

Corporate Responsibility in Mandatum Life

Mandatum Life's impacts on society are significant: improving financial security and ensuring successful business operations contribute to a sustainable society. During 2014, Mandatum Life initiated strategic corporate responsibility work with the goal of assessing and measuring the company's societal

impacts from a financial and social aspect. Corporate responsibility work supports Mandatum Life's business strategy, according to which Mandatum Life creates financial security for its customers through an innovative combination of wealth management and insurance.

Financial Responsibility Forms Foundation of Mandatum Life's Business

Financial responsibility at Mandatum Life means ensuring the continuity, profitability, earnings power and solvency of operations in all market situations. At the heart of financial responsibility lies the sustainable and responsible management of customers' insurance-related liabilities and customer investments. A further key component of financial responsibility is careful risk management.

Mandatum Life's solvency is at a good level and nearly seven times the minimum required solvency margin. Good solvency and profitability mean that Mandatum Life takes care of its customers' pensions and compensation, whatever the situation or economic environment.

In 2014, Mandatum Life paid out a total of EUR 320 million in pensions to 61,000 pensioners, as well as, other indemnities in case of death, accidents, serious illness and disability, totaling some EUR 90 million. Responsibility towards shareholders can be observed in the aim to provide steady payment of dividends.

As a financial service provider Mandatum Life is a key societal contributor and employer. In 2013, Mandatum Life was the 12th largest corporate tax payer in Finland, paying more than EUR 53.5 million in taxes. Mandatum Life contributes directly to the well-being of Finnish society through the taxes paid on its business profits. The company employs more than 500 people in Finland and the Baltics.

Responsible Investing

The wealth management provided by Mandatum Life is based on taking into account the individual needs and risk tolerance of customers, careful selection of investments and versatile diversification. Mandatum Life's Wealth Management signed the UN's Principles for Responsible Investment (UN PRI) in 2011 and investment operations linked to the management of customers' wealth are implemented according to these principles. Committing to the principles means incorporating issues concerning the environment, society and good corporate governance in the investment process and their promotion and inclusion in the reporting of investment operations. The company sees that, in the long run, successful companies are the ones that operate responsibly.

Mandatum Life's Social Responsibility is Founded on Its Service Offering

At the core of Mandatum Life's services is ensuring individuals' and companies' financial security: voluntary preparation through risk insurance, increasing wealth through investments, providing security for entrepreneurship, supplementing pension cover, ensuring the competitiveness of Finnish companies and improving the quality of working life.

Social responsibility naturally also entails taking care of employees. Responsibility for our personnel is based on the core of Mandatum Life's business: improving the financial security of personnel and preparing for health and financial risks – both at the workplace and outside it.

A Growing Number of People Wish to Supplement Their Statutory Social Security

An insurance survey conducted by the Federation of Finnish Financial Services in 2014 revealed that a growing number of Finns consider voluntary insurance necessary for supplementing social security. Although the support network provided by Finnish society is good, a serious illness, disability or death can present a major risk to individual's finances or those of his or her family. Mandatum Life's risk insurance increases the customer's financial security in case of serious illness, disability or death. Voluntary insurance is important as social security is not sufficient to cover a loss in income resulting from an illness, for example.

Supplementing pension cover is also a key part of improving financial well-being and preparing for the future. In the end of 2013, the portion of pensioners of the over 16-year-old population was already 25 per cent. The proportion of working-aged people will decrease over the following decades and the number of pensioners will increase. The change in the population structure is also forcing Finland's pension system to reform. The objective of the 2017 pension reforms will be, among other things, the lengthening of careers, as a result of which the retirement age will be raised. Voluntary preparation for retirement will become even more important in future. Mandatum Life wishes to offer Finns a possibility to impact the sufficiency of their income during retirement by

offering them sensible and cost-effective ways to save and invest for the future. By saving for one's retirement, a person can elevate their standard of living or, if they wish, retire before the statutory pension age. For companies, Mandatum Life offers group pension insurance.

Providing Security to Entrepreneurs Fosters Entrepreneurship

Mandatum Life's services for entrepreneurs secure the continuity of their businesses and supplement the statutory cover of the entrepreneurs and their families. When faced with a serious illness or short period of disability, the entrepreneur can focus on rehabilitation, while in cases of death or permanent disability, the entrepreneur, his or her family, or possible other owner will receive financial assistance during a difficult time.

In order to determine an entrepreneur's financial risks, a plan is required that takes into account his or her entire life situation and bears in mind any business-related risks and the financial security of the entrepreneur and his or her loved ones in preparation for sudden events and retirement.

A key aspect of securing an entrepreneur's future is taking care of his or her pension security. According to Statistics Finland, around one third of all entrepreneurs are currently over 55 years of age. This means that more than 100,000 entrepreneurs will be retiring within a decade. As the entrepreneur is responsible for his or her personal income during retirement, the amount of YEL earned income based on the Self-Employed Persons Pensions Act has a significant impact on the entrepreneur's income during retirement. Many entrepreneurs set their YEL earned income at a level that is too low, which can mean an insufficient pension and a significant risk to society.

Improving the Competitiveness of Companies through Effective Reward Solutions

Companies can affect their competitiveness by investing in their personnel. Personnel are seen still as the largest cost item even though they often have a key impact on the productivity and success of a company. When employees are aware of their own goals and are rewarded for achieving them in a way that is motivating and fair, both the company and personnel flourish.

For good employers, supplementary pensions are not just an additional cost item, but also a way to ensure the well-being of their employees also after their careers have ended. Group pension insurance is the best way to supplement personnel's pension security. Supplementary pensions are also an effective and motivating part of the employee's total compensation.

Following changes to the earnings-related pension acts, many companies have wished to extend their pension insurance also to the key personnel, experts and entire staff. This is a way to significantly improve the pension security of Finnish employees.

Mandatum Life also offers companies tools for managing personnel risks. Personnel-related risks can occur throughout the lifecycle of an employment relationship from recruitment to retirement. By preparing for personnel risks, companies can achieve clear cost savings, as it eliminates costs arising from, for example, sick leave, disability pensions or recruiting new employees.

Securing personnel risks can mean, for example, offering employees personal risk insurance, through which the employer can provide a considerable improvement to the employee's financial security in case of illness, disability or death, for example. The insurance thus also secures the livelihood of the employee's family if worst comes to worst.

Mandatum Life's Responsibility for Its Personnel Ensures Successful Business

The well-being of its personnel is one of Mandatum Life's strategic targets that are being monitored. The company has been selected as one of the best workplaces in Finland for four consecutive years. Taking care of personnel ensures customer satisfaction and provides the company with even better capabilities to operate in the future. Mandatum Life's responsibility for its personnel also means providing security for employees and their families in case of financial risks. The company also wishes to offer its employees a motivating work environment.

Mandatum Life impacts the financial well-being of its employees by supplementing their pension cover and offering them smart ways to save and increase their wealth.

- The benefits of group pension insurance for employees are concrete: supplementing pension insurance guarantees a better income level during retirement.
- The entire personnel are insured in case of accidents, disability or death.
- The personnel fund offers employees the opportunity to increase their capital through professional investment activities. The personnel

fund is an open, transparent and fair solution that aims at long-term benefits. Up to 87 per cent of personnel decided to fund their bonuses in 2014.

Successful Corporate Culture Based on Openness, Supervisory Work and Diverse Communication

At Mandatum Life focusing on the corporate culture is a strategic decision and an investment. The systematic management of well-being at work rests on personnel benefits, efficient internal communication and a committed management. Mandatum Life's employees take an active role in developing their work environment and common working methods, and improving operating models. This results in new innovations and the construction of a pleasant and low-hierarchy workplace that values its employees. The low hierarchy in the organization is also obvious from the results of the Great Place to Work survey: up to 85 per cent of Mandatum Life employees feel that the management is easy to approach.

Diverse Investments in the Well-being of Personnel

In recent years, Mandatum Life has made significant investments in benefits linked to occupational well-being and the well-being of its personnel. These efforts have produced results: the absence percentage is low at 2.7 per cent in 2014.

The company offers comprehensive occupational health care services that include, among other things, consultations with a work psychologist, regular ergonomic visits to the workplace, specialist services, examinations related to women's/men's illnesses and support for returning to work following a long illness. Co-operation with the occupational health care services provider is close and an integral part of employees' daily lives.

Additionally, Mandatum Life supports different forms of working and practices that facilitate daily work by offering, for example, possibilities for telecommuting and assistance in caring for a sick child.

Diverse Personnel is an Asset

For Mandatum Life, the diversity of personnel is a fundamental pillar that needs to be invested in. The company monitors the results of the Great Place to Work survey, according to which 87 per cent of respondents feel that people are treated equally at Mandatum Life, regardless of gender. The personnel structure of Mandatum Life has, in recent years, consisted equally of men and women. In 2014, the company took part in social media in the international UN Women's HeForShe campaign, the goal of which is to increase equality between the genders.