the non-listed (unlisted) real estate industry. It is committed to improving transparency, professionalism and accountability across the sector.

#### CASE

*One of the biggest Nordic real estate funds has invested heavily in a company that develops, owns and operates data centres in Sweden.*

*The company has signed the Climate Neutral Data Center Pact, which aims to increase the energy efficiency and sustainability of data centers. The key development targets include the procurement of 100% carbon-neutral electricity, the regulation of water use through effective and relevant cooling methods, the effective recycling of servers and other electronic equipment, as well as the utilization of waste heat from data centre.*

*The company's data centres are powered by 100 percent renewable energy sources such as hydro and wind power. The data centres are also located near renewable energy sources, which minimizes energy loss in power lines.*

*The company's biggest data centre is connected to a district heating network, which uses the data centre's waste heat to generate emission-free heat. The centre's waste heat is also used to make wood pellets from sawdust from a local sawmill industry. Residential*

*buildings that are not connected to the district heating network are heated with wood pellets.*

*Moreover, the data centre has been constructed in accordance with ecological building principles with no compromise in fire safety.*

### Infrastructure investments

Infrastructure refers to structures and facilities that enable the effective functioning of society and include energy production and distribution, transport infrastructure, as well as social and digital infrastructure. Infrastructure plays an integral role in the transition to a more carbon-neutral society.

#### CASE

*A European fund that invests in infrastructure projects conducted a climate scenario analysis covering both physical and transition risks for its investment portfolio. The fund also evaluated the climate impact management of each of its investee companies. The evaluation included a questionnaire aimed at the companies' executive management and workshops with the asset management teams. Based on the assessment, the investments were classified into four different categories from advanced to less advanced.*

*In addition to multidimensional climate analysis, the fund's investments are expected to meet the following targets by the end of 2023.*

*1. Targets. All investee companies must set their own long-term goal, which is consistent with achieving net-zero emissions in the portfolio by 2050. Companies must also set short- and medium-term emission reduction goals in accordance with this goal, as well as provide a plan for achieving the goals.*

*2. Risk assessment. All companies need to assess in detail the physical and transition risks for their assets, including using scenario analysis if necessary and incorporating the conclusions into their business plans.*

*3. Governance. All investee companies must take measures to improve the management of climate-related risks and opportunities. These include, for example, government-level responsibility for climate impacts, climate risk management processes, the harmonization of incentive systems, and the verification and publication of emission data.*

We invest in infrastructure mainly through funds, but also by making direct investments in listed infrastructure projects and companies. ESG themes are integrated into our investment analysis in both direct investments and fund investments. The portfolio is under construction. The aim is to diversify the infrastructure portfolio geographically, chronologically, by investment style and across infrastructure sectors.



Photo: Shutterstock



**CASE**

*According to researchers, up to half of the world's population will experience a shortage of clean water by 2025, with manufacturing and energy sectors accounting for almost 20 percent of freshwater consumption.*

*A leading global developer and producer of water purification systems is creating "new opportunities for water" by applying clean technology to water treatment and purification. The company targets complex industrial and municipal wastewater treatment solutions. Its water purification technology and digital optimization system improve process efficiency at lower energy costs compared to technologies widely used today. This ensures more effective recycling of wastewater and minimizes the amount of waste resulting from water treatment. The process also recovers valuable metals and minerals for reuse.*

At year-end 2022, our infrastructure portfolio was valued at EUR 1.5 billion, with investments in around 100 companies.

Infrastructure funds are primarily closed-end funds where the investor commits for multiple years. During the life of the fund, limited partner advisory committees are the most important means of engagement. The advisory committees are typically composed of the largest fund investors and meet between two and four times a year. The advisory committee engages with both the property

investment and asset manager and promotes the general discussion of ESG issues.

**CASE**

*One of our infrastructure funds says the following about setting ESG target:*

*In the first year after the acquisition, our fund includes the investee company in a sustainability program, which includes, among other things, a materiality assessment that identifies risks and opportunities. This is supported by strategic analysis, which also includes a benchmark comparison if necessary. The evaluation results in company-specific strategic priorities. A plan to measure baseline and report progress is then integrated into the sustainability program and continually reviewed as part of the portfolio performance review. In addition, the fund assigns a "Sustainability Board Champion" to the company's board, which helps the board to prepare for ESG discussions more effectively and to focus on sustainability performance and needs.*

*The fund's advisory team defines at least one transformational KPI for the company, which is anchored to the overall sustainability of the investment. This ensures that a company can increase its positive societal impact by effectively measuring progress towards achieving its strategic goals.*

*The fund monitors the progress of annually defined metrics during the ownership period. The materiality assessment and related strategic priorities are also*

*reviewed and/or updated annually during the ownership period.*

In spring 2022, we surveyed all of our infrastructure funds and concluded that each fund is committed to responsible investment. Most of the asset managers are also signatories of the UN Principles for Responsible Investment (PRI).

According to our survey, all funds employ a systematic process for identifying transition and physical risks associated with climate change.

About 40 percent of the funds have set a net-zero target, with all the funds having also set other ESG targets.

**CASE**

*In 2021, a Northern European private equity fund set science-based climate targets (SBT) for both the fund and its entire investment portfolio. The fund engages actively with investee companies to establish actionable goals.*

*In 2022, the fund's investee companies, together with an external partner, refined measurements and data for Scope 1, 2 and 3 emissions. This is necessary to establish the accuracy and reliability of climate targets.*

*The fund's portfolio includes a financing company that develops and manages solar power plant projects and is one of the biggest operators of solar cell projects in Europe.*

*Most of the company's solar power plants are located in Europe, with several also in Japan and Canada. As with other solar power plant businesses, most of the company's solar panels come from China. The company strives to monitor subcontractors who use Chinese components in their products. The company also aims to increase the recycling of raw materials in solar power plants and to report the effects of solar power plants on biodiversity.*

## Hedge fund investments

Hedge fund investments are predominantly used for diversification of the portfolio and absolute returns. Different asset classes and instruments are used to make investments. Engagement is determined by asset class; e.g. for listed equities the funds can vote in general meetings. However, the short-term nature of the investments may limit the opportunities to engage.

Keva's hedge fund portfolio is highly diversified both geographically and by style. In 2022, the portfolio consisted of 33 fund investments managed by 17 asset managers. At year-end 2022, the portfolio was valued at EUR 4.3 billion. We use an independent service provider's classification for our hedge fund investments. The classification also takes into account ESG factors. More than 70 percent of our hedge fund asset managers are signatories of the UN Principles for Responsible Investment (PRI).

We try to promote responsibility in hedge funds. Key forms of engagement include regular meetings with asset managers and advisory committee seats, both of which enable us to engage with managers on a wide range of responsibility issues. In the past year, Keva had a seat on the advisory committee of 21 funds and attended around 30 committee meetings.

Keva is a member of the Standards Board for Alternative Investments (SBAI), which focuses, among other things, on promoting good governance, transparency, and best practices. SBAI also provides a good channel for dialogue with other investors. Most of Keva's hedge fund asset managers are SBAI members and act in accordance with SBAI guidelines and recommendations.

Cooperating with other investors accelerates engagement with companies and governments.

## Collaborative engagement

Membership in different investor networks provides Keva with information about responsible investment. Engagement with companies and governments in collaboration with other investors is also more effective than working alone. Collaboration objectives include the promotion of transparency, the mitigation of climate change and the advocacy of long-term thinking among investors and companies.

### CDP

CDP is a global non-profit organisation that focuses on reporting environmental data and increasing company disclosure about the impact of businesses on climate change, water usage, and use of forest resources on behalf of investors.

The CDP reporting platform offers investors comparable environmental data disclosed by companies that report to CDP. Reporting on environmental impacts promotes the companies' own understanding of business risks and opportunities while also helping investors better understand the investee companies.

In 2022, more than 13,000 companies, representing around 65% of the world's stock market, reported their environment impacts to CDP.

Keva has been a signatory of CDP since 2006 (the climate initiative since 2006, the water initiative since 2011 and the forest initiative since 2014) and use CDP's environmental impact data to assess the

responsibility of investee companies. In 2021, 62% of the companies in Keva's equity portfolio and 32% in the corporate bond portfolio reported their environmental impacts to CDP.

### CDP Non-Disclosure Campaign

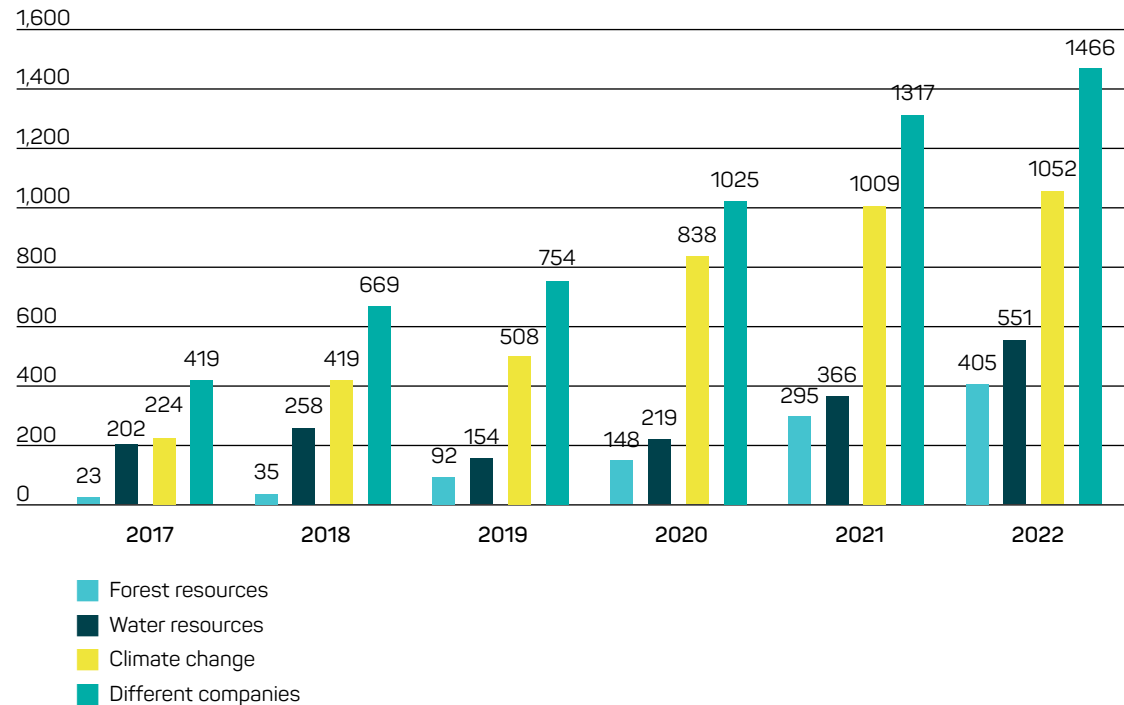
In 2022, Keva took part in the CDP's Non-Disclosure project as in previous years. As a signatory to CDP's Non-Disclosure Campaign, Keva along with other co-signatories calls for improved disclosure from companies on climate, forestry and water resources. A total of 260 investors representing investment assets totalling USD 17 trillion were involved in the project in 2022. A total of 1,466 companies emitting a total of almost 5 billion tCO<sub>2</sub>e were requested to provide disclosure reporting.

In 2022, Keva was involved in a total of 317 requests for disclosure (130 climate, 19 forest and 168 water) targeting a total of 274 companies. Keva has targeted its requests for disclosure to companies whose environmental impacts were assessed as being material to their business. The requests included companies both inside and outside Keva's portfolio. The engagement efforts have been effective, with the initiation of reporting in 64 cases in 62 different companies (30 climate, 2 forest and 32 water).

### Climate Action 100+

Keva continued as a signatory to the Climate Action 100+ project. In 2022, the project included 700

### Continued steady growth in the number of companies targeted in the CDP Non-Disclosure Campaign



#### Highlights in the 2022 campaign:

- 56% more investors and 11% more targeted companies involved than in 2021.
- Of the 1,466 companies receiving a request, 328 began reporting to CDP (293 climate change, 46 forest and 104 water).
- Companies are 2.3 times more likely to report to CDP than without a request from investors to report, more than 3 times more likely in respect to forests.

investors, responsible for over USD 53 trillion in assets under management. The project targeted 166 companies globally, which play an important role in achieving the goal set by the Paris Agreement. These companies also represent 80% of global industrial emissions. At year-end 2022, 75% of the targeted companies had set a net zero-emission target for 2050.

In 2022, power companies as well as oil and gas companies set new net zero emission targets. 91 percent (2021: 80%) of the target companies have committed to TCFD recommendations and in 92 percent (2021: 89%) of the companies, the board is responsible for climate matters.

### Engagement with governments

Keva continued engagement efforts with governments with 'the [Global Investor Statement to Governments on the Climate Crisis](#)'. Investors are increasingly expecting governments to act as the need to combat climate change has become more urgent.

In 2022, more than 600 investors responsible for USD 42 trillion in assets were involved in the project. The most ambitious Investor Agenda plea to date was published before Climate Week NYC in September 2022 and was addressed officially to nations around the world at the 2022 United Nations Climate Change Conference (COP27).

In 2022, the following steps were taken to combat climate change:

- In the United States, a new climate law (Inflation Rectification Act) entered into force in August 2022, representing the biggest federal investment in climate action to date.
- New regulations issued in conjunction with the European Union's green development seek to curb emissions in energy production, buildings and agriculture, while combating pollution and threats to biodiversity.
- The International Sustainability Standards Board (ISSB) published the first draft of international reporting standards for responsibility and climate change. The final draft is expected to be published in 2023.

However, COP27 offered little in ambitious national emission reduction targets and the forecasted rise in the global average temperature based on the current guidelines has hardly changed in 2022.

### IIGCC

**IIGCC** is Europe's largest consortium of investors against climate change and develops, among other things, long-term risk management, operating policies and investment practices for mitigating climate change. IIGCC's 350 investor community is responsible for more than EUR 51 trillion in assets under management. As a member of IIGCC, Keva seeks to engage with companies and regulators to reach climate goals.

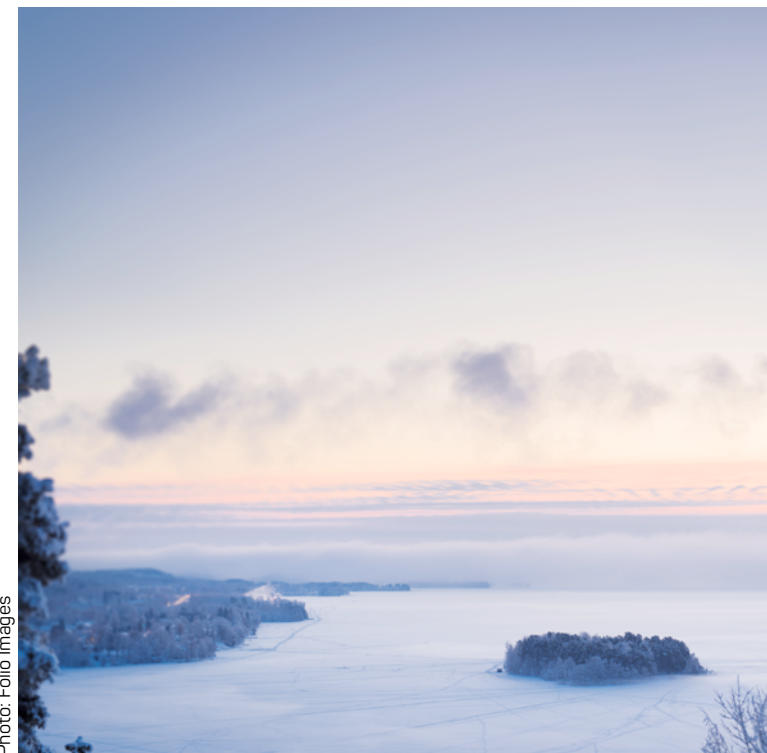


Photo: Follo Images

## Engagement with the investor community and membership of organisations

### UN Principles of Responsible Investment, PRI

- signatory since 2008. Keva's representative has been a member of the PRI Reporting & Assessment Advisory Committee (RAAC) since 2018.

### Finland's Sustainable Investment Forum, Finsif

- founding member.

### Green Building Council Finland, GBC

- member since 2014. Keva is represented in both the carbon-neutral construction and building use committees and expert groups as well as in the communications network expert group.

### ILPA (Institutional Limited Partners Association)

- member since 2008.

### INREV (European Association for Investors in Non-Listed Real Estate Vehicles)

- member since 2004.

### SBai, (Standards Board for Alternative Investments)

- member since 2017.

## Keva's public pledges for responsible investment

- UN Principles for Responsible Investment, PRI
- Property and Building Sector Energy Efficiency Agreement 2017–2025
- Climate Partners, a collaboration network between the City of Helsinki and businesses
- World Green Building Council's (GBC) Net Zero Carbon Buildings Commitment
- RAKLI's Green Homes initiative

## Governance of responsible investment at Keva

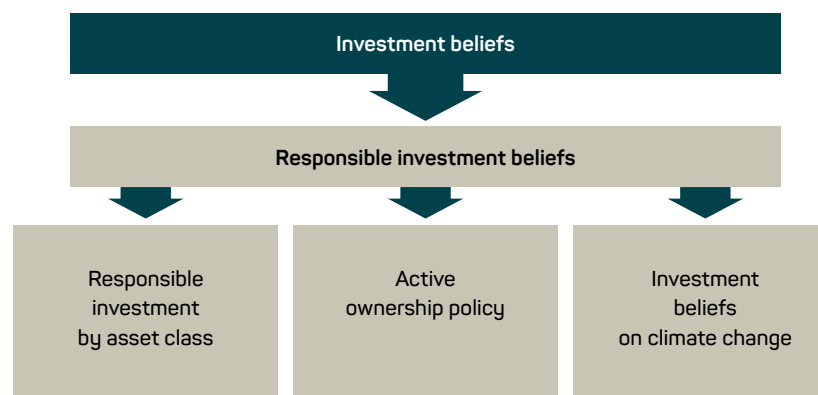
Keva's Board of Directors decides the long-term responsible investment policy of Keva. The policy is determined by key steering documents: Investment beliefs and Responsible investment beliefs.

The Board of Directors is notified of the development of responsible investment policies and processes biannually.

The steering group for responsible investment oversees the development of responsible investment practices at Keva. The group includes members of each of Keva's investment units. The Head of Responsible Investment chairs the steering group for responsible investment.

The group provides investment units and heads of investment with development proposals, communicates Keva's responsible investment policy to internal stakeholders and manages Keva's annual PRI reporting. The group also helps heads of investment to make investment decisions by preparing and presenting issues and talking points relevant to responsible investment.

### Keva's steering documents for investment policy



## RESPONSIBILITY FOR THE PERSONNEL

### Strategy highlights for responsibility for the personnel

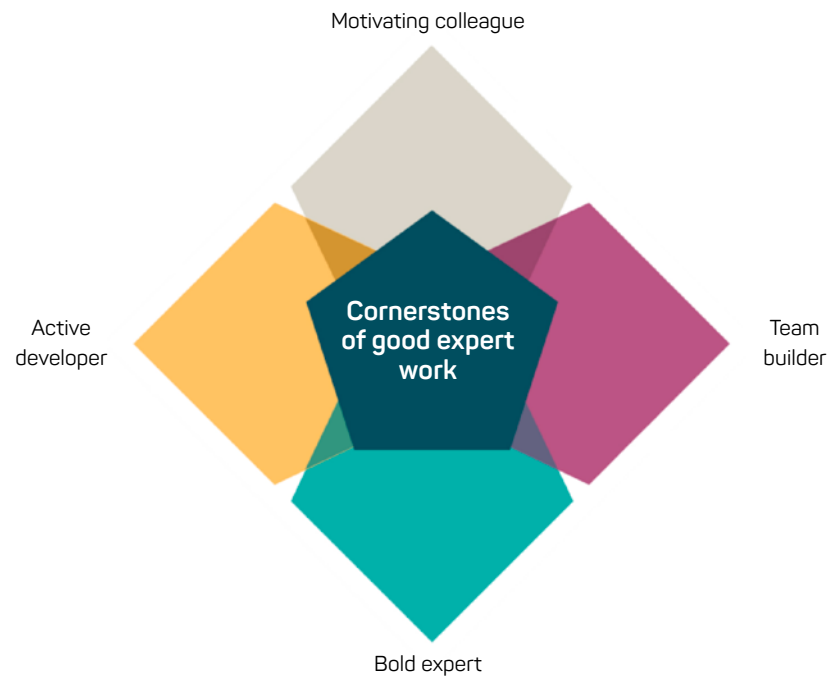
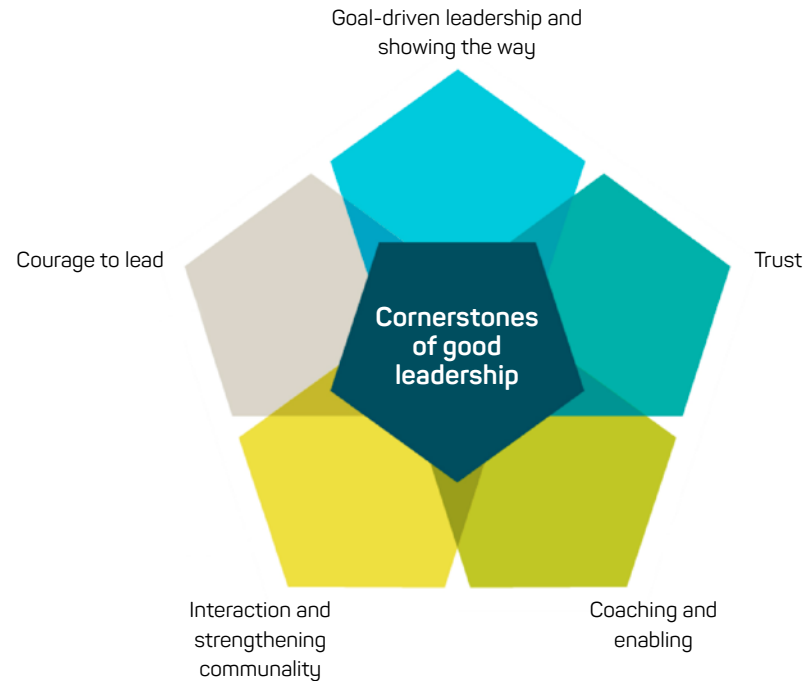
Keva's strategy was updated in spring 2022. The strategy highlighted more than earlier responsibility for the personnel.

Employee experience and wellbeing are significant strategic themes. The strategy also highlights learning and the right skills as guarantors of success. The amount of human resources is being reduced during the strategy period through orderly attrition while ensuring the transfer of skills.

During the 2022–2027 strategy period, particular attention will be given to promoting diversity. At Keva, we are committed together at all levels to zero tolerance of inappropriate behaviour and harassment. During the period, the cornerstones of management and expert work will be imported into part of everyday working life.

### Responsible work development

At the beginning of 2022, corona restrictions on office working were still in force at Keva and so most of the personnel were working remotely. During the course of the spring, the Management Group lifted corona restrictions and regular consideration of the matter. In October, the Management Group made a policy that it would be a good idea if employees showed up to the office at least once a week on average to ensure the functioning of the workplace community also going forward.



The personnel's work mood decreased in the autumn. The percentage experiencing a good mood was around 60% compared to some 70% being satisfied earlier. Various reasons have been identified for this including working at the office, workload factors and the general world situation. Improvement of the work mood and planning development measures will continue during 2023 based among other things on the results of the employee survey.

Keva took part in the Oikotie Responsible Employer campaign as one of the main partners. The 2022 campaign content raised the everyday life of Keva employees in the Instagram weeks, work ability management as a creator of meaningful work, the culture of learning and competence development, progress with diversity and Keva's management culture.

In 2022, work continued on developing the operating culture by formulating Keva's cornerstones of good expert work into the cornerstones of leadership. All Keva employees had a chance to get involved in formulating the cornerstones. Good expert work highlights motivating work camaraderie, active development, collaboration building and boldness.

### Introduction of a way of working that supports work ability

Occupational healthcare partnership with Terveystalo has become established and is at a good level. Cooperation during the third coronavirus year continued to be more intense than normal: Working

with Terveystalo, we updated the risk assessment of the employees working in the office, corona testing continued, and giving corona vaccinations through occupational healthcare was considered a possibility and mental wellbeing services have been offered at a lower threshold.

Basic workplace surveys were carried out during 2017-2021. A break was had between workplace surveys and the next time occupational healthcare will conduct a workplace survey across Keva in 2024.

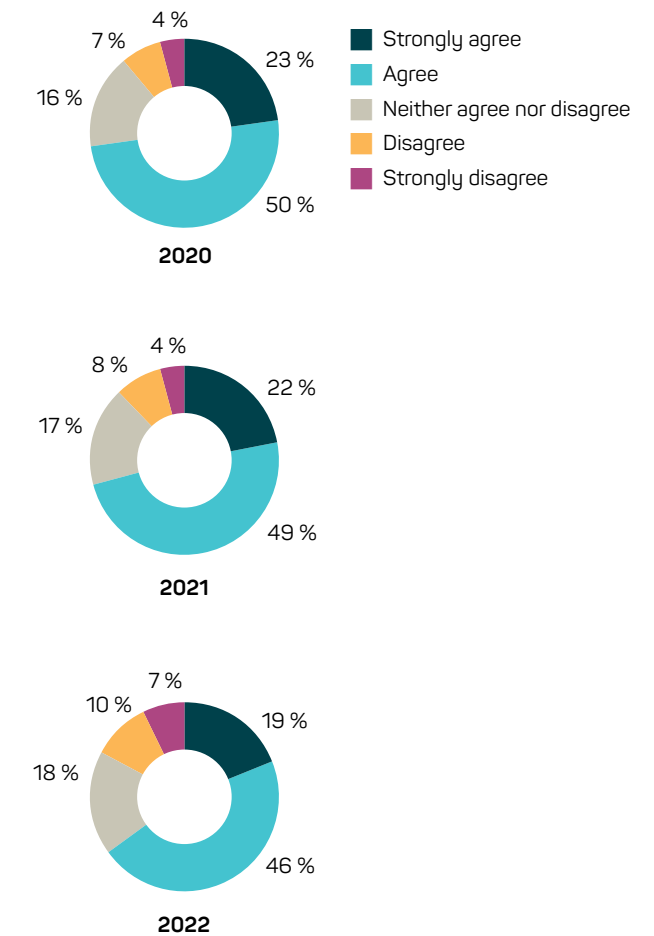
Work continued on developing strategic work ability management. Under the new practice, Keva's Management Group will review work ability management twice a year.

Employee sickness absenteeism remained lower than normal at the beginning of the year because of the corona pandemic. Absenteeism rose significantly as a result of late autumn infections. This was because of the simultaneous spread of corona infections, the earlier than normal start of the flu season and the spread of the RS virus in the population. The personnel's health rate remained high, with around 33% of the personnel not once absent because of sickness during 2022.

Keva aims to increase measures to support work ability. The coronavirus pandemic meant that total occupational healthcare costs were slightly up compared to 2021. There was a decrease in the care debt building up during the years of corona and this resulted in a greater than expected rise in healthcare

### The Kevafilis pulsometer shows

"I have good vibes today to do my job"



## Basic information about Keva employees

Number of employees at 31 December 2022 was 492 (2021: 497) of which 11 were temporary.

Full-time equivalent person years in 2022 was 468.1 (2021: 472.3).

Women accounted for 67% of Keva employees. The average age of the personnel was 49.5 years.

A total of 28 permanent employees left Keva.

A total of 1,379 days were spent on personnel training, which equated to 2.8 fte/person. The statistical amount of training days has decreased (2021: 1,655 full-time equivalent days and 3.3 fte/person) because most of the days spent on online training are missing from the statistics.

costs. Because of this, it was not possible to increase the share of costs of activities that proactively support work ability in accordance with the goals.

Absences because of mental health illness no longer continued to rise and even took a slight downward turn. It was thought that the provision of short-term psychotherapy services has a positive impact on preventing absences on mental health grounds.

In 2022, as in earlier years, wellbeing in the workplace was supported through culture and exercise clubs, which because of the corona pandemic continued to be mostly held remotely.

Employees have access to culture and exercise benefits as well as employer-subsidised commuter tickets.

## Brisker diversity discussion

The Equality and non-discrimination plan for 2021–2022 highlighted the importance of diversity. Keva again took part in the Pride week, during which the position of sexual and gender minorities in the work community was highlighted on the intranet.

Self-assessment work on diversity was conducted using FIBS's Diversity and Inclusion self-assessment tool. Zero tolerance of inappropriate behaviour was included in Keva's strategy for 2022–2027 and a development project for detecting inappropriate treatment and processing reports during 2022.

In recruiting, efforts were made to provide employment opportunities also for people who have the most difficulty in finding employment. A diversity clause was added to Keva's job advertisements to increase the number of applicants from different backgrounds.

## Sickness absences

In 2021, Keva employees were off sick for an average of 6.6 working days. The health rate was 33%, which reflects the percentage of the personnel who were not once absent because sickness during the year.

## Promoting equality

There is somewhat of a gap in median pay between the genders. Men have better median pay in some demand levels and women in others. Women's median pay in different demand levels averages 97% of that of men.

## Sickness absences

	2020	2021	2022
Number of persons	506	497	492
Sick days as working days per person	7	6,3	6,6

## Accidents and disability pensions

	2020	2021	2022
Workplace accidents	2	1	0
Commuting accidents	2	1	1
Accidents at the workplace and commuting accidents result in sickness absences	140	7	0

## Ratio of collective agreement pay of men and women

	2020 %	2021 %	2022 %
Average pay of women of the average pay of men	73,9	77,4	77,4
Average median pay of women of median pay of men	77,4	79,6	80,2



## OUR WAY OF WORKING

### Code of Conduct updated

Keva's Board of Directors adopted the updated Code of Conduct in August 2022.

Keva's Code of Conduct was updated to guide the activities of Keva employees and provides general guidelines for situations where there are no separate guidelines or for which there are no provisions in legislation. There are ten principles.

- Keva's mission is to ensure pension cover.
- Keva's operations are guided by legislation.
- Keva secures pension benefits and a stable contribution level.
- Keva's operations are guided by customer needs.
- Think before you click. Information security and data protection are at the heart of Keva's operations.
- Prevent conflicts of interest, corruption and bribery.
- Wellbeing of employees is number one.
- Your work is genuinely responsible.
- Be active, open and transparent in your communication.
- Act correctly. Keva strives to ensure an ethical corporate culture in which Keva employees act correctly and in accordance with the shared values.

### Keva prevents conflicts of interest, corruption and bribery

Our Code of Conduct states that: "Keva is a key societal actor guided by the interest of society. We

comply with laws, decrees and other external rules as well as internal guidelines, and do not undermine Keva in a manner that could call its operations into question."

Keva's Board of Directors adopted the "Receipt of Gifts or Other Benefits" principles in 2014 and the "Hospitality Guidelines" in 2021.

In 2022, Compliance was not aware of any particular issues at Keva in compliance with the Code of Conduct or other guidelines concerning operations and no particular anti-corruption or anti-bribery measures were required.

Compliance in turn, investigates, advises and oversees the application of the Code of Conduct in practice.

Keva's personnel has access to a whistleblowing channel (ethics channel), which received no reports in 2022.

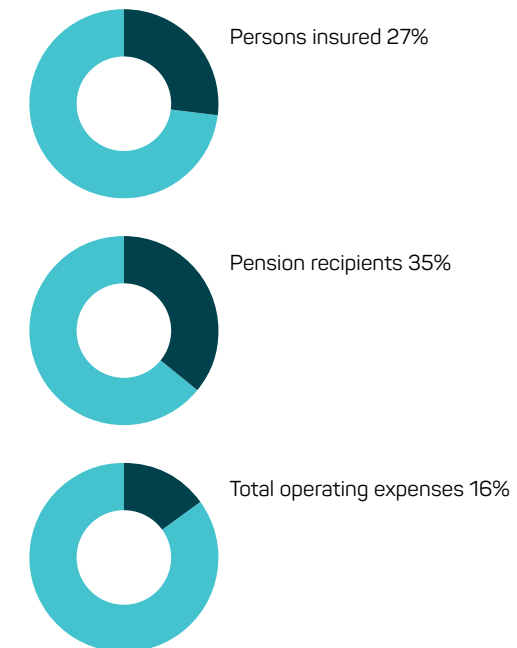
### Political influencing

See chapter Stakeholder dialogu strengthens confidence. Stakeholder meetings and social engagement on page 54.

### Keva has larger than average customers

The cost effectiveness of operations can be examined separately from the perspectives of the efficiency of Keva member organisations' pension system and the Keva organisation. The cost effectiveness of the public sector earnings-related pension provider

### Keva is cost effective



Keva manages 27% of all earnings-related pension insured persons and 35% of all earnings-related pension recipients, but its share of expenses (excluding investment expenses) in 2021 was just 16%. Some of the cost effectiveness is due to differences in operations and the operating environment, incl. a smaller number of employer customers.

Source: Earnings-related pension providers' financial statements 2021, Työeläke-lehti 2/2022

Keva cannot be directly compared to that of private sector earnings-related pension providers, but the Finnish Centre for Pensions in cooperation with Tela, an association looking after the interests of providers of statutory earnings-related pensions, compiles an annual summary of key figures from financial statements. The summary includes each provider's total operating expenses, excluding investment expenses.

Keva's operating expenses are reduced by the fact that municipalities, federations of municipal authorities, the State, the Evangelical Lutheran Church, the Bank of Finland and Kela are Keva's customers by law. In addition to these, Keva has municipal enterprise customers who can choose their pension provider.

Unlike TyEL pension insurance companies, Keva has no costs from marketing or distribution channels for canvassing new customers or from insurance transfers. Pension insurance is more cost efficient in large organisations than in small ones and Keva's customers are, on average, larger than those of TyEL customers. Keva's customers have no administrative cost component in their contribution and so Keva pays no customer bonuses to its customers for operational efficiency and investment return.

### Responsible procurements

Keva's units make their purchases independently and the units are responsible for their purchases and

the responsibility thereof. Keva's legal services unit assists, if necessary, in legal issues related to the competitive tendering of products and services. Keva also has a procurement coordinator who assists in the preparation of tender documents and other practical issues if necessary.

In 2022, Keva recruited a procurement specialist who started work in January 2023.

Keva publishes on its website all purchases and acquisitions, excluding salaries and similar personnel items, as well as information included in occupational healthcare arrangements and trade secrets.

### Risk management, independent monitoring of investment risks 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 ensured in all situations.

Risk management is supported and coordinated by the head of risk management as an expert in the Compliance, Risk Management and Administration Unit (CRH). Risk management tasks are conducted across Keva as part of normal operations wherever risks need to be taken. Operational risk management benefits from a network of risk management contact persons. Risk management is led by

Keva's Management Group supplemented with risk management experts (risk management team).

The CRH unit is also responsible for the oversight and official reporting of investment risks. Independent risk management is tasked in particular with monitoring and reporting the risk and authorisation status of investment assets and is also responsible for the official calculation of investment returns as well as for modelling and maintaining Keva's investment assets in different risk systems. Independent risk management monitoring reports to the Board of Directors' Audit and Risk Management Committee and to the investment operations management team.

In 2022, one of the key tasks of risk management related to the development of contingency planning in accordance with the plan made in 2020. Alongside this, the outbreak of the war in Ukraine saw an active deepening of various contingency plans, for example the threat of adequate electricity and the associated in-depth studies, plans and instructions. In addition, Keva actively participated in contingency preparations in its sector, including in the National Emergency Supply organisation, during the year.

### Strategic risks identified

The biggest strategic risk at Keva is considered as being the adequacy of long-term pension funding in line with the principle of intergenerational funding. Taking into account the sum of wages and salaries

of Keva member organisations' pension system and the trend seen in the pension liability fund, the pension funding situation in the short-term is stable. In the longer term, uncertainty will increase regarding development of both the sum of wages and salaries and the pension liability fund.

Cyber security risks have also been identified as one of the core themes in Keva's risk management. A responsible way of working and goals also includes the continuous development of operations. This is why in 2022 risk management actively oversaw and monitored the risks related to personnel abilities and adequate skills. Attention was paid also to factors threatening ICT and operational reliability.

Particular attention was given to compliance with legislation, orders and guidelines of the authorities as well as the internal guidelines and principles adopted by Keva's Board of Directors. The associated compliance risks were comprehensively studied in 2022. The identification and definition of risks relating to compliance with essential regulations enhance risk management means and controls that can be used to keep compliance risks at an acceptable level.

### 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's customers' key services, above all, payment

of pensions, in all situations.

Keva has a contingency plan adopted annually by the Board of Directors and is complemented by the contingency plans of functions and units that are critical to operations.

### Investment operations' compliance strengthened

Compliance oversees Keva's operations and promotes compliance with regulations and other rules. Independent compliance assists management and the entire organisation in compliance with the Code of Conduct and external and internal rules guiding operations.

Keva has a Compliance officer and from 1 May 2022 also an Investment compliance officer. The Compliance officer reports to the Administrative Director, the CEO, the Risk Management Committee and to the Board of Directors. The Investment compliance officer reports to the Administrative Director, the CEO the risk management team, the Audit and Risk Management Committee and the Board of Directors. Compliance has been organised as part of the CRH unit, where the Compliance officer, Investment compliance officer and independent risk management experts work under the Administrative Director.

The Board of Directors has adopted the Compliance Policy and action plan under which Keva complies with legislation, regulatory guidelines and internal guidelines. The provision of advice

## Code of Conduct

- 1) Keva's mission is to ensure pension cover
- 2) Our operations are guided by legislation
- 3) We secure pension benefits and a stable contribution level
- 4) Our operations are guided by customer needs
- 5) Think before you click!
- 6) Prevent conflicts of interest, corruption and bribery
- 7) Wellbeing of employees is number one
- 8) Your work is genuinely responsible
- 9) Be active, open and transparent in your communication
- 10) Act correctly

### Code of Conduct

and guidelines strengthens confidence in Keva's operations and a responsible corporate culture. Compliance additionally monitors legislative changes affecting Keva's operations and operating environment, and supports management in preparing for these changes.

The Investment compliance officer is responsible for the compliance of investment operations. The Compliance officer is responsible for compliance other than compliance of investment operations at Keva.

The Compliance officer headed a working group tasked with updating Keva's Code of Conduct. The

Board of Directors adopted the new Code of Conduct in August 2022.

Cooperation between Keva and the oversight authorities, the Ministry of Finance and Financial Supervisory Authority, continued with regular unofficial meetings at which all parties were present at the same time. Keva's compliance programme was implemented by reviewing different focus areas and by making compliance assessments. The Compliance officer worked as part of Keva's responsibility group and the working group to eradicate unfair treatment. A quarterly quality control of pension decision operations was conducted. The Board of Directors adopted the updated internal control policy in December 2022.

Towards the end of the year, the Investment compliance officer, who began at Keva on 1 May 2022, reviewed the induction programme, which included an introduction to Keva's investment guidelines, the financial instruments and ways of working as well as interviews with persons responsible for Keva's investment operations. Towards the end of the year, the Investment compliance officer made one compliance assessment and other minor assessments.

No reports were received via Keva's ethics channel, an internal whistleblowing channel, in 2022.

In 2022, Compliance was involved in tracking the progress of key legislative projects affecting Keva and its operating environment and assessed the implication of these projects.

## Continuous development of data protection and data security

Keva must ensure functions and services that protect data security and the data protection of personal data.

Keva has worked with a partner to develop tools that assess data protection impacts. Impact assessments have been done as needed. Guidance and interpretations were given among other things in matters involving information given to employers, the processing of personal data subject to consent and the carrying out of scientific and statistical research.

The privacy notices published on Keva's website were clarified and the notice concerning elected officials was delivered to the officials' own workspace.

## Statistics are compiled of data protection triggers and events

Personal data breaches are divided into data protection triggers (an event with a risk of a data breach) and data protection incidents (a data breach

16 data protection triggers  
17 data protection incidents

has occurred, i.e. an irregularity in the processing of personal data has occurred).

During 2022, there were 16 data protection triggers and 17 data protection incidents. These data protection incidents were mostly the result of individual human processing errors. Keva monitors and develops processes to reduce data protection incidents. An important part of this work is training employees to identify data protection breaches and to promptly report them.

## Customers can inspect their personal data

Employee customer data subjects have the right to inspect the data that Keva holds on them. There were fewer than ten such requests in 2022, although in some cases the customer failed to submit the identification required to be able to comply with the request. A request under the General Data Protection Regulation and the Act on the Openness of Government Activities may be made at Keva using a form that guides the person making the request to more specific requests.

## Request to inspect personal data

Keva's Data protection officer oversees the processing of personal data in the pension system. Random control may be directed at the processing of any customer matter. In addition, separate oversight is directed at cases involving, for example, public

figures and other customer groups whose data is at a risk of unauthorised processing. The primary purpose of oversight is to prevent abuse and ensure that personal data processing rules are taken into account.

### Environmental impacts of the Keva building

The environmental impacts of Keva's own operations are very low and are measured at the Keva building at Unioninkatu 43 in Helsinki.

Keva switched over to hybrid working on 15 March 2022 and the occupation rate of the building rose sharply compared to the years of corona virus. Apart from the summer holiday season, an average of 130-140 persons worked in the Keva building compared to just a few dozen during the pandemic.

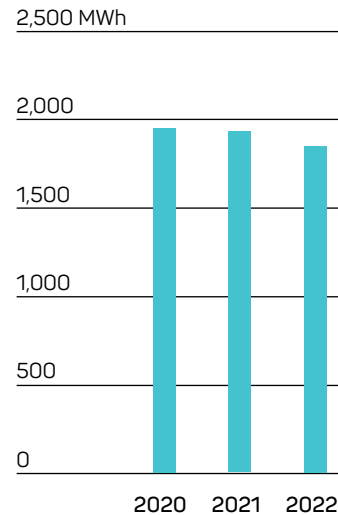
The solar power plant installed on the roof of the Keva building in October 2021 generated 40,361 kWh of electricity during 2022. This was 3% of the electricity used by Keva.

### Green Office creates everyday eco-deeds

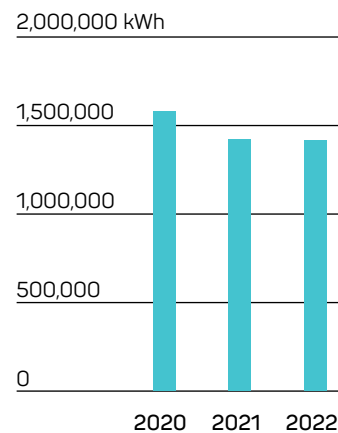
The Keva building joined the WWF's Green Office network in 2017. Since then, waste sorting and amounts, commuting, and energy and paper consumption have been addressed in the office building.

Green Office has promoted internal discussion at Keva and encouraged everyday eco-deeds. Impacting on the work environment is a concrete way for

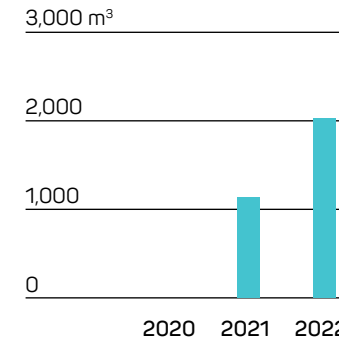
### Heating consumption at the Keva building 2020-2022



### Electricity consumption at the Keva building 2020-2022

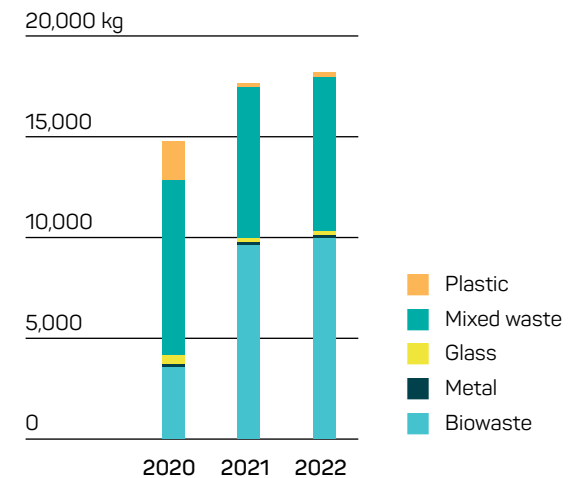


### Water consumption at the Keva building 2020-2022



Vuoden 2020 vedenkulutuksen mittaustulos puuttuu.

### Waste at the Keva building 2020-2022



many Keva employees to think about and promote sustainability in the workplace.

**Green Office targets for 2022 agreed with WWF and results**

*Improving energy efficiency*

Corona restrictions were lifted at the Keva building on 15 March 2022 and savings were achieved in consumption compared to earlier years. The exception was water consumption, which increased when people returned to office working after the pandemic and the staff restaurant in the Keva building was re-opened. The restaurant was closed for almost the entire corona years of 2020 and 2021.

The Keva building took part in the Earth hour event on 26 March 2022 and in autumn 2022 façade lighting was reduced to save energy.

Each Keva employee can still make a positive contribution to optimising energy consumption by small everyday deeds. This is why Keva employees will continue to be reminded to:

- use the power switch to turn off their screen at the end of the day
- switch the lights off in the toilets and other rooms where there is no motion detector

*Reduction in paper consumption*

Keva greatly undercut the paper consumption target set for public administration in 2018 to cut the

average use of copy paper to less than 1,000 sheets per person per year. The switch to remote working because of the pandemic and to hybrid working after this contributed to reaching the target.

*Improved waste management*

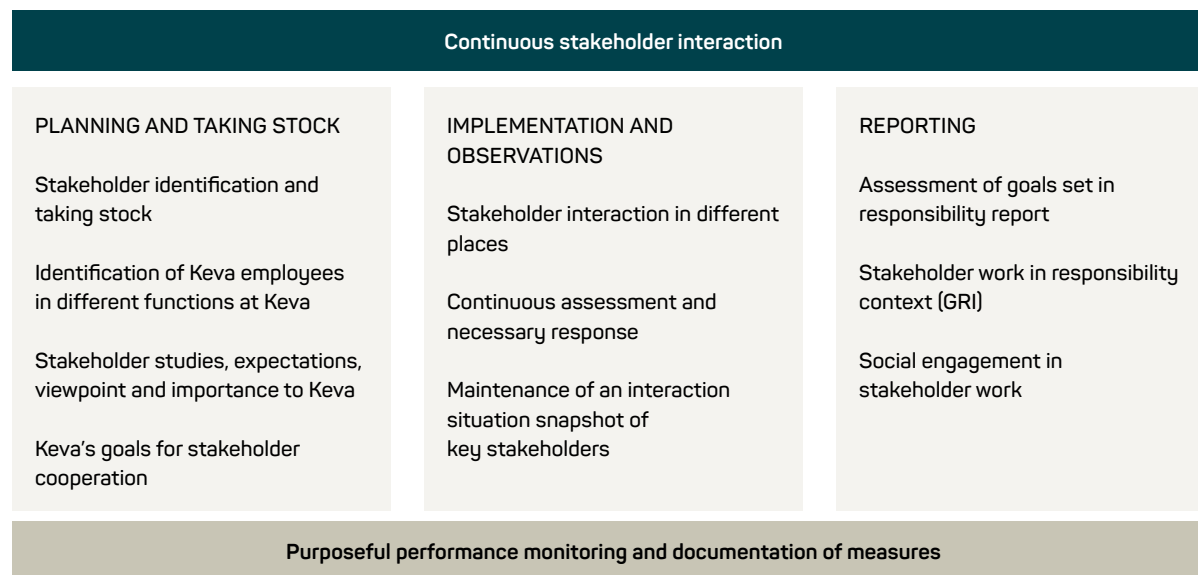
The higher occupancy rate of the Keva building was slightly reflected in higher waste volumes in 2022. Improvement in waste management will continue in 2023.

**Stakeholder dialogue strengthens confidence**

Keva strives to ensure that stakeholders understand Keva's operations, relevance and role in society as well as Keva's goals and their rationale. Keva uses stakeholder dialogue to guide and examine society and its operating environment as well as to increase stakeholder understanding.

Keva's work with stakeholders is determined by the Stakeholder Programme, where Keva's operations have been examined starting with each stakeholder's wishes and expectations. The Stakeholder

**Keva's stakeholder work process**



## Keva's social engagement



Personnel	Employee customers	Employer customers	Local government family	Labour market organisations
<p>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 career development opportunities of the personnel are important to Keva as an organisation and ones in which we are ready to invest.</p>	<p>Keva considers it important to serve rehabilitation customers, pension applicants and recipients as best, promptly and flexibly as possible. Employee customers are one of Keva's most important stakeholders.</p>	<p>Employer customers are one of Keva's core stakeholders. Reliable, fast pension insurance and services affecting the risk of incapacity for work are the focus of Keva's mission and operations.</p>	<p>Keva is a local government pension provider and various municipal advocacy organisations and actors are important partners.</p>	<p>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 maintain close working relations with earnings-related pension providers and to make the expertise of Keva employees available to these providers.</p>

Stakeholder expectations	Stakeholder expectations	Stakeholder expectations	Stakeholder expectations	Stakeholder expectations
<ul style="list-style-type: none"> <li>• A dependable and stable workplace where operations are developed.</li> <li>• Responsible operations in investments and in relation to the personnel and fairness in the allocation of resources.</li> <li>• Active, more visible societal discussion.</li> <li>• Focus on the mission.</li> </ul>	<ul style="list-style-type: none"> <li>• Reliable pension management and timely and accurate payment.</li> <li>• Good customer service, clear advice and guidance if needed.</li> <li>• Information and communication about topical matters.</li> <li>• Good management of pension funds and wise investment decision.</li> </ul>	<ul style="list-style-type: none"> <li>• Activity and support for the development of work ability management, supervisory work and occupational health care as well as for work ability management.</li> <li>• User-friendly online and digital services.</li> <li>• Maintenance of cost effectiveness and competitiveness.</li> <li>• Looking after pension funds and responsible investment activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Stable and dependable investment operations.</li> <li>• Continuation of development work relating to contribution level.</li> <li>• Keva must be active in preventive work as a developer of wellbeing at work and participate in societal discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Managing the mission, open dialogue and stronger cooperation with stakeholders.</li> <li>• Information related to wellbeing at work ability and careers as well as study and research work.</li> <li>• Continuing along the same appropriate line.</li> </ul>
Keva's actions	Keva's actions	Keva's actions	Keva's actions	Keva's actions
<ul style="list-style-type: none"> <li>• Keva has a culture based on trust and openness, equal and fair pay and HR policy as well as an incentivising reward system.</li> <li>• Keva is developing the employee experience, looks after wellbeing at work, supports learning new things and encourages societal discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva provides prompt, easy and high-quality pension provision services digitally and these are supported with personal service.</li> <li>• Open, smooth information about pension payment dates among other things. Keva's investments are responsibly managed.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva manages pension insurance efficiently and supports employer customers to reduce the risks of incapacity for work.</li> <li>• Keva develops its services together with customers. We provide concrete benefits, solutions and tools for employer customers.</li> <li>• Keva monitors the cost efficiency of its operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva provides neutral, expert information and help in work ability management.</li> <li>• Keva engages in societal discussion in themes related to work ability among other things.</li> <li>• Development partners are told about the results of investment operations and contribution level matters in stakeholder interaction.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva provides research and study data and engages in cooperation in working life development, rehabilitation as well as in work ability management and anticipation of incapacity for work matters. In addition, Keva provides information about the management of pension assets and investment operations.</li> </ul>



Pensions sector	Political decision-makers	Central government experts	Working life developers	CSOs
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Actors in the pensions sector form a key collaboration network where the development of pension processes and pension regulation takes place. Keva considers it natural to work with all key actors in the pensions sector.

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 up-to-date picture of matters at Keva to enable informed decision-making.

Keva considers it important to have good, direct contact with Finnish officials in dealing with confidential matters.

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

CSOs such as pensioner organisations and environment organisations provide a good feedback channel for Keva from the perspectives of their special expertise.

Stakeholder expectations	Stakeholder expectations	Stakeholder expectations	Stakeholder expectations	Stakeholder expectations
<ul style="list-style-type: none"> <li>• Good constructive cooperation and doing things together.</li> <li>• Safeguarding pensions, professional management of pension assets.</li> <li>• Continuing in the same way along own line.</li> <li>• Quality statistics, research and studies as well as analyses of the municipal field.</li> <li>• Strengthening the expert role, Keva could profile itself even more strongly in the discussions related to sustainability in the earnings-related pensions sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Up-to-date information and pension matters and engagement in social discussion.</li> <li>• Research-based knowledge and statistics to support municipal decision-making and development work.</li> <li>• Adequate communication.</li> <li>• Continuation of the prevention of incapacity for work.</li> </ul>	<ul style="list-style-type: none"> <li>• A stable and sound pension provider.</li> <li>• A key influencer and leader in the earnings-related pensions sector which develops new ways of working and provides cost-efficient services for employers and the insured.</li> <li>• Responsibility for pension matters is important as is helping people. Keva has begun good projects to prolong work careers. Keva also shares good statistical material.</li> </ul>	<ul style="list-style-type: none"> <li>• Target-oriented activities in promoting the work ability of employees in the public sector.</li> <li>• Close cooperation and an active, proactive approach to current challenges and pension issues.</li> <li>• Professional, reliable investment operations.</li> <li>• Reliable, open, fair and efficient operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Manage stakeholder cooperation more actively and manage investment operations responsibly.</li> <li>• Influencing the ageing debate.</li> <li>• Institutional investors should tell how they measure the responsibility of investments and what kind of goals there are to develop the portfolio.</li> <li>• More responsibility action.</li> </ul>
Keva's actions	Keva's actions	Keva's actions	Keva's actions	Keva's actions
<ul style="list-style-type: none"> <li>• Keva continues to closely cooperate and interact with actors in the pensions sector.</li> <li>• Keva raises in particular the special features of the public sector pensions system as well as expert views in work ability matters and rehabilitation, and the principles of pension funding and investment operations and publishes reports and research.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva makes information, studies and research available to political decision-makers. Matters related to work ability management in particular are raised.</li> <li>• Keva is in regular contact with key decision-makers.</li> <li>• Keva is actively engages in social discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva continues to closely cooperate and interact with central government experts.</li> <li>• Keva raises in particular the special features of the public sector pensions system as well as expert views in work ability matters and rehabilitation as well as the principles of responsibility in pension funding and investment operations. Keva publishes research, reports and statistics.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva provides partnership and research cooperation and provides partners with information and forums to raise issues.</li> <li>• Development of work ability management so that social engagement is kept on the agenda.</li> <li>• Keva provides neutral, expert information and help in prolonging work careers.</li> </ul>	<ul style="list-style-type: none"> <li>• 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 incapacity for work.</li> </ul>





Own administration	Media	Investment operations stakeholders	Citizens
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Our own administration decides the content of Keva's service provision and the level of pension contributions within the framework enabled by legislation. Oversight and auditors oversee the compliance of operations with the regulations.

Keva wants to provide information about pension provision and the special features of public sector pension insurance to all Finns and everyone interested in it. Cooperation with the media is paramount.

Keva's investment operations stakeholders are an important target group whose stakeholder support is paramount.

Keva is responsible for the pension provision of 1.2 million citizens. It is important that trust in the public sector pension system and Keva's operations is in good order and that Keva has a good reputation in the eyes of citizens.

Stakeholder expectations	Stakeholder expectations	Stakeholder expectations	Stakeholder expectations
<ul style="list-style-type: none"> <li>• Continue as an expert, influential actor.</li> <li>• In the long term, customers' pension assets are managed profitably and Keva pays pensions reliably in accordance with the regulations.</li> <li>• Customer-driven development and cooperation of sustainable working life and expertise as well as management work research and projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Studies on public sector pensions and future perspectives on the sustainability of pension funding.</li> <li>• Keva remains independent. Keva has to generate better earnings than private pension providers to cover pension liabilities with the same or a lower cost.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva is considered to be a stable investor.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased openness and information and advertising.</li> <li>• Openness and transparent operations.</li> </ul>
Keva's actions	Keva's actions	Keva's actions	Keva's actions
<ul style="list-style-type: none"> <li>• Administration is provided with analysed information and expert reviews and progress on the implementation of Keva's strategy is reported.</li> <li>• Administration is kept informed about risk management. Administration understands and knows the principles, goals and decision-making procedure of Keva's investment operations and its own role in the process.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva provides neutral, expert information and help in supporting work careers.</li> <li>• Regular releases tell about the quarterly performance of investment operations.</li> <li>• Use active communication and various background discussions to make Keva's operations known.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholders understand that Keva and the rest of the earnings-related pensions sector need to secure the pensions of generations to come. Keva wants to carry out its investment operations in the long term long term in line with the principles and strategy it has drawn up.</li> <li>• Stakeholders understand what Keva means by responsibility and how Keva implements it in its investment operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Keva monitors the views of citizens on responsibility. Keva also monitors views related to the position of pensioners and their ability to cope at work and the employment of persons with partial incapacity for work.</li> <li>• Keva communicates openly about its own activities through the mass media, websites and social media.</li> </ul>

Programme is drawn up as a three-year, goal-driven guideline so that the programme is constantly updated and updating the information concerning different stakeholders is ensured.

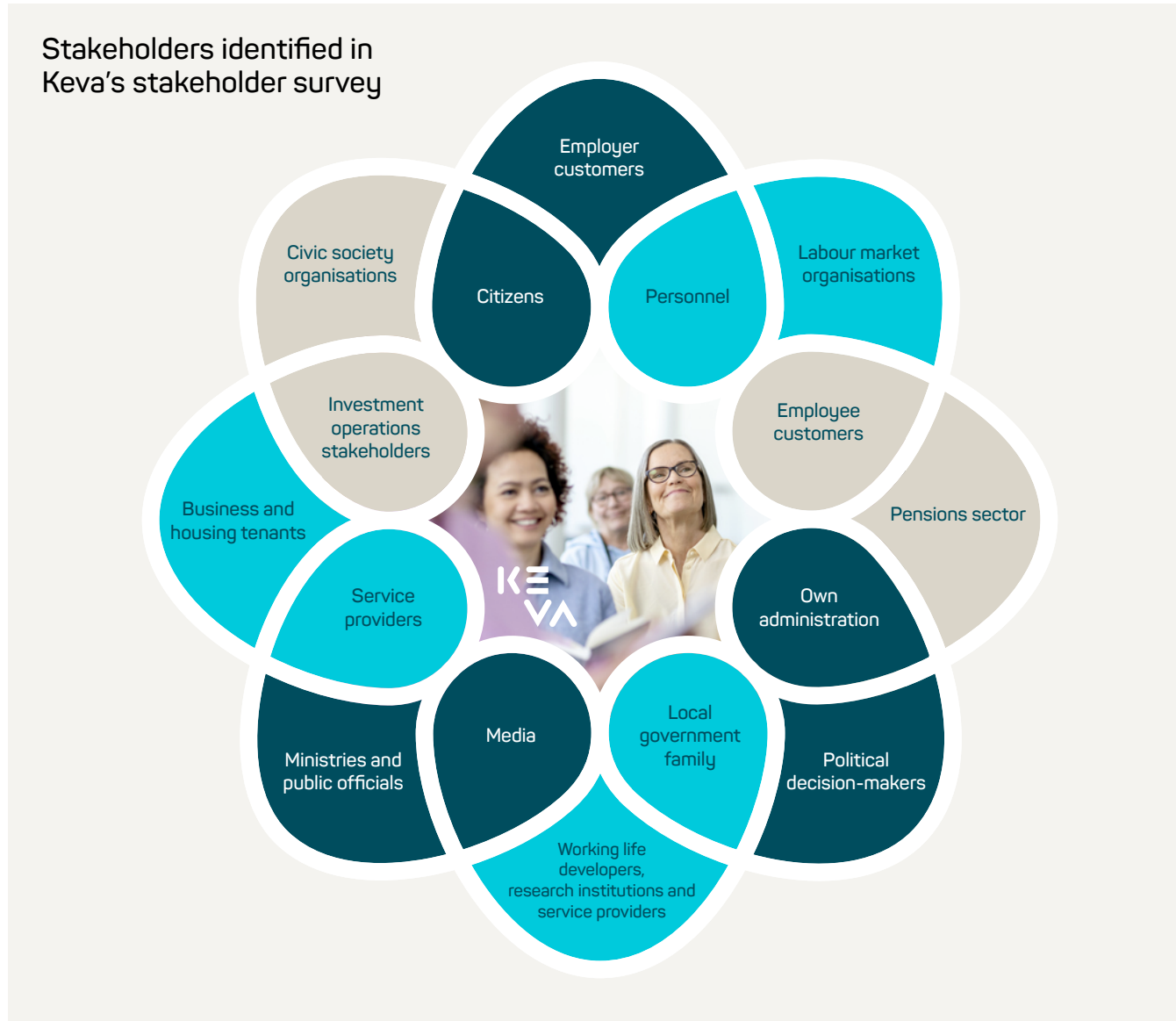
**Keva's key stakeholders and their expectations of Keva's operations**

Keva has studied and identified various stakeholders affecting Keva's operations. In addition, to the stakeholder study, Keva has regularly established stakeholders' views and expectations of Keva's operations. Keva has reviewed stakeholder expectations and wishes, and considered how expectations and wishes can best be met in working with stakeholders. The expectations of key stakeholders and Keva's response to them have been described at the end of the report on pages 55–57.

**Keva uses research to monitor stakeholder perceptions, expectations and wishes**

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

Keva closely monitors the perceptions of stakeholders of its own operations and annually measures the customer satisfaction of Keva's customers, i.e. employer and employee customers



## Keva's stakeholder surveys in 2022

Survey and who conducted it	Survey stakeholders	Previous survey	Key goals	Survey frequency
<b>Keva's reputation in the eyes of citizens</b> (T-media)	Citizens, on T-media's research panel	Spring-summer 2021	To examine the recognition of Keva and various elements in the reputation of Keva in the eyes of Finns. Image and expectations also asked.	Two-year intervals
<b>Employee survey</b> (varies)	Keva's personnel	Included in Keva's responsibility and strategy survey and in responsibility survey 2022	To establish the views and expectations of Keva's employees of the challenges in Keva's operating environment, the success of the strategy policies, future policies and work with responsibility.	Annually
<b>Customer survey, employer customers</b>	Keva's employer customers	Autumn 2022 and additionally top management included in strategy and responsibility survey 2022	To establish the views and satisfaction of Keva's employer customers with Keva's services and their expectations of Keva's operations.	Annually
<b>Employee customer survey</b> (Own survey)	Keva's employee customers	Autumn 2021, included in strategy and responsibility survey 2022	To establish the expectations and views of Keva's employee customers of Keva's services.	Continuous feedback, quarterly analyses
<b>Stakeholder and reputation survey</b> (Aula Research)	Pension sector MeMedia Local government actors Political decision-makers Labour market organisations Working life researchers and development partners Civil society organisations Central government experts and overseers	Strategy and responsibility survey 2022 (Image and expectations)	To establish the views and expectations of stakeholders of the challenges in Keva's operating environment, the success of the strategy policies, future policies and work with responsibility.	Every other year
<b>Keva's municipal decision-maker barometer</b> (Aula Research)	Municipal councillors	Autumn 2022	To establish the opinions of municipal decision-makers of i.a. workplace wellbeing actions in municipalities and labour availability. Image and expectations also asked.	Annually
<b>Keva's residential tenant satisfaction survey</b> (Own survey)	Keva's residential tenants	Autumn 2022	To establish the views of Keva's tenants of Keva's services for tenants and their expectations of Keva.	Annually
<b>Surveys on topical issues</b>	Citizens' pension awareness	Autumn 2022	To establish the views of citizens of pension awareness and matters related to retirees, region reporting. Image and expectations also asked.	Random, decided separately
<b>Keva's business premises customer survey</b>	Tenants of business premises	Autumn 2022	To establish customer satisfaction and satisfaction with facilities, facilities services and the service provided by Keva and the facilities management.	Annually

and tenants in Keva's residential properties. Keva has commissioned an extensive analysis examining Keva's publicity in different media. Keva's employee experience is measured weekly through the pulsometer and annually through employee surveys. Every few years, Keva has commissioned a separate stakeholder and reputation survey. The survey has established the expectations and wishes of Keva's key stakeholders and perceptions of Keva's reputation, communication and responsibility. An extensive strategy and responsibility survey for all stakeholders was completed in 2022. The survey helped to outline various future expectations for Keva's new strategy period and surveyed perceptions of Keva's existing responsibility goals and what Keva's work with responsibility should take account of going forward.

### Social engagement

Keva has a team that coordinates stakeholder work and social engagement. The team is composed of Keva's senior management and meets once a month to consider stakeholder work and social engagement. The team is also responsible for setting the goals for Keva's Stakeholder Programme and for assessing the achievement of the goals.

Very many different issues featured in Keva's social engagement in 2022. The most important issues for Keva were the amendment of the Act on Keva, preparations for the launch of the

## Keva's social engagement in 2022

Matters	Background	Keva's opinion	What has been done about the matter?
<b>National work ability project relating to the corona crisis</b>	Corona has burdened front-line local government, state and church employees. This increases the risk of incapacity for work of these employees. Keva proposed that the State implement a Corona work ability project.	Keva is prepared to fund half of the resources required by the aforementioned work ability project. Keva intends to apply for money as a government grant from the Ministry of Finance.	Keva has drawn up a plan and discussed the matter with public officials, state secretaries, special advisers and ministries. Wage earner organisations have been informed of the project. Parliament decided on an allocation of €1.5 million in the 2022 budget to implement the project. The Ministry of Finance granted the money in spring 2022 and the project is ongoing.
<b>Major transport project financing models, participation of pension investors</b>	Finland is planning major €bn rail infrastructure investments in the east, west and north of the country. Various alternatives have been considered to finance construction.	Keva expressed its interest in being involved as an investor in financing major rail infrastructure investments and in considering the financial instruments that could be used for this.	Keva has kept in touch and provided its expertise to find financing models and has proposed various financing models both to officials and to political decision-makers. Keva's representatives have been heard in the Ministry of Finance and Ministry of Transport and Communications working group considering the matter. The working group published their report on the matter at the beginning of 2023.
<b>Amendment to the Act on Keva</b>	Wellbeing services counties have been created in Finland following the health and social services reform. These wellbeing services counties will become Keva member organisations, which is why the provisions concerning Keva's administration will be amended.	Keva has wished for a change in administrative structure and the inclusion of representation of the wellbeing services counties in Keva's governance. At the same time, the plan is to carry out a review of the validity of the membership organisation clause of universities of applied sciences.	Keva has initially discussed the amendment with Ministry of Finance officials and has taken part in consultations on the matter held by the Ministry of Finance. The bill has been prepared in the Ministry of Finance and has been on a round for comments. Keva has spoken about the bill to the ministry and Parliament's Administration Committee and has been consulted in Parliament. Parliament passed the act in the first half of 2023.

An example of Keva's key social engagement issues. Read more about Keva's social engagement on pages 67–70.

wellbeing services counties and the project funding awarded by the Ministry of Finance for Keva's Sustainable working life project.

Keva's view and expertise are heard by ministries and parliamentary committees, among others. In 2022, Keva provided 16 opinions to ministries and parliamentary committees. Keva published all key social engagement issues in which it has been active. The list can be found on page 63.

**Stakeholder meetings and networking**

Keva has many various stakeholder meetings and the pension provider actively participates in stakeholder events. Keva's stakeholder expert alone participated in 131 stakeholder events in 2022.

Keva Day, Keva's biggest customer and stakeholder event, which in 2022 was a virtual event held online in March, attracted 1,019 viewers. The Keva Day theme was A secure working life. Expert talks on cyber security and the changing security environment were heard at the event. The topic of the panel discussion was the attraction and retention power of employers in the municipal and health and social services sector.

In June, together with the Association of Finnish Municipalities and Local Government and County Employers KT, a seminar was held in line with established practice for the communications management of the 30 largest cities. Persons responsible for communications in the wellbeing

services counties met for the first time in October and representatives of around 15 wellbeing services counties took part in the event organised by the Association of Finnish Municipalities and Local Government and County Employers KT.

Keva regularly meets with representatives of public sector wage earner organisations. The wage earner network meets around eight times a year to discuss current topics relating to Keva's operations and issues concerning public sector pension provision.

**Keva was visible in public through the topics pursued**

Keva continued active and proactive communication in 2022. Keva raised issues concerning work ability in the public sector as well as questions relating to retirees

working. As an individual matter, Keva was mentioned in the news about the acquisition of the Stockmann business premises in Helsinki.

Keva's discussion initiatives received broad nationwide visibility and statements by Keva representatives were quoted extensively in the media and Keva's statistics and announcements were referenced as a source of information and expert organisation in news.

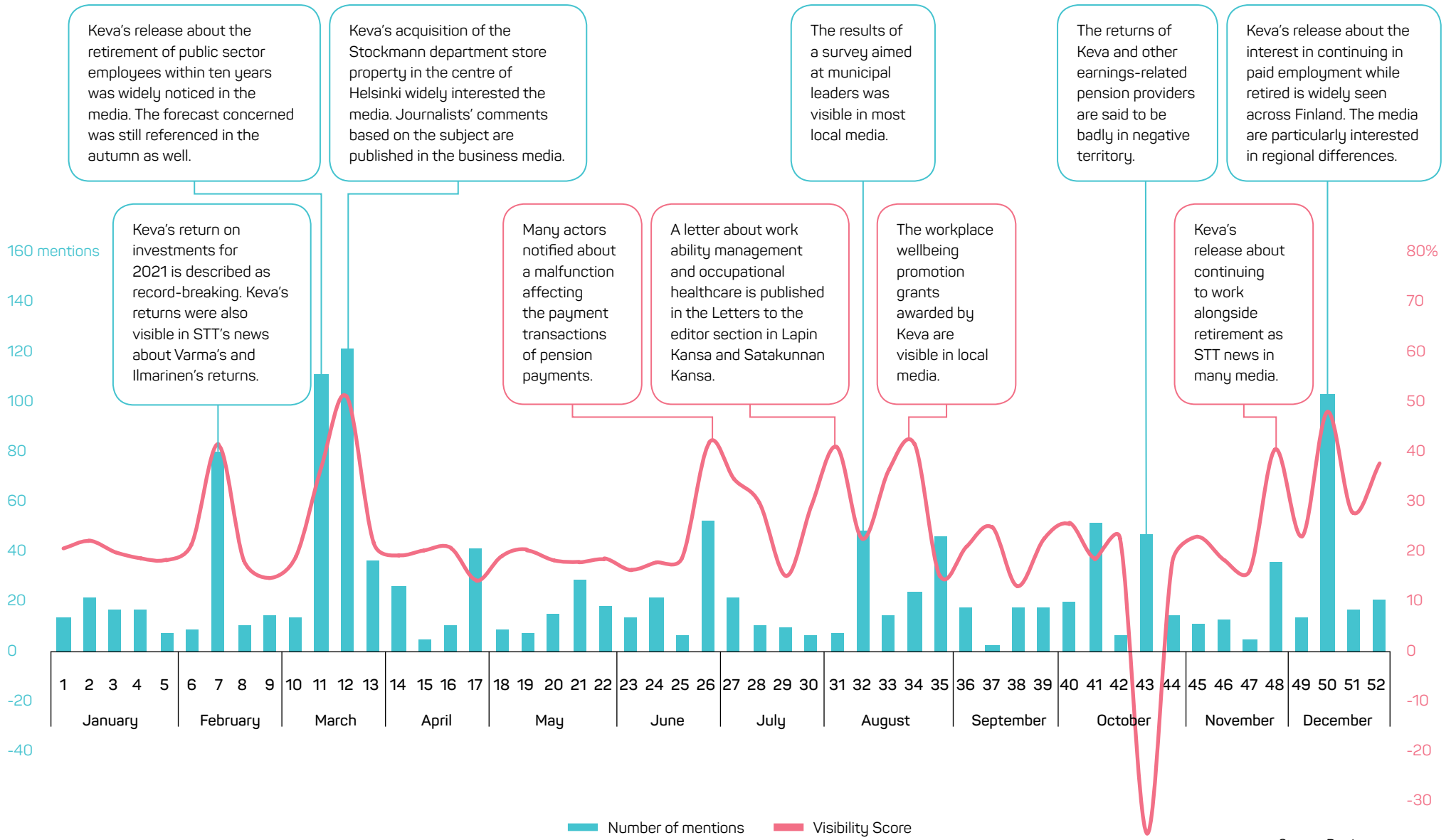
Mentions of Keva in the news and overall reach was down 30% compared to the record year of 2021. However, the amount of publicity and quality of visibility remained higher than the average of earlier years. Keva received much publicity for the topics it pursues since half of all mentions concerned working life, employment and retirement.

**Keva was well on top of media visibility in 2022**

	Number of mentions	Tone of publicity (pos/neutr) %	Amount of news based on media releases
<b>2022</b>	1 297	97	587
<b>2021</b>	1 855	99	1 113
<b>2020</b>	787	91	196

Source: Retriever

### Keva's proactive communication formed publicity peaks



Source: Retriever

## Keva complies with 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 beginning of 2020 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, for example, published all purchase invoices accumulated during the year as well as the Councillors' 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.

## Requests for information and opinions

The mass media contact Keva because of various requests for information. During 2022, Keva received 25 requests for information from the mass media with many requests concerning the adjustment pension and allowance of members of parliament. Five requests were received from the authorities.

### MEETINGS OF THE CEO, DEPUTY CEOS AND COMMUNICATION DIRECTOR IN 2022

Parliamentary groups 0 meetings  
Ministers and state secretaries 4 meetings  
Media journalists 17 meetings

### REQUESTS FOR INFORMATION 2022

Total 57 requests

Private individuals, 4 requests  
(Request for information on Church employees retiring in disability pension in 2021, April;  
Request to obtain CEO reviews from Board meetings, August;  
Request for information on the recruitment of analysts for Keva's investment operations, November;  
Request for information on the recruitment of a work ability expert for Keva, December)

The authorities and other organisations, 5 requests  
(Study plan related to Keva's request for information for a study by the Finnish Centre for Pensions of the impacts of pension reform, April;  
Request for information on the processing of data related to the use of Suomi.fi authorisations, Digital and Population Data Services Agency, July;  
Request for information for the calculation of EAPSPI membership payment in 2022, July;  
Request for information SF-Kotiturva Oy related to a criminal investigation, the Police, October;  
Request for information on the beneficiaries of members' of parliament adjustment benefits, University of Turku, November)

Involving purchases, 19 requests  
(Request for information related to purchase of Keva's payroll service, Accountor Oy, April;  
Request for information related to purchase of Keva's payroll service, Administer Group Services Oy, April;  
Request for information related to purchase of Keva's payroll

service, Azets Insight Oy, April;  
Request for information for market survey, Real estate investment management system, Ørn Software, April;  
Request for information for market survey, Real estate investment management system, CGI Suomi Oy, April;  
Request for information for market survey, Real estate investment management system, Miragel Oy, April;  
Request for information related to purchase of Keva's payroll service, Rantalainen Oy, April;  
Request for information related to purchase of Keva's payroll service, Integrata Oy, April;  
Request for information related to invitation to tender, Kylpylähotelli Kunnonpaikka, June;  
Request for information related to invitation to tender, Eezy Valmennuskeskus Oy, June;  
Request for information related to invitation to tender, Hoivatie Oy, June;  
Request for information related to invitation to tender, Työvalmennus Futuuri Oy, June;  
Request for information related to invitation to tender, Tukeva-säätiö, June;  
Request for information related to invitation to tender, Amiko työkykypalvelut Oy, June;  
Request for information related to invitation to tender, Hyria palvelut Oy, June;  
Request for information related to invitation to tender, Live Foundation, June;  
Request for information related to invitation to tender, Barona Työkykypalvelu Oy, June;  
Request for information related to invitation to tender, Sosiaalipalvelusäätiö Ote, June;  
Request for public documents of a competitive tender, Rapal Oy, August)

Media 29 requests  
(Introduction and background interview request, With Intelligence, January;  
Request for statistical material on health and social services sector, Tehy Magazine, January;  
Request for interview with Jaakko Kiander, Yle News, February;

Request for information for article about hate speech material worked on by Keva and central government, Työterveyslääkäri magazine, March;

Request for information on wellbeing at work in the health and social services sector, Mustread, March;

Request for information on the appeal and retention power of professions in the care sector, Helsingin Sanomat, April;

Request for information on the staff shortages in occupational groups in the health and social services sector, MTV News, April;

Request for information on Keva's responsible investment beliefs, IPE International Publishers Ltd, May;

Request for information on lower retirement ages in the health and social services sector, Yle, May;

Request for information on commodity derivatives, Long Play, June;

Request for information on military pensions, Ammattisotilas magazine, July;

Request for information on retirement statistics in the public sector, MTV News, August;

Request for information on pensions, Al Jazeera, August;

Request for information on property in Hämeenkatu, Aamulehti, August;

Request for statistics on incapacity for work attributable to corona, Yle, September;

Request for information on pension index, Taloussanomat/Iltta-Sanomat, September;

Request for Keva image for use in publication, Sotilaslääketieteen aikakauslehti, October;

Request for information on earnings-related pension index, Taloustaito, October;

Request for information on lower than normal retirement age, Taloussanomat/Iltta-Sanomat, October;

Request for information on the impact of exceptional indexes on earnings-related pensions, Kotiliesi, October;

Request for information on the increase in pension applications triggered by the index increases, Yleisradio Oy, November;

Request for information on beneficiaries of adjustment benefits in 2021, Iltalehti, November;

Request for use of Janne Salonen's photo, Yle News, November;

Request for information for an article in Työeläke magazine, November;

Request for information on disability pensions, Yle News,

November;

Request for information on continuing to work after the lowest age for retirement, Iltalehti, November;

Request for information on the increase in numbers of partial early old-age pension applications, Kaleva, December;

Request for information on teachers retiring, Aamulehti, December;

Request for information on retirement forecast for health and social services employees in the Pirkanmaa wellbeing services county, Aamulehti;

Request for information on pensions and the life expectancy coefficient, Talouselämä, December]

Others, 0 requests

#### OPINIONS 2022

For Parliament and its committees, 4 opinions  
(Opinion concerning the Government proposal to Parliament for an act to amend the Act on the State Pension Fund, HE 1/2022 vp; Opinion and presentation on the skills matching issue, parliamentary Education and Culture Committee; Opinion, Government proposal to Parliament for a Budget for 2023, HE 154/2022 vp; Opinion on the Government proposal to Parliament for legislation on automatic decision-making in public administration)

For the Ministry of Finance, 5 opinions  
(Opinion on the proposal for a Council directive on ensuring a global minimum level of taxation for multinational groups in the Union, VN/33613/2021; Opinion, regulatory and other proposals concerning redesigning the personal identity code system; Opinion, Government proposal to Parliament for legislation concerning digital identity; Opinion on the draft Government proposal for an act to amend the Act on Keva; Opinion on the draft Government proposal to Parliament for a law to repeal the Administration Act and certain related acts, VN/1084/2021)

Ministry of Social Affairs and Health, 1 opinion  
(Opinion on a draft Government proposal for an act to amend

the Health Insurance Act, the Act on Rehabilitation Benefits and Allowances Payable by Kela and the Earnings-Related Pension Act)

For other ministries and agencies, 6 opinions  
(Opinion, Vocabulary for continuous learning, VN/32564/2021; Opinion on the draft audit report, the State pension system and the state's other pension systems; Opinion on a draft Government proposal for an act to amend the Act on Finland's Participation in the Activities of the European Public Prosecutor's Office (EPP); Opinion on a draft for a Government proposal to Parliament for legislation concerning automatic decision-making; Opinion on a draft for a Government proposal to Parliament for legislation concerning the reorganisation of public labour and business services, VN/558/2022; Opinion on the Government resolution concerning the National Programme on Ageing)

#### KEVA'S MEMBERSHIPS IN 2022

EAFI/INREV  
EGN Suomi OY  
Finlands Sustainable Investment Forum ry  
Finnish Business & Society ry  
Focus Localis ry  
Green Building Council Finland  
Helsingin seudun kauppakamari  
Henkilöstöjohdon ryhmä – HENRY ry.  
Institutional Investors Group on Climate Change  
Institutional Limited Partners  
International Coaching Federation  
International Social Security Association  
Metsänhoitoyhdistys Eteläinen Metsäreviiri ry  
Nooan Arkki Oy Ab  
PRI Association  
Rakli ry  
Standards Board for Alternative Investments  
Suomen aktuaariyhdistys ry  
TIEKE Tietoyhteiskunnan kehittämiskeskus ry  
Työeläkevakuuttajat TELA ry  
Veronmaksajain keskusliitto ry



## Tax footprint

KeVa's tax footprint in Finland is made up of tax withheld on pensions paid as well as taxes and social security costs related to its own operations. In addition, KeVa pays taxes 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 their recipients.

In 2022, KeVa paid EUR 11.5 billion in pensions and cash rehabilitation benefit to local government, State, the Evangelical Lutheran Church, the Bank of Finland and Social Insurance Institution of Finland Kela employee customers. Tax of EUR 2.7 billion was withheld on these. Taxes and social security costs from KeVa's own operations totalled around EUR 41 million (2021: EUR 39 million).

## Taxes on investment returns in accordance with laws and treaties

Earnings-related pensions are funded by pension contributions and investment income, and the 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 securely. Earnings-related pension providers pay no taxes to Finland in 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 met by increasing pension contributions or by cutting pensions.

The investment operations 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 the future returns on

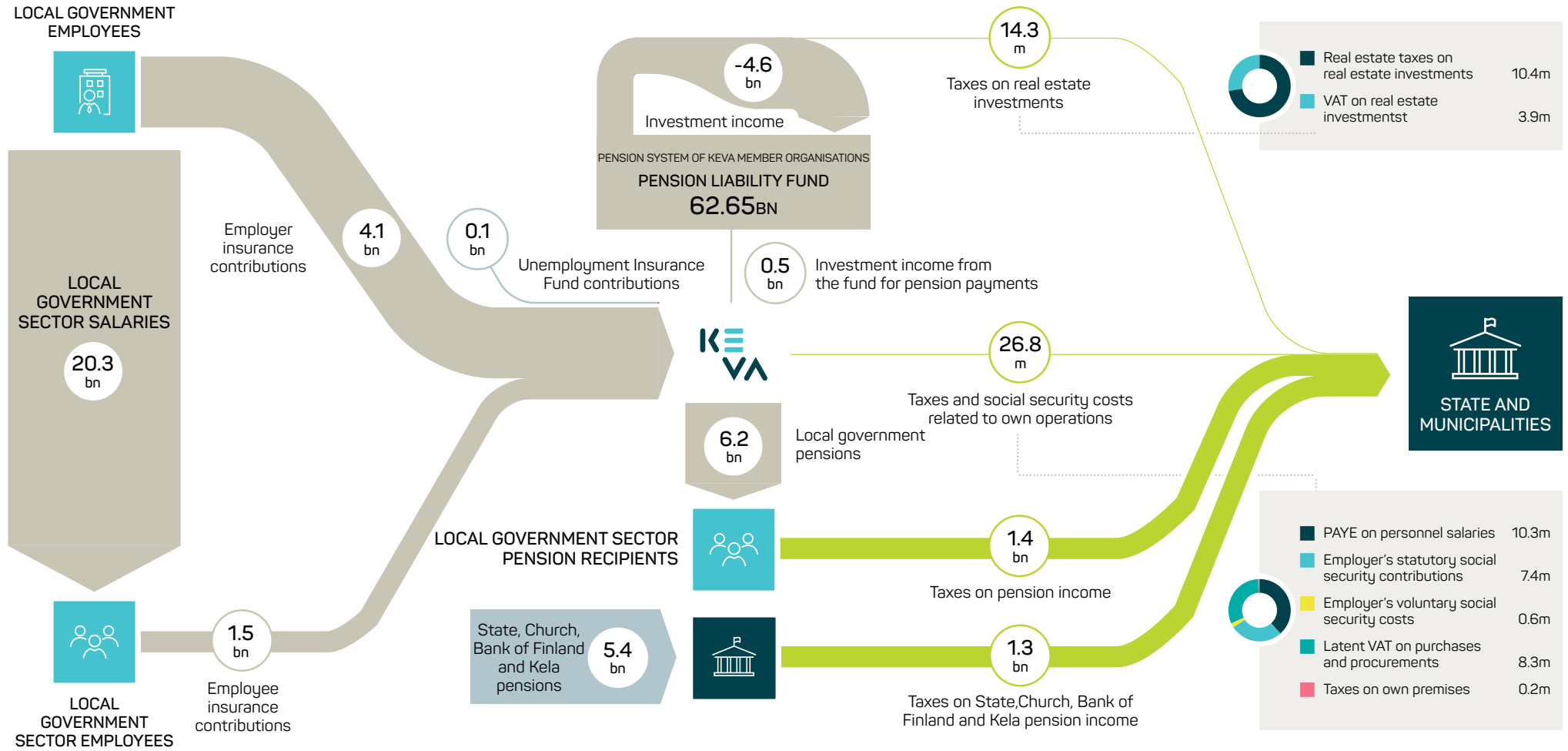
investments. This includes the ability to take into account the impact of investment on investment income.

Earnings-related pension providers invest a significant share, KeVa around 87%, 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 the 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 guarantor of pensions in the Finnish local government sector is taken into account in taxation.

## Tax footprint (euro)



## Keva's social engagement

Continues from page 60.

Matters	Background	Keva's opinion	What has been done about the matter?
<b>Act on the Electronic Processing of Client Data in Healthcare and Social Welfare</b>	Client data regulations have been reformed and the Finnish Institute for Health and Welfare and the Ministry of Social Affairs and Health prepared an implementation guideline.	Keva would like the upcoming Act on the Electronic Processing of Client Data in Healthcare and Social Welfare to allow the smooth use of the Kanta archive in pension decisions.	Keva has had discussions with the Finnish Centre for Pensions and special advisers at the Ministry of Health and Social Affairs on how implementation would be as smooth as possible.
<b>Automatic decision-making</b>	The Parliamentary Ombudsman drew attention to the automated decision-making by the tax authority. A review of legislation on the matter has been initiated.	Keva is following the discussion on the matter and has assessed its own practices against this background. Keva considers it important that the legal situation is clarified.	Keva has participated in the regulatory development work by commenting on draft versions through stakeholder work in the pensions sector. Keva has also given an official statement on the matter.  The act was given to Parliament in September and Keva was consulted in the Administration Committee. The Act was passed in February 2023.

Matters	Background	Keva's opinion	What has been done about the matter?
<b>Linear calculation of disability pension</b>	Legislative preparations are underway for a new linear calculation of the disability pension which may enable a more real-time alignment between working and income when receiving a pension.	Keva has raised the point that sufficient time must be allowed between any changes and implementation. Keva has calculated the impacts of the reform on the livelihood of the persons covered by the pension provision it manages. The linear model would mean that of the 11,500 persons affected, the pensions of around 7,500 persons would be cut by around €150.	Keva has taken part in consideration of the regulations and informed ministers, advisers and labour market parties about the occupation-specific impact assessments and has raised concerns about the complexity and ambiguity of the model. Preparation of the act has been suspended since those preparing the model have been unable to reach consensus on it.
<b>Extension of the provision of municipal support services</b>	Because of the health and social services reform, the municipalities may not provide support services direct to the wellbeing services counties. A transition period of one year has been provided for the reorganisation of support service production.	Keva has advocated the extension.	Keva has discussed the matter with ministerial advisers.

Matters	Background	Keva's opinion	What has been done about the matter?
<b>Reform of the Act on the Openness of Government Activities</b>	The Ministry of Justice completed the feasibility study to reform the Act on the Openness of Government Activities.	Keva supports reform of the Act on the Openness of Government Activities. It would be natural for all earnings-related pensions actors to come within the scope of the Act without separate limitations as currently provided with regard to Keval. Keval has provided a statement on the matter.	Keval has discussed the matter with Ministry of Justice advisers and provided material for the minister's use on the application of the Act on the Openness of Government Activities in Keval. The matter has also been discussed in the Finnish Pension Alliance TELA's administration, labour market organisations and the Ministry of Justice working group considering the matter. In November, Keval took part in discussion on the matter in the earnings-related pension day.
<b>Working of the Social Security Committee</b>	Preparations on the simplification of social security are underway and will last more than one government term		Keval has studied the work of the Social Security Committee, in particular the development of rehabilitation, informal and family care and has commented in particular on documents relating to the combination of rehabilitation benefits and unemployment security.
<b>Reform of the personal identity code and development of digital ID</b>	Regulatory reform seeks to enable a change of personal identity code more broadly than now in situations where personal identity codes have fallen into the hands of third parties.		Keval has studied the implications of the reform for its own operations and has discussed the matter with representatives of advocacy groups in the pensions sector about the needs to develop the Act. Keval has provided statements on both matters. The matter is under consideration in Parliament.
<b>TE Services 2024, transfer of central government employment services to the municipalities</b>	The plan is to transfer responsibility for arranging employment services from central government to the municipalities in 2024.		Keval has followed preparation of the matter and participated in events organised by ministries for municipalities. Keval has provided statements on the matter. The matter is under consideration in Parliament.

Matters	Background	Keval's opinion	What has been done about the matter?
<b>Workplace wellbeing and retirement of public sector employees and securing labour needs</b>	Keval has actively raised social themes affecting the funding of pension provision and the associated studies, reports and Keval's statistics.		Keval has prepared and published a public sector retirement forecast, a labour needs study, work disability figures rehabilitation studies and established the understanding of municipal decision-makers of local labour shortages. Keval has been twice heard in Parliament about the shortage of experts and is involved in a project to study the recruitment of international experts. A new needs study has been ordered and a survey will be carried out for municipal decision-makers.
<b>Amendment to the act concerning the state pension fund</b>	The regulations concerning the state pension fund will be amended and the fund's income through the Budget will be changed.	Keval has supported reform and hopes that clarification will still be forthcoming for the pension liability concepts and calculation criteria in the Act.	In its statement, Keval has drawn attention among other things to the legislative definition of the concept of pension liability in the bill and the calculation criteria. Has provided a written statement and has been heard in Parliament. The Act has been passed in Parliament.
<b>Amending the Health Insurance Act and the Act on Rehabilitation Benefits</b>	Amendments will be made to the Health Insurance Act, including to improve the practices of earnings-related pension rehabilitation.	Keval has supported the proposals and proposed that the employee should have, under earnings-related pension laws, paid earnings based on the employment or public service employment relationship during the 36 calendar months immediately preceding the month in which the rehabilitation application becomes pending.	Keval has provided a statement on the matter.  The matter is under consideration in Parliament

Matters	Background	Keva's opinion	What has been done about the matter?
<b>Transparency register</b>	A proposal has been made in Finland to create a transparency register to improve the transparency of lobbying.	Keva has considered increased openness to be a good thing and has followed preparation of the matter.	
<b>Sustainability Due Diligence Act and the EU's Corporate Sustainability Due Diligence Directive</b>	The European Commission's Corporate Sustainability Due Diligence Directive including the sustainability of supply chains has been enacted. In addition, Finland has drawn up a memorandum on the enactment of a national act.	Keva has closely followed the change and established its application to Keva's operations.	Preparation of the matter has been followed and the available legal documents and the material for public discussion on the matter have been studied. The matter has been discussed with public officials.
<b>Proposal by the European Commission on changes to the VAT treatment of insurance and financial services</b>	The Commission intends to simplify VAT rules in the finance and insurance sector. This work includes the risk of the pension sector, too, ending up being subject to the rules.	Keva does not consider it sensible for VAT rules to be extended to pension insurance.	Keva has studied the matter and the matter, which has been discussed in Finnish Pension Alliance TELA circles. EAPSI has commented on the matter to the Commission. Progress of the matter in the EU is being followed.

Matters	Background	Keva's opinion	What has been done about the matter?
<b>EU's ESG, CSRD and Taxonomy Regulation as well as the so-called Disclosure Regulation</b>	The EU is preparing ESG and taxonomy regulations relating to companies' sustainability reporting. The first provisions have already been brought into use in Finland through the Disclosure Regulation.	Keva has followed preparation of the rules. So far the rules have not been extended to apply to earnings-related pension companies or Keva. However, Keva has followed and estimated how the rules would affect its operations.	Preparation of the matter has been followed and public officials have been contacted to ascertain the scope of the regulation. There will also be an information briefing about the upcoming regulation and current situation by the public official responsible at the Ministry of Economic Affairs and Employment.
<b>The EU's Artificial Intelligence Regulation</b>	The EU is in the process of enacting an Artificial Intelligence Regulation. An interesting aspect from the viewpoint of the insurance sector includes analytics capabilities based on machine learning of various material masses.	Keva has followed the matter and assessed the implications of the EU's regulations for provisions on automatic decision-making. As far as is known, automatic decision-making regulation does not at this stage depend on the EU Artificial Intelligence Regulation.	Preparation of the matter has been followed and the available legal documents and the material for public discussion on the matter have been studied.
<b>Pension insurance of employees of the European Public Prosecutor's Office</b>	Under a bill, the fees of EPPA prosecutors will be included in scope of the Public Sector Pensions Act (State pension provision).	Keva has supported the changes which currently apply to two persons.	Keva has provided a statement on the draft proposal to the ministry.  Parliament has passed the act.

Matters	Background	Keva's opinion	What has been done about the matter?
<b>Implementation of the Directive on transparent and predictable working conditions</b>	One purpose of implementing the Working Conditions Directive is to amend the regulations applying to the employer's obligation to inform employees of the pension insurance provider.	Keva has supported the changes which currently apply to two persons.	In its statement, Keva has drawn attention among other things to the legislative definition of the concept of pension liability and the calculation criteria. Parliament has passed the act.
<b>Proposal for a Council directive on ensuring a global minimum level of taxation for multinational groups in the Union</b>	The EU plans increased regulation for the taxation of multinational groups to ensure minimum regulation.	Keva considers it good that pension funds have been excluded from the regulation.	A statement on the proposal has been submitted to the ministry.
<b>Amending the act on the incomes information system</b>	The bill proposes amending the regulations on trusting the information in the incomes register to prevent the grey economy. The regulations also apply to pension insurance data.	Keva has seconded the proposed reforms.	Keva has commented on the proposals.

Matters	Background	Keva's opinion	What has been done about the matter?
<b>Government resolution to principle to implement a national programme on ageing</b>	The government has drawn up a resolution to principle to implement the national programme on ageing. The ageing programme contains several actions aimed among other things at affecting the fitness for work of ageing employees.	Keva has supported the actions in the decision in principle and has proposed that it could contribute to implementing the programme through its own statutory work.	Keva has provided a statement on the matter to the ministry and the Ministry of Social Affairs and Health contacted Keva because of the statement. Keva was added to the final version of the programme in the implementation of the programme.
<b>National work and functionality data roadmap 2023-2027</b>	Keva has been asked for its views on the work and functionality data roadmap. The roadmap determines how citizens' awareness of their own work ability could be promoted.	Keva has hoped for a strengthening of the working life connection and a reduction in authority-centricity. The roadmap timeline is very tight and the view of work ability management is completely missing from the map.	The Finnish Centre for Pensions has been requested for views on the matter and Keva has provided a reasoned consideration to the Centre.
<b>Member of Parliament motion on supplementary pension for firefighters</b>	Exceptionally high inflation had a major affect on pensions at the end of 2022. There will not be the same affect for pensions in 2023.	Keva has stated how the pension provision of firefighters is determined in current legislation.	Keva has commented on the matter to the Ministry of Social Affairs and Health and has written a brief letter to letters to the editor in Helsingin Sanomat.

Matters	Background	Keva's opinion	What has been done about the matter?
<b>Amendment of the Church Act</b>	The proposal on the codification or compilation of legislation applying to the church. Among other things, the proposal makes provisions regarding the costs of the church pension fund and the church's pension provision implemented by Keva.	Keva supports the amendment.	Keva was requested (and provided on 24 January 2023) a statement to the Parliamentary Administration Committee. Parliament is still considering the matter.
<b>Act on leaving disability pensions dormant and the development of monitoring earnings</b>	Parliament extends the temporary act on leaving disability pensions dormant if working alongside retirement exceeds a certain level of earnings.	Keva has supported the change and in addition to the temporary act has considered several proposals for improvement alongside the act that could improve the implementation of the act, speed up the process and make it better for the customer.	The temporary act was passed by Parliament in December 2022. Keva's proposals have been discussed among earnings-related pension actors.

Matters	Background	Keva's opinion	What has been done about the matter?
<b>The Budget</b>	The municipalities and health sub-committee of the Finance Committee has requested that Keva be consulted in a matter relating to the labour shortage in the health and social services sector.	Keva has proposed six different measures to be implemented at the same time to ease the shortage of labour immediately and in the long term.	Keva has provided a statement on the matter to the Committee.
<b>Reform of the Administration Act</b>	The government has proposed that the Administration Act be repealed and that the Act on the Openness of Government Activities be amended by including the provision on the publicity of wages as well as other related acts to it.	Keva considers it important that a sufficiently long retention period should be defined for the information needs of pension processes. With regard to the State's employment records.	Keva has provided a statement on the draft act to the ministry. Preparation of the matter has been moved to the following election term.

## GRI CONTENT

GRI index	Indicator	Location in the report	More information
<b>102 GENERAL DISCLOSURES</b>			
2-1	Organisational details	Our responsible mission p. 6–10	Keva operates at Unioninkatu 43, Helsinki, postal address Keva, 00087 Keva
2-2	Entities included in the organisation's sustainable reporting	Our responsible mission p. 6–10 Annual report 2022 Financial statements 2022	All Keva's entities are included in the annual report, financial statements and responsibility KPIs
2-3	Reporting period, frequency and contact point		The reporting period is from 1 Jan–31 Dec 2022, Keva publishes the annual report and responsibility KPIs once a year, the website address is www.keva.fi and the telephone number is +358 20 61421
2-4	Restatements of information		The report has been prepared referencing GRI standards from 2021. Earlier reports were prepared referencing GRI standards from 2016.
2-5	External assurance		No assurance has been obtained for the responsibility report
2-6	Activities, value chain and other business relationships	Our responsible mission p. 6–10 Annual Report 2022	
2-7	Personnel	Responsibility for the personnel p. 46–48	

GRI index	Indicator	Location in the report	More information
2-8	Workers who are not employees		January-February 2022, one agency worker in tasks in the housing business
2-9	Governance structure and composition	Annual Report 2022	
2-10	Nomination and selection of the highest governance body	Annual Report 2022, p. 26–28	
2-11	Chair of the highest governance body	Annual Report 2022, p. 26–28	
2-12	Role of the highest governance body in overseeing the management of impacts	Annual Report 2022, p. 26–28	Board of Directors' Risk Management Committee
2-16	Communication of critical concerns	Annual Report 2022, p. 26–28 and 32–34	Board of Directors' Risk Management Committee
2-19	Remuneration policy	Responsibility for the personnel p. 46–48	All Keva's employees are included in the performance bonus scheme
2-22	Statement on sustainable development strategy	CEO's review p. 3–5	
2-23	Policy commitments	Commitments of Keva's investment operations p. 45 Engagement in the sector and memberships p. 42–45 Green Office targets for 2022 agreed with WWF and results p. 53–54	
2-25	Process to remediate negative impacts	Risk management and contingency planning p. 50–52 Stakeholder dialogue strengthens confidence p. 54–64	



GRI index	Indicator	Location in the report	More information
2-26	Mechanisms for seeking advice and raising concerns	Our way of working p. 49–66	Ethics whistleblowing channel p. 52
2-28	Membership associations	Keva's memberships in 2022 p. 64	
2-29	Approach to stakeholder engagement	Stakeholder dialogue strengthens confidence p. 54–64	
2-30	Collective bargaining agreement		Keva's personnel are covered by Keva's collective agreement and the Municipal Collective Agreement (KVTES)
3-2	List of material topics	Keva's Responsibility Programme indicators p. 10	
3-3	Management of material topics	CEO's reviews p. 3–5 Our responsible mission p. 6–10	
201-1	Direct economic value generated and distributed	Our responsible mission p. 6–10 Annual Report 2022 Financial Statements 2022	
203-2	Significant indirect economic impacts and their scope	Influencing retirement due to incapacity for work p. 12–15	
207-1	Approach to tax	Tax footprint p. 65–66	
302-1-c-e	Energy consumption within the organisation	Environmental impacts of the Keva building p. 53–54	
302-4	Reduction of energy consumption	Real estate and infrastructure investments p. 35–41 Environmental impacts of the Keva building p. 53–54	

GRI index	Indicator	Location in the report	More information
303-5	Water consumption	Environmental impacts of the Keva building p. 53–54	
401-1	New employee hires and employee turnover	Responsibility for the personnel p. 46–48	
403-3	Occupational health and safety management system	Responsibility for the personnel p. 46–48	
403-9	Work-related injuries	Responsibility for the personnel p. 46–48	
404-1	Average hours of training per year per employee	Responsibility for the personnel p. 46–48	
404-3	Percentage of employees receiving regular performance and career development reviews	Responsibility for the personnel p. 46–48	All Keva employees receive regular performance and career development reviews
405-2	Ratio of basic salary and remuneration of women to men	Responsibility for the personnel p. 46–48	
415-1	Political contributions	Anti-corruption and anti-bribery measures p. 49	Keva made no political contributions in 2022
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Continuous development of data protection and data-security p. 52–53	

KEVA'S OWN INDICATORS			
	Total processing time of applications	Annual Report 2022 p. 36	
	Percentage of disability pension applications rejected in the public and private sector	Annual Report 2022 p. 36	

GRI index	Indicator	Location in the report	More information
	Keva's service level	Service level 2020–2022 p. 11	
	Complaints concerning Keva's decisions	Annual Report 2022 p. 36	
	Effectiveness of rehabilitation	Vocational reghbilitation supports coping at work p. 12–13	
	Supporting work ability management	Development of services and cooperation with employer customers p. 14–15	
	Digitalisation of services	Responsibility for customers p. 11–16	

GRI index	Indicator	Location in the report	More information
	Customer satisfaction and readiness to recommend Keva	Customer experience of employee and employer customers and readiness to recommend p. 16	
	Keva's return on investments	Annual Report 2022 p. 20–23 Financial Statements 2022	
	Focus and process of responsible investing	Responsibility for investments p. 17–45	
	Cost efficiency	We aim for cost efficiency p. 49–50	
	Keva's tax footprint	Tax footprint p. 65–66	



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