

PUBLIC SECTOR pensions



ANNUAL REPORT
2021

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

CEO'S REVIEW: YEAR OF EXCEPTIONALLY GOOD PERFORMANCE

The year 2021 was already the second year of coronavirus and most of it was marked by various restrictions and remote working. However, lessons had been learnt from the previous year and people adapted to the continued pandemic. Corona restrictions remained in place for most of the year but despite these, society functioned and the economy showed favourable development. Similarly, also Keva's customer service and other operations worked well despite remote working. This was reflected in the high scores for both employee and employer customer satisfaction.

Fewer employees insured by Keva took retirement than forecast during the year under review. Persons insured by Keva retired on old-age pension slightly later than earlier and there was a clear contraction in numbers of persons retiring on full disability pension. This same trend was also seen in Finnish Centre for Pensions statistics, which reveal that the retirement age has risen by almost six months.

Lower retirement meant that Keva's pension expenditure grew more slowly than forecast. At the same time, the sum of wages and salaries and pension expenditure in the local government sector grew much faster than a year earlier. Consequently, Keva's net income from operations improved by almost EUR 200 million compared to 2020, but nevertheless remained negative because pension expenditure was higher than contribution income.

Returns on investments were exceptionally good in 2021. Keva's total return rate on investments was an



Jaakko Kiander and Timo Kietäväinen.

exceptional 15.8%, generating a record return of more than EUR 9 billion. Good investment performance was driven by global development, where ample monetary policy was supportive of the sharp rise of stock markets. In the light of performance, Keva's investment strategy and allocation choices can be considered to have been rather successful. However, more important than performance for any individual year is Keva's average 10-year real return on investments, which is a very healthy 6.6%.

Good returns on investment over a number of years have boosted Keva's pension funds, which at year-end 2021 had risen to almost EUR 67 billion. Thanks to a strong funding base, some of the returns on investment can be sustainably used to fund pensions. On top of this, since 2015 Keva has been able to also reduce pension contributions collected from municipalities. This trend continued when Keva's Councillors decided, at the proposal of the Board of Directors in autumn 2021 to reduce by 0.4 bp the pension contributions collected from municipalities in 2022. This reduction is targeted in full to the pension expenditure-based contribution collected from municipalities.

The long pending project to combine the public and

Total return on Keva's
investments in 2021 was

15,8%

private sector pension systems foundered in September 2021. The working group set up by the Ministry of Social Affairs and Health failed to reach consensus on the compensation payable to private sector earnings-related pension actors. Now that the merger project has foundered, Keva will continue operating as a public sector pensions provider. Keva will no longer make preparations for the merging of the systems but review its strategy based on the existing regulatory landscape.

Following the municipal elections held in June 2021, Keva saw the election of new Councillors and a new Board of Directors. Mr Petteri Orpo, a member of the Finnish Parliament, was elected to chair the Board of Directors. Last autumn also saw Keva gain a new CEO following the retirement of Mr Timo Kietäväinen. Timo's significant contribution in taking Keva forward during his term as CEO has been reflected in many ways in improved key indicators. This is a sound legacy on which to take Keva forward. Thank you, Timo!

Jaakko Kiander
CEO



CEO Jaakko Kiander

Report of the Board of Directors 2021



OPERATING ENVIRONMENT

The year 2021 was a year of glimpses of light.

Already after restrictions earlier in the year, the coronavirus pandemic eased a little. The economy recovered and stock markets rose, whereas the omicron variant of corona once again shut the world down.

Keva's operations continued without interruption despite corona. Keva closely monitored and complied with national pandemic regulations and serious widespread exposures or absences of key personnel and employees affecting operational continuity were avoided.

Due to corona, the municipal elections schedule was pushed back and the elections were held in June instead of April. Following the elections, Keva's administration was updated and new members started working in the autumn.

For Keva member organisations, the most important change in the operating environment was the Government's proposal for health and social services reform which Parliament adopted in the summer. Under the reform, responsibility for the organisation of healthcare, social welfare and rescue services will be transferred from the municipalities to new wellbeing services counties to be established. This reform will significantly affect the funding of municipalities since under the reform a large share of municipality funding will be transferred from the municipalities to wellbeing services counties and going forward the costs will mainly be met by central government.

In conjunction with the reform, it was also decided that from the beginning of 2023, Keva's earnings-related pension contribution and disability pension contribution will be linked to the average TyEL contribution level and the more expensive pension benefits – such as the lower occupational-specific retirement ages and higher pension accrual rates earlier in force – in the local government sector will in future be funded by a balancing contribution that will only be paid by municipalities and the new wellbeing services counties to be established.

The project to merge the local government and

private sector pension systems foundered due to lack of consensus on how to merge the systems. Keva was actively involved in preparations for the merger as an expert in working groups set up by the Ministry of Social Affairs and Health.

Stock markets at record levels and inflation returned to the markets

In 2021, stock markets reached record highs and the global economy is thought to have grown by 6%. However, this development was beset by a global shortage of components, supply chain uncertainty and the corona omicron variant problems.

The United States has had an unprecedented large fiscal and monetary stimulus in response to the pandemic. Partly in consequence of this, inflation had reached 7% by December.

In the eurozone, GDP is projected to have grown by 5.1% in 2021. Continued economic recovery is being driven by strong domestic demand. Export demand is projected to have grown by 8.9% in the eurozone in 2021, albeit continued supply disruptions will hit performance.

Finland's GDP is projected to have grown by 3.4% in 2021. Global economic growth and sizeable stimulation measures including in the United States have lifted both exports and imports. The growth in Finland's export products in major trading sectors and the rise in private Finnish investments and the trend in housing construction were the growth drivers.

Inflation in Finland in 2021 averaged 2.2%, compared to 0.3% in 2020. Inflation in the eurozone was faster and had reached around 5% in December 2021.

The imbalance between general government revenue and expenditure contracted sharply during 2021 as a result of the previous year's huge deficit because of the pandemic. General government finances have strengthened driven in particular by the brisk growth in tax revenue generated by improved economic growth and employment. Government debt in relation to GDP was estimated to be around 68% at the end

of 2021. Brisk growth in GDP and a smaller deficit compared to a year earlier reduced the debt ratio compared to 2020. At year-end 2021, government debt was EUR 128.7 billion.

Employment and birth rates improved year on year

In December 2021, there were a total of 2,950,000 employed, or 128,000 more than a year earlier. The employment rate in December was 73.3% compared to 70.0% a year earlier.

A labour force survey by Statistics Finland shows there were 187,000 unemployed, 16,000 fewer than a year earlier.

According to the population projection by Statistics Finland, the population grew and the birth rate was higher than a year earlier. Statistics Finland showed that the population of Finland totalled 5,549,599 in December 2021, an increase of 15,806 during the year. Population growth was buoyed by migration gain from abroad, with 22,305 more immigrants than emigrants. A total of 49,852 babies were born during the year, which was 3,120 more than in 2020. All the same, there were 305,030 moves between municipalities in between January and November.

Earnings-related pension system investments grew at record rates on the back of the sharp rise in equity prices. Earnings-related pension funds totalled EUR 245 billion at the end of September, up EUR 35 billion compared to the same period a year earlier. Private sector investment assets were EUR 153 billion and public sector investment assets EUR 92 billion. According to the calculation published by Statistics Finland in April 2021, pension liabilities in Finland were around EUR 801 billion.

Local government finances remained healthy

The past year was a good one in the finances of municipalities and joint municipality authorities. Municipalities received financial support totalling around EUR 2.4 billion from central government for expenditure incurred by the corona pandemic. Economic recovery

and a temporary increase in corporation tax levied by municipalities increased the corporation tax revenue of the municipalities by almost 45% and municipal tax revenues ultimately increased by up to 7%.

Municipal and joint municipal authority spending also grew in 2021 by around 8% because of corona. The sum of wages and salaries paid by municipalities rose by 5.5% and that of municipal authorities by 4.6% during the year under review. Despite this, local government finances showed a surplus in 2021 and the projected total municipal balance sheet total was EUR 1.5 billion in the black.

Regulation amendments

The Act on Keva was amended in the summer of 2021 in conjunction with the health and social services reform so that based on the Act, the wellbeing services counties, joint authorities for health and wellbeing as well as Local Government and County Employers KT became Keva member organisations. In the same context, limited liability companies owned by wellbeing services counties and the associations or cooperatives formed by them were provided with the possibility, subject to certain conditions, to become Keva member organisations.

Changes in the pension contributions of Keva member organisations were also laid down in conjunction with health and social services reform. The changes will enter into force at the beginning of 2023. Going forward, member organisation contributions will comprise a pension contribution based on earnings, a disability pension contribution and a new balancing contribution, which municipalities and wellbeing services counties will pay. The Act lays down that the pension contribution based on earnings and the disability pension contribution must, when combined, average the amount of the earnings related pension contribution under the Employees Pensions Act.

Going forward, the balancing contribution will replace the pension expenditure-based contribution. The balancing contribution will be paid by municipalities and wellbeing services counties and its allocation is laid down in law.

There were amendments to the Public Sector Pensions Act with the survivors' pension reform. The reform entered into force at the beginning of 2022. Under the survivors' pension reform, the surviving spouse's pension became payable for a fixed term for those born in or later than 1975. In addition, subject

to certain conditions, co-habiting spouses received the right to a survivors' pension. The age of receipt of the orphan's pension was increased to 20 years and the level of the orphan's pension was raised in those cases where there were no surviving spouses at all as recipients of the survivors' pension.



CUSTOMER RELATIONSHIPS

At year-end 2021, Keva had a total of 1,968 employer customers of which 1,110 were local government organisations, 21 wellbeing services counties under construction, 584 State employers and 271 parishes or parish unions. In addition, Social Insurance Institution of Finland Kela and the Bank of Finland are employer customers.

Employer customers at 31 Dec 2021	Number
Local government employer customers	1 109
Municipalities and cities	309
Joint municipal authorities	133
Wellbeing services counties	21
Limited liability companies	621
Associations and foundations	20
Other local government organisations	5
State employer customers *	584
Church organisations	271
Kela employer customers	1
Bank of Finland organisations	2
Total	1 967

* Employers who are also in other earnings-related pension systems (mostly in the local government sector) have been subtracted for the number of State organisations. This means that the same employer customer appears only once in the total number of employer customers.

Customer relationships at Keva are the responsibility of employer service multivocational teams, whose activities became established and enhanced in 2021 based on customer needs. Each employer customer has a designated multivocational team which is responsible for customer contact and the provision of services. In the same context, services development practices have become established and more efficient. The key duty of multivocational teams is to support Keva's employer customers in work ability management and in managing the disability risk, which is one of Keva's statutory duties.

The year also saw a focus on strengthening the employee experience. By developing self-determination in various configurations and ways of continuous learning and competence sharing, Keva has built the requirements for teamwork and the development

of services based on even deeper customer understanding. In addition, measuring and monitoring the employee experience has been strengthened.

The year under review saw the completion and adoption by Keva's Board of Directors of the principles for Keva's service provision to reduce work ability risks. The service provision is reported annually to Keva's Board of Directors and the Ministry of Finance.

Preparatory work aimed at the launch of the wellbeing services counties focused on the operating environment of customers during the year under review. Keva is closely supporting the wellbeing services counties under construction in earnings-related pension cover and in the strategic management of the work ability risk in the challenging change process. The success of the change has been influenced in meetings with the change management of wellbeing services counties and with diverse services such as structural change support relating to earnings-related pension provision, a statistical review of the staff of the upcoming wellbeing services counties and a development network intended for HR preparers. Additionally, Keva's experts participated in national preparations and there has also been good cooperation between local government partners.

Keva compiled information in a dynamic online report about employees transferring from municipalities to wellbeing services counties and those remaining in the municipalities for the use of local government actors and organisations preparing for the start-up of wellbeing services counties. The report compiled key information from Keva's registers of relevance to human resources, financial planning and work ability management, and this provides a view of the current status and future of the counties.

During the year, work continued on preparation of the Work ability project. The aim of the project proposal submitted to the Ministry of Finance is to enable public sector employers to cope with the growth in work ability risks exacerbated by the pandemic, to benefit from the learnings during the pandemic in proactively strengthening work ability and to strengthen public sector employers' agile ability to change. The project

will develop new services, business models, forms of cooperation and networks to strengthen the ability for effective work ability management. In conjunction with the 2022 budget, in December Parliament decided to include an allocation in the budget for the project.

The employer customer survey carried out in autumn 2021 showed that increasingly more customers considered Keva to have been successful in its operations. Of those responding, 80% gave Keva an overall score of good or excellent. The Net Promoter Score (NPS) measuring likelihood of recommending rose 8 bp compared to the previous year. The trend has moved in a positive direction over the past few years. The survey shows that customers consider Keva's services to be useful, communication easy and pension insurance straightforward. Satisfaction with communication and contact has strengthened significantly and dialogue is requested also going forward. The feedback collected in conjunction with various communication situations was also excellent, with an average of 89% of customers stating that they were satisfied with the service they had received and the total NPS score in various communication situations showed a clear rise (+8) compared to a year earlier.

Online customer cooperation has become established

Because of the prevailing corona situation, more than 80% of customer cooperation continued to be dealt with online. Customer work during the past year focused on major challenges in customers' operating environments such as preparation work for the wellbeing services counties, workforce retention and availability issues, the form of new everyday hybrid working and the associated work ability risk and pension insurance perspectives in challenging situations of change. Cooperation based on customer needs took place through active multichannel contact, communication, services to support lower work ability risk as well as advice and guidance related to pension insurance.

The customer relationship management system saw further development, customer cooperation processes were overhauled and personnel coaching was initiated in

relation to reform of the customer cooperation process. Online customer meetings allowed a further increase in the number of meetings and there were 14% more than in 2020.

Further expansion of digital services

The Employer online service allows customers to deal with pension insurance matters, obtain statistical data and to deploy tools for, among other things, managing the work ability risk. The online service as a communications channel is growing in importance and most employers already use it. The development of online communication is one of our focus areas.

Significant improvements were made during the year to make customer communication easier (maintenance of contact information and use of the communications section) and customers will benefit from these from 2022 onwards.

The Key Data online service, which compiles disability costs, was made available to all public sector employers. At the end of the year, almost 40% of Keva's customers used the service, 24% more than in 2020.

In addition to the personnel wellbeing survey and active support survey earlier in the Survey service that is part of the Key Data service, a number of new survey types were published for customers to draw on in HR management, including better management of work ability risks: a survey mapping the wellbeing of supervisors, a workplace wellbeing management survey intended for shop stewards and the Wellbeing management study, which maps the views of different groups within the organisation. A survey prepared for publication in 2022 maps the support required by employees in the health and social services reform. An increasing number of employers benefited from the Survey service during the year.

The digital learning environment for work ability management continued to expand in 2021. The service enables competence development irrespective of time and place and supports the use of other digital working life services. During 2021, six new learning modules were published and six earlier modules were updated with new content. The service has been very positively

received by customers. The number of orders received for the service in 2021 was more than double the target set.

Keva's digital learning services were reorganised in a bid to strengthen the proactive work ability management service digitally also for employee customers.

Use of the work ability paths game increased. The digital learning game makes visible the work ability support processes and actors' cooperation. In addition, the game illustrates the opportunities that exist to impact the costs of disability.

Customer needs driving service provision

Increasing and developing online services continued in line with the strategy. Customers carried out joint development and peer learning of activities enhancing work ability together with Keva's experts in the national, regional and new network of HR preparers supporting the preparation of the wellbeing services counties headed by Keva. The number of customer organisations participating in the networks was up 77% in 2021 and the customer experience associated with the service strengthened compared to last year. Also customer organisations that had received workplace wellbeing promotion grants networked actively under Keva's leadership.

The process reform of the 360-degree analyses was completed in 2021 and its roll-out in accordance with the new concept launched in the early autumn.

More organisation-specific consultation on work ability management was carried out starting with customer situations and needs at different depth levels as part of organisation-specific customer plans. A consultative approach to service and the job descriptions of experts were developed during the year in the direction of hybrid work images linking customer relationship management and work ability management service provision.

Keva's extensive event offering for employer customers and stakeholders took place mostly through webinars to promote the work ability risk, straightforward earnings-related pension insurance and Keva partnership. Webinars were aimed among other things at HR

and finance management, supervisors and HR actors, pension liaison employees, occupational healthcare and trade union actors. There was a reduction in the number of event offerings aimed at employer customers, the number of organisational participants rose by 20% and individual participants by 7%. Customer experience of webinars strengthened compared to last year.

The theme of the Keva day was "Work as a builder of wellbeing". A total of 1,010 persons, more than 30% than a year earlier, took part in the event online.

Regarding partnership cooperation, Keva continued the EKJ coaching programme for local government sector supervisors and middle managers with the Association of Finnish Local and Regional Authorities, Local Government and County Employers KT and FCG. In the second half of 2021, Keva joined the Työ 2.0 Lab network, which is a new kind of central government co-working facility, which acts as a physical and mental platform for multidisciplinary co-development.

Development funding and research activities

Workplace wellbeing promotion grants are competitive funding which enables innovative and effective workplace development activities to reduce work ability risks in the local government sector and the Evangelical Lutheran Church. We received a total of 51 applications for wellbeing promotion grants in 2021. At the proposal of the panel evaluating wellbeing promotion grant applications, a total of EUR 500,000 was shared between 21 Keva employer customers. The ambition of those receiving wellbeing promotion grants in 2021 is to develop ways to mitigate mental health-based absenteeism and increased psychological load, to prepare for hybrid working, work transformation and organisational change, to strengthen interaction and communality as well as to develop employee engagement and remaining in work.

Research data on public sector workplace wellbeing as well as the costs of disability and organisations' workplace wellbeing surveys were published in the Kevatutkii online tool.

Keva published a study on public sector work-

place wellbeing which was conducted in cooperation with representatives of public sector labour market participants. The study provided information about the impacts of the corona period on work, working conditions and workplace wellbeing. In addition, Keva mapped the trend in sickness absences in different occupations and age groups in the public sector in 2019–2020. The results were communicated in partnership with the Finnish Institute of Occupational Health and the Social Insurance Institution of Finland Kela.

Keva intensified research collaboration in particular with the Finnish Institute of Occupational Health and Tampere University. Four studies were underway in 2021 in which Keva was a member of the steering group. In addition, Keva co-funded the international SHARE – Survey of Health, Ageing and Retirement in Europe and is a member of the steering group.

In addition, Keva was commissioned to undertake three studies related to work ability risk. Two of these studies explored the views of municipal decision-makers of labour availability, the processing of workplace wellbeing issues in municipal strategies and decision-making, one considered the working of pensioners as well as the pension awareness of citizens. In addition to these, a commissioned report on the national and county labour needs based on Keva's retirement forecast was published in early 2021. The report combined regional training place data and labour statistics with Keva's pension statistics.

During 2021, a brand and local government elections influence campaign "Let's take care" was built around the theme of work ability. The principle objective of the brand campaign was to highlight the disability phenomenon, to recognise its significance at various levels of society and to depict Keva's job in managing it. Influencing work sought to make municipal decision-makers aware of the strategic and economic importance of workplace wellbeing when making municipal future decisions. We reached a total of around 1.9 million Finns in different channels and the campaign key figures indicated the campaign was very successful in its goals.

Reform of employee customer services

Keva manages the earnings-related pension services of around 1.3 million public sector employees and pension recipients. Approximately 705,000 of these are insured persons and 605,000 pension recipients.

During 2021, services for employee customers in different channels were reformed to respond better to customer needs. The reforms are based on better customer understanding than earlier which also made it possible to increase proactive service guidance. The cornerstone of service and service process development was strong knowledge-based management and the aim was for straightforward and appropriate services for the customer.

October 2021 saw a complete redesign of the My Pension user interface and appearance in line with the Keva brand and accessibility was ensured. Customers were provided with completely new functionalities such as payment pages for pension recipients and better situational awareness of the processing status of applications.

A pilot was launched in the pension advisory telephone service with a more restricted service window than earlier. In addition, automation and dialling control were used to increasingly route calls directly to experts. The reforms were well received by customers.

The telephone service for vocational rehabilitation or disability pension applicants was reorganised. Calls from a customer with a pending disability pension application were answered centrally by telephone advice on disability issues. Reorganisation of the telephone service sought to improve the overall assessment of the disability customer's situation and to route calls concerning application processing directly to experts dealing with them.

The pandemic meant that Keva's pension advisory service point in Unioninkatu in Helsinki was closed throughout 2021 and the decision was taken at the end of the year to close it down entirely. There was extremely little demand for the personal advisory service. Customer service switched mainly to other service channels.

During 2021, Keva's advisory numbers for employee

customers took 128,920 calls and 85% of these calls concerned general pension advice. The number of calls was down somewhat compared to 2020.

Online communication has continued to grow in popularity even though the rate of growth levelled out.

In 2021, Keva's websites were visited just over 2.3 million times and visitor numbers again showed a slight increase. The most popular Keva website was the My Pension service content site, which received almost half of the site visits.

Logins to the actual My Pension service continued to grow and were already around 1.14 million, up 6.1% compared to 2020. The popularity of online services has contributed to an improvement in the level of self-service. Around 28,000 pre-enquiries were answered via the online service.

The advisory robot Ilona answered customers questions on the website. There were around 48,000

chats with Ilona and it was possible to give the answer in around 89% of cases. The response level in the My Pension online service was almost 88%.

Keva collected customer feedback extensively in different service channels. During 2021, more than 25,000 feedback comments were received from employee customers. Feedback was continuously reviewed and changes were made to services accordingly.

We used the customer's experience of straightforward communication as an indicator of service success. In 2021, an average of 89% of customers submitting feedback found communication with us to be straightforward. The telephone advisory service received a particularly high score of more than 93% and the service was especially commended for its competence and friendliness.



CONTRIBUTION INCOME

At year-end 2021, some 560,000 employees were insured under Keva member organisation's pension system. This was around 3.5% more than a year earlier. The sum of wages and salaries of member organisations was EUR 19,462 million, which was EUR 975 million (5.3%) more than in 2020. The sum of wages and salaries also grew, by 2%, already in 2020, which means the corona pandemic had not turned the trend in the sum of wages and salaries downwards. This is understandable since the pandemic did not result in any major work pressure and need for human resources in the public health sector, for example.

Contribution income paid by Keva member organisations in 2021 totalled EUR 5,489 million (2020: EUR 5,252m), which was 28.18% (2020: 28.39%) of the sum of wages and salaries. Year on year contribution income was up EUR 237 million (4.5%). Contribution income consists of two components: the employer and employee earnings-based contribution, and the employer contribution based on pension expenditure.

Keva collected earnings-based contributions of EUR 4,748 million, up EUR 237 million or 5.3% year on year. Employees contributed around EUR 1,475 million and employers around EUR 3,273 million.

The earnings-based contribution averaged 24.40% of pay, unchanged on the figure a year earlier. The

allocation between employer and employee percentages were also unchanged on the previous year. Employers paid 16.82 bp of the contribution and employees an average of 7.58 bp. The employee earnings-based contribution varied, with employees under the age of 53 and over the age of 62 paying 7.15% and employees aged 53–62 paying 8.65%.

In accordance with the decision of Keva Councillors, Keva charged EUR 735 million pension expenditure-based contributions to its member organisations, which equated to 3.78% (2020:3.99%) of the sum of wages and salaries. This was a decrease of EUR 2 million or -0.3% year on year.

Financial support is a benefit equivalent to group life insurance paid to the beneficiaries of a deceased local government officeholder or employee. At year-end 2021, 752 member organisations had arranged for financial support through Keva. Keva collected roughly EUR 4.2 million in financial support contributions for 2021, EUR 1 million less than a year earlier.

Keva received around EUR 210 million in contribution income from the Unemployment Insurance Fund. This was around EUR 8 million more than in 2020.

By law, Keva is also responsible for the calculation and collection of pension contributions from the State and Evangelical Lutheran Church. Keva collects the

Payroll in Keva member organisations' pension system 2019–2021

Organisation form	Payroll			Change in payroll	
	2019 EUR	2020 EUR	2021 EUR	2020 %	2021 %
Municipalities and cities	10 056 894 580	10 209 346 613	10 766 145 646	1,5	5,5
Joint municipal authorities	6 143 923 639	6 284 313 492	6 575 938 590	2,3	4,6
Limited liability companies	1 859 763 329	1 926 805 503	2 050 586 100	3,6	6,4
Associations	21 158 118	21 120 347	20 819 961	-0,2	-1,4
Foundations	11 773 223	11 797 013	12 922 549	0,2	9,5
Other municipal organisations	32 767 714	33 759 082	35 434 861	3,0	5,0
Total	18 126 280 603	18 487 142 049	19 461 847 707	2,0	5,3

Situation in January 2022 (7 Jan 2022) after invoicing runs.
Does not include corrections for 2019 and 2020.

Keva member organisations' contribution rates 2012–2021

Year	Earnings-based contribution		Pension expenditure-based contribution %	Early retirement expenditure-based contribution %	Total %
	Employer's contribution %	Employee's contribution %			
2021	16,82	7,58 ¹	3,78		28,18
2020	16,83	7,57 ²	3,99		28,39
2019*)	17,25	7,15 ³	3,89		28,29
2018	16,75	6,78 ⁴	3,75	0,98	28,26
2017	17,05	6,59 ⁵	3,94	0,88	28,46
2016	17,10	6,19 ⁶	5,21	0,90	29,40
2015	17,20	6,19 ⁷	5,62	0,80	29,81
2014	16,85	6,03 ⁸	6,03	0,91	29,82
2013	16,45	5,58 ⁹	6,64	0,91	29,58
2012	16,35	5,57 ¹⁰	6,21	0,99	29,12

* Total earnings-based contribution from year 2019 onwards (change in contribution structure), the earnings-based contribution includes the disability pension contribution.

¹ 7,15 % for people under 53 and 63 or over, and 8,65 % for 53-62-year-olds

² 7,15 % for people under 53 and 63 or over, and 8,65 % for 53-62-year-olds

³ 6,75 % for people under 53 and 63 or over, and 8,25 % for 53-62-year-olds

⁴ 6,35 % for people under 53 and 63 or over and 7,85 % for 53-62-year-olds

⁵ 6,15 % for people under 53 and 63 or over and 7,65 % for 53-62-year-olds

⁶ 5,70% for people under 53 and 7,20% for people 53 or over

⁷ 5,55% for people under 53 and 7,20% for people 53 or over

⁸ 5,55% for people under 53 and 7,05% for people 53 or over

⁹ 5,15% for people under 53 and 6,50% for people 53 or over

¹⁰ 5,15% for people under 53 and 6,50% for people 53 or over

contributions directly in the State Pension Fund's and Central Church Fund of Finland's bank accounts, but Keva is responsible for all the practical measures relating to contributions. In 2021, Keva collected around

EUR 1,550 million in pension contributions for the State and around EUR 144 million for the Church. State and Evangelical Lutheran Church contributions are not booked in Keva's accounts or financial statements.



PENSIONS AND BENEFITS

Keva was able to further improve the processing of pension applications in 2021. We considerably shortened processing times and reached our targets for processing times in all types of pension. The level of service measuring uninterrupted income improved and was way above target. Customer satisfaction among the insured again remained at an excellent level.

The share of online applications showed considerable growth in disability pensions and rehabilitation applications. Online applications for old-age pensions and partial early old-age pensions was already at a high level, but rose even further. In 2021, around 57% of pension applications were made online in Keva's My Pension service. In addition, around 7% of pension applications arrived electronically via Kela, for example.

There was a slight fall in applications for full disability pensions, partial early old-age pensions and survivors' pensions. The percentage of vocational rehabilitation applicants also saw a slight fall.

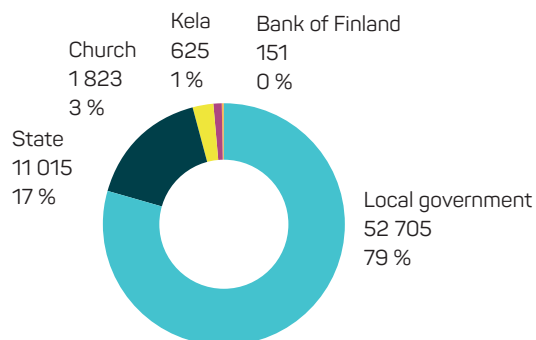
Keva has also managed implementation of the Bank of Finland's pension provision since the beginning of 2021. The principle of last institution does not apply to Bank of Finland pensions so decisions affecting them were made separately from pensions in other sectors.

Applications received and decisions issued

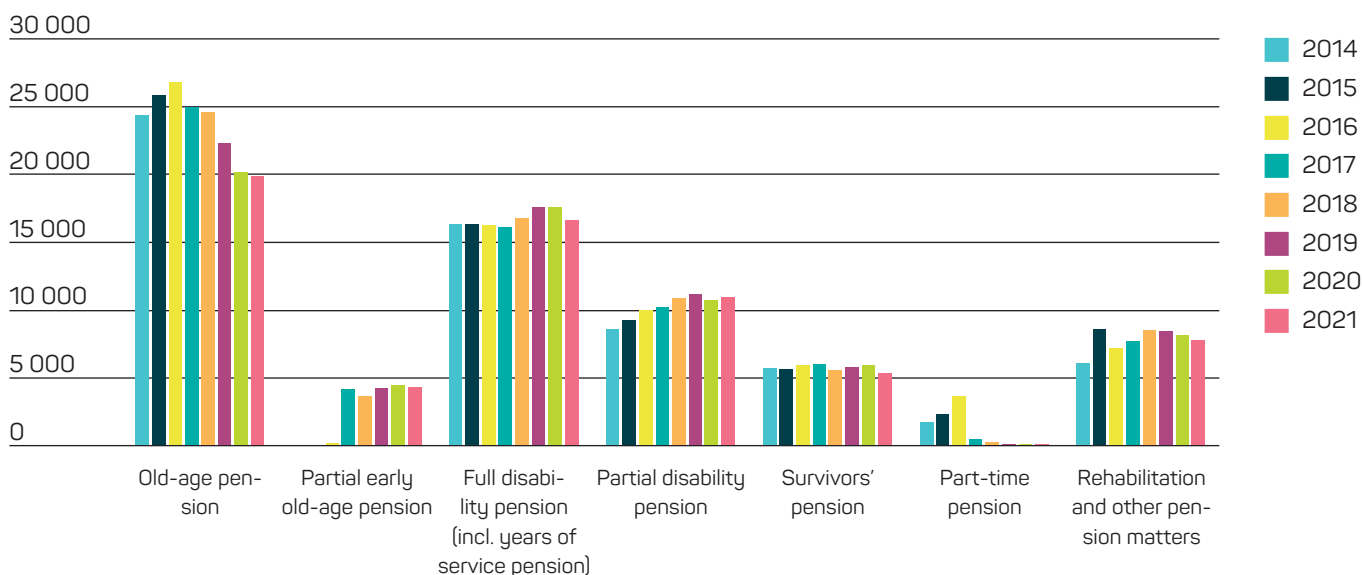
In 2021, Keva issued a total of 66,319 decisions of which 58,489 concerned actual pension matters, 7,540 rehabilitation decisions and the remaining 290 concerned benefits such as financial support, etc. Keva received 64,818 applications, 57,044 of which concerned actual pension matters. Application numbers were down 3.1%.

In addition, Keva made 2,378 automated decisions on the pension accrued alongside the old-age pension. In these cases, this pension had already been applied for in conjunction with taking old-age pension.

Number of decisions made by Keva by pension system



Number of applications received by Keva by pension type



The figures include all local government, State, Church and Kela's salaried employees' and since 2021 Bank of Finland pension applications (including other benefits) received and decisions issued.

By far the highest number of decisions concerned local government pensions: 52,705 decisions, or 79.5% of all decisions issued by Keva. Keva issued 11,015 concerning State pensions, 1,823 concerning Church pensions, 625 decisions concerning pensions for Kela's salaried employees and 151 decisions concerning Bank of Finland pensions. Detailed tables by pension system can be found appended this annual report.

Faster pensions processing

Processing times of all pension types were either shorter or remained unchanged compared to a year earlier. The service level indicator shows that 94.3% (2020: 93.5%) of decisions were issued on time.

Keva processed old-age pensions in an average of 8 days and disability pensions in an average of 30 days. Processing times of partial early old-age pension applications were fastest, with decisions being issued in an average of 2 days. Survivors' pensions were processed in an average of 8 days and rehabilitation decisions in an average of 14 days. Keva processed applications for all pension types 1–7 days faster than private providers on average.

Compared with 2020, 0.8% or 537 fewer decisions were issued. There was small variation between pension types. Old-age pension decisions remained more or less unchanged on the previous year and were up 0.2% at 20,327, but 1.4% fewer old-age pension applications

were received than in 2020. There were no great changes in disability pension decisions (up 0.6%), but there differences between disability pension types, with 2.2% fewer full disability pensions but 5.2% more partial disability pensions being processed than in 2020. There were 0.9% more rehabilitation decisions made, whereas there was a fall in other decision types.

There were 5,265 survivors' pensions processed, 10.4% fewer than in 2020. The number of partial early old-age pension decisions fell 3.0%. Of the 4,276 partial early old-age pension decisions, 69.2% concerned a pension of 50%. The remainder of decisions were issued for a pension of 25% or a switch from a 25% pension to a 50% partial early old-age pension.

The last new part-time pensions began in January 2017. Despite this, Keva issued 11 decisions in 2021 to suspend or cancel part-time pensions. There were 13.7% fewer decisions concerning other benefits.

Disability pensions and vocational rehabilitation

Keva issued a total of 28,610 disability pension decisions, up 0.6%. The number of disability pension applications was 27,575, down 2.7%. The decrease was in applications for full disability pensions (-7.8%) and rehabilitation allowance (-4.7%), for which 968 fewer applications were received than in 2020. There were 3.1% fewer applications for partial disability pensions than in 2020, but 6.6% more applications for partial rehabilitation allowances. There was hardly any change in the number of years of service pensions, for which 39 applications were received.

Total processing time in days for applications

Pension type	2021	2020	Change days	Private providers 2021
Old-age pension	8	12	-4	9
Partial early old-age pension	2	2	0	3
Disability pension	30	38	-8	32
Survivors' pension	8	8	0	15
Rehabilitation	14	17	-3	17

Source: Finnish Centre for Pensions

Examined by application types, the decrease in disability pension applications was in renewed applications (-4.8%), change from full to partial disability pension/rehabilitation benefits (-4.1%) and in new applications (-3.9%). In new applications, the decrease centred on full disability pensions and full cash rehabilitation benefits. There was also a decrease in new partial disability pensions but more applications for partial rehabilitation allowance. There were 8.6% more payment decisions sought for partial disability pensions and partial rehabilitation allowance than a year earlier, with a rise in partial rehabilitation allowance in particular.

The number of rehabilitation decisions (7,540) rose 0.9%, whereas the number of rehabilitation applications (7,454) fell 3.2%. Of the positive decisions on the right to vocational rehabilitation, 42.5% were issued in conjunction with the processing of a disability pension matter and 57.5% were based in customer applications.

In 2021, 65.7% of decisions on rehabilitation interventions involved workplace rehabilitation or work try-outs or job coaching, 17.7% of interventions concerned training and 15.9% assessment by the rehabilitation service provider. Of the work try-outs, 39.5% were in one's own job and 60.5% sought a change of job description. Of the rehabilitation interventions completed, 72.7% were successful, with the persons rehabilitated able to be available on the labour market after completing the programme. A feedback survey was introduced to improve the service provision process and the results going forward will be used in development of provision. September 2021 saw the launch of a two-year work experience pilot to support the Working Life Connection. The pilot aims to gather experiences of small-scale participation in work by those on rehabilitation allowance because of depression at a stage where normal vocational rehabilitation interventions are not yet relevant.

Based on new applications, 37,935 decisions were issued and 34,167 of these decisions were positive.

Keva rejected 26.8% (2020: 28.8%) of new applications for disability pension. The average rejection rate by private pension providers for new applications for disability pensions was 37.7%. The rejection rate for

Number of all decisions by pension type

Type	2021	2020	Change %
Old-age pension	20 327	20 293	0,2
Partial early old-age pension	4 276	4 407	-3,0
Full disability pension	17 212	17 596	-2,2
<i>of which new decisions</i>	5 709	6 163	-7,4
Partial disability pension	11 360	10 799	5,2
<i>of which new or preliminary decisions</i>	4 441	4 246	4,6
Years of service pension	38	36	5,6
Survivors' pension	5 265	5 877	-10,4
Part-time pension	11	38	-71,1
Other pension matters	290	336	-13,7
Rehabilitation decisions	7 540	7 474	0,9
Total	66 319	66 856	-0,8

rehabilitation decisions was 32.7% (2020: 25.4%) and the corresponding rate for private pension providers was 39.0%.

Keva provides the possibility for a situation review to some persons whose disability pension application has been rejected. Last year the possibility for a situation review was provided to more than 350 persons.

During the review, persons whose pension application had been rejected are provided with information and guidance to assess their own situation, the possibility of returning to work and to explore their livelihood. In addition, the aim is to initiate the vocational rehabilitation process and to draw up an initial rehabilitation plan. Initiation of vocational rehabilitation was drawn up as a follow-up plan for about 32% of participants and a preliminary plan for return to work was drawn up for about 9% of persons completing situation reviews. In 2021, the collection of feedback on the situation review process and the service provider's function was renewed.

Pension decision rectification procedure

In 2021, Keva processed a total of 1,375 appeals filed with the Pension Appeal Board against Keva's own decision in the "self-rectification" procedure. Of these, 1,100 involved work ability assessment. Keva rectified

a total of 14.8% (2020: 11.7%) of all appeals and 16.3% (2020: 11.6%) of appeals against work ability assessment. The remaining appeals were submitted to the Board for consideration.

In 2021, Keva also processed 136 appeals filed with the Insurance Court against decisions issued by the Pension Appeal Board. Of these appeals, 119 concerned work ability assessment and Keva rectified 4.2% (2020: 3.4%) of these.

The Pension Appeal Board revised 13.5% (2020: 10.2%) of all the rejections issued by Keva. The percentage of disability pension matters revised was 14.7% in the case of Keva and 11.6% of all pension providers. The Insurance Court revised 13.7% (2020: 18.0%) of Keva’s decisions that had been appealed.

Persons retiring

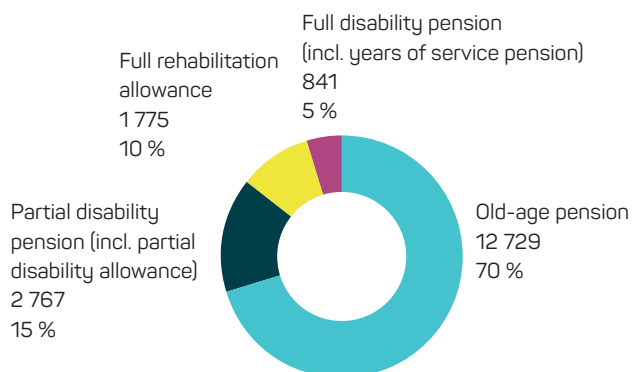
A total of 18,112 employees retired from the service of local government, the State, the Church, and the Bank of Finland. The average age of persons retiring was 61.5 years, which is 0.2 years higher than a year earlier. The average of persons retiring did not fall in any pension type.

The percentage of persons retiring on an old-age pension was 70.3% of all persons retiring. The average age of persons retiring on an old-age pension in 2021 was 64.2 years, which was the same as a year earlier.

Persons retiring on a full disability pension did so at an average age 59.9 years (0.3 years older), those on full cash rehabilitation benefit 49.8 years (0.3 years older) and those on partial disability pension (including partial rehabilitation allowance) did so at an age of 56.8 years (0.1 year older). Also persons starting to receive the new partial disability pension are counted as having retired even though they continue to work alongside drawing a pension.

A total of 5,383 employees retired on a disability pension, 1.6% fewer than a year earlier. Musculoskeletal disorders were the most common reason for disability and accounted for 35.3% (2020: 34.9%) of primary disorders in people retiring on a disability pension. Mental health disorders were the reason in 32.7%

Share of persons taking retirement by pension type



(2020: 31.7%) of cases of people retiring on a disability pension. The number and onset both of musculoskeletal disorders and mental health disorders remained at the same level as a year earlier. Expected effective retirement age depicts the age at which employees currently aged 25 would on average retire if future retirement patterns remain exactly the same as in the year under review. The expected effective retirement age for a 25-year-old employee was 61.8 years (2020: 62.0 years) in local government service and 63.0 years (2020: 62.6 years) in central government service (excluding military personnel).

Pension system specific tables are appended.

Pensions paid

Total pension expenditure (including financial support and rehabilitation) by Keva member organisations in 2021 was EUR 5,915 million, an increase of EUR 187 million or 3.3% compared to 2020. At year-end 2021, there were around 424,000 pension recipients in the local government sector, around 1% more than a year earlier.

In 2021, paid out EUR 4,879 million in State pensions, an increase of around EUR 22 million or 0.5% compared to a year earlier. At year-end, there were around 237,000 State pension recipients, around 2% fewer than a year earlier. Keva paid out around EUR 223

million in Evangelical Lutheran Church pensions, an increase of about 3% compared to 2020. The corresponding pension expenditure on pensions for Kela's salaried employees was around EUR 108 million, an increase of around 2% compared to a year earlier. Keva assumed responsibility for the implementation of Bank of Finland employees at the start of 2021. Keva paid out around EUR 29 million in these pensions in 2021.

The State, Evangelical Lutheran Church, Kela and the Bank of Finland funded their own pensions by

paying Keva a monthly advance determined by the Ministry of Finance. At the end of the year, this advance was then adjusted against actual pension expenditure. For 2021, Keva will return around EUR 19 million to the State and EUR 0.3 million to the Bank of Finland. The Evangelical Lutheran Church will pay an additional EUR 0.06 million and the Social Insurance Institution of Finland Kela will pay EUR 0.3 million to Keva. These adjustment items were recognised in the financial statements as adjustments to advance payments.



INVESTMENT OPERATIONS

As we entered into 2021, the previous year marked by the corona pandemic with the rapid collapse of equities experienced in the early part of the year was behind us. However, supported by central banks and other public actors, risky parts of the markets embarked on an unprecedentedly rapid correction movement. In the end, at the end of 2020, the markets were hitting a number of new record highs.

The positive market trend spilled over into 2021. The year saw a few periods when the markets retreated slightly in risky investments but these periods were short lived. Overall, risk-taking was handsomely rewarded on 2021.

As we entered into the year under review, interest rates were still historically very low. The stock markets have had many good years behind them since the financial crisis. There was some concern in the capital markets about the growth and sustainability of growth of the global economy. There was also uncertainty about political and also partly military stability in different parts of the world. Rising inflation was a cause for concern and the subsequent ensuing potential rise in interest rates.

Keva had an excellent investment year in 2021, with all asset classes delivering positive returns in the end. And measures taken throughout the year ensured Keva's liquidity in all foreseeable circumstances.

At the start of 2021, Keva's investments had a market value of EUR 53,735 million and at year end a market value of EUR 64,474 million. The market value of investments used to calculate return includes not only the above assets, but also transferred interest included in accrued income as well as other items totalling EUR 2,374 million. Taking into account these items, the market value of the tied-up capital totals EUR 66,849 million. This breakdown of imputed returns has been used to calculate the breakdown for each asset class.

Investments are divided into fixed income, equity, real estate, private equity and hedge fund investments. Fixed income investments are loans, bonds and money market investments. Keva manages some of the investments, others are managed by external asset managers. Targeted returns are additionally hedged

Investments at fair value

	€m	%
Fixed income investments	20 139	30,1
Equity investments	27 693	41,4
Real estate investments	4 015	6,0
Private equity investments	10 699	16,0
Hedge funds	4 303	6,4
Total	66 849	100

Forex allocation of investments at fair value

	€m	%
EUR	28 420	42,5
USD	34 230	51,2
JPY	2 507	3,7
GBP	349	0,5
SEK	971	1,5
CHF	148	0,2
Other	223	0,3
Total	66 849	100

Geographical allocation of investments at fair value

	€m	%
Europe (incl. Finland)	22 290	33,3
North America	20 945	31,3
Finland	7 746	11,6
Emerging markets	10 139	15,2
Japan	2 507	3,8
Other	3 221	4,8
Total	66 849	100

using derivative instruments, the effects of which on allocation by asset class are taken into consideration in the figures that illustrate the risk-adjusted distribution of investment assets.

Of the different investment assets, the best performers were private equity investments at 48.3%, listed equities at 19.9% and hedge funds at 17.3%. The return on real estate investments was 9.6% and on fixed income investments 1.4%.

At year end, fixed income investments (including the effect of derivatives) accounted for 35.8% of the risk-appropriate market value of Keva's investment assets, listed equities for 35.8%, private equity investments (including unlisted equities) for 16%, hedge funds for 6.4% and real estate for 6.0%.

After costs, the total market value return on Keva's investments was 15.8%. The cumulative capital-weighted real return on investments since funding started in 1988 to year-end 2021 was 4.4% a year. The average real return, excluding capital weighting, over the same period was 5.5%. The five-year nominal return without capital weighting has been 7.4% and the real return 6.1%. The ten-year nominal return without capital weighting has been 7.8% and the real return 6.6%.

Fixed income investments

The year again started with very low market interest rates. Because the corona pandemic continued, central banks provided massive market support and so interest rates also remained very low.

Keva's investments in bonds and fixed income funds had a market value of EUR 17,286 million at year-end 2021. The market value return on bonds was 1.8%.

Loans, excluding those granted to Keva companies, totalled EUR 77 million at year-end 2021. The loan portfolio contracted by EUR 24 million during the year and the market value return on loans was 0.1%.

Other money market instruments and deposits totalled EUR 2,775 million at year-end 2021.

A total of EUR 84 million in interest income was booked on fixed income investments. The market value return on all fixed income investments was 1.4%.

Equity investments

For equities, 2021 started with a continuation of the positive trend seen the previous year. In the end, the equity market turned out to be excellent and only a few softer periods tested the stock markets.

The MSCI ACWI IMI, which illustrates the average performance of the world's equities, ended 2021 at 28.1%, compared to 6.4% a year earlier. Measured by MSCI Europe IMI, the return on European equities was 24.9% (2020: -2.3%). The return on Asian equities (MSCI EM Asia IMI) was 5.4% (2020: 7.8%).

At year-end 2021, the total market value of Keva's listed equity investments was EUR 27,693 million. Dividends received on equity investments were EUR 37 million. The market value return on listed equity investments was 19.9%.

Real estate investments

Keva's real estate portfolio consists of internal investments in Finnish and Nordic real estate and real estate shares as well as investments in Finnish and foreign real estate funds. Real estate funds account for 29.1% of real estate investments.

In the internal real estate portfolio, the aim is for the diverse development of the portfolio by investing in i.a. residential, office, shopping centre and hotel properties. Keva began to diversify the geographical spread of its internal real estate portfolio to the other Nordic countries in 2015 starting with investments in Sweden, followed by Denmark in 2017.

The year-end market value of real estate and real estate shares was EUR 4,015 million, of which real estate funds accounted for EUR 1,169 million and traditional bonds in real estate companies accounted for EUR 35 million. In addition, Keva had real estate investments of EUR 45 million in its own use, but these are not included in investment operations.

At year-end 2021, the 129 real estate properties owned directly by Keva had a total lettable area of around 971,613 m². There were around 5,216 leases in place generating a net rental income of EUR 71 million. The total market value return on internal real estate investments was 5.7%.

Investment commitments made in Finnish and foreign real estate funds totalled EUR 2,936 million, of which undrawn commitments amounted to EUR 1,219 million. The market value return on real estate funds was 21.0%.

The market value return on all real estate investments was 9.6%.

Private equity and hedge fund investments

The performance of private equity investments in the year under review exceeded all expectations. The operating environment was active and the valuation of private investments rose rapidly. Hedge funds also showed good performance.

At year-end, Keva's private equity investments had a market value of EUR 10,699 million, of which investments in unlisted equities accounted for EUR 813 million. Investment commitments made to private equity investments in equity funds and as a silent partner at year-end totalled EUR 13,994 million, of which undrawn commitments amounted to EUR 4,615 million. The market value return on private equity investments (excl. unlisted equities) was 51.4% and the return on unlisted equities was 14.6%.

Investments in hedge funds had a market value totalling EUR 4,303 million at year-end and the market value return on hedge funds was 17.3%.

Steering of investment operations

Keva's strategy determines the key principles for funding the local government pension system. The strategic objectives set for investment operations are derived from these principles.

Keva's Board of Directors considerably revised

Keva's steering of investment operations in 2017 and the Board adopted Keva's investment beliefs for the first time. These beliefs describe the general starting points, irrespective of time and situation, on which our investment and organisation of investment operations are based.

In the shorter term, the Board of Directors steers investment operations and approves an annual investment plan which also includes investment authorisations.

Keva's Board of Directors adopted the current investment beliefs on 24 May 2017 and the investment strategy on 15 June 2017. Implementation of the investment strategy continues until 2022.

Responsible investing

The returns needed to cover pension liability are driven by economic growth and generated in the long term. Sustainable economic development is an essential factor in the pursuit of long-term returns. Keva considers responsible investing to be an integrated part of long-horizon investment operations.

Keva's Board of Directors has decided on the key principles of social responsibility to be complied with in Keva's investment operations. The Board of Directors has also outlined the ways of working and procedures to be used to ensure that social responsibility is integrated into the investment process.

The Board of Directors receives regular reports on how responsibility has developed in investment operations. Keva's own ways of working are supplemented with information that Keva obtains from external service providers specialising in responsible investing.



SUBSIDIARIES AND ASSOCIATED COMPANIES

At year-end 2020, Keva owned in whole or in part a total of 127 Finnish real estate companies, one less than a year earlier. Keva owned 109 Finnish real estate companies in full and had a majority holding in seven others. There were six associated companies (holding of 20-50%) and five real estate companies in which Keva had a smaller holding than this. In addition to Finnish real

estate companies, Keva had a 49.4% holding in a real estate company set up in Sweden and a 100% holding in a Danish company. These companies manage real estate investments in those countries.

Besides real estate companies, Keva held the entire share capital in Kuntasijoitus KE Oy and had a 30.66% holding in Municipal Finance Plc.



PENSION LIABILITY FUND

The gap between Keva's annual income and expenditure is added to or deducted from the pension liability fund. At year-end 2021, the fund stood at EUR 67,717 million, which was EUR 8,864 million or 15% higher than a year earlier.



NET PRESENT VALUE OF ACCRUED BENEFITS IN KEVA MEMBER ORGANISATIONS' PENSION SYSTEM

Based on the provisions of pension legislation, the value of benefits that have accrued in Keva member organisations' pension system, but which have not yet been paid, clearly exceeds the value of the pension liability fund. The net present value of the accrued benefits was estimated to have been EUR 130 billion at year-end 2020.

During 2021, the net present value of the accrued benefits grew by EUR 3 billion to EUR 133 billion. Since

the pension liability fund grew, the net present value of the unfunded benefits decreased by EUR 6 billion during the year.

The estimate of the present net value of accrued benefits is based on the best available information on mortality rate and other trends. However, this is just an indicative estimate of the current situation of the pension system and changes in the assumptions used in calculation may alter it significantly.



OPERATING COSTS, DEPRECIATION AND STATUTORY PAYMENTS

Operating costs and depreciation

Keva's operating costs and depreciation before reimbursements received (gross operating costs) in 2021 totalled EUR 88.4 million, which is EUR 3.8 million or 4.5% higher than in 2020.

The largest individual cost item was personnel expenses, which were EUR 43.4 million, which was EUR 2.5 million or 6.1% higher than in 2020. IT costs were EUR 23.7 million, which was EUR 0.9 million or 4% higher than in 2020. Other operating costs were EUR 12.7 million, EUR 0.2 million and 1.2% lower than a year earlier.

Keva received reimbursements totalling around EUR 16.9 million (2020: EUR 16.8 million) for operating costs and depreciation for managing the pension provision of other than Keva member organisations. Of this reimbursement, the State accounted for around EUR 13.6 million, the Evangelical Lutheran Church for around EUR 1.9 million, the Social Insurance Institution of Finland Kela for around EUR 0.6 million and the Bank of Finland for around EUR 0.2 million.

Keva's net operating costs, including reimbursements received, reflect the costs of managing the pension provision of Keva member organisations. These costs were EUR 71.6 million, which was EUR 3.7 million or 5.4% higher than a year earlier.

When examined by function, the gross costs of pension operations were EUR 41.8 million, in practice unchanged on the figure a year earlier. Likewise, reimbursements received, the cost of pension operations were at the same level as in 2020. The costs of investment operations were EUR 21.5 million or 7.6% higher

than in 2020. No reimbursements were allocated to investment operations. Gross operating costs of other operations were EUR 25.2 million, 10.1% higher than in the previous year. Taking into account the reimbursements received, costs of other operations rose 11.9%.

IT software and hardware investments were EUR 5.5 million, EUR 3.4 million more than a year earlier. The increase in the total amount was primarily due to additional investments in developing the pensions payment system (Emma project). This multi-year project continues and by year-end 2021 the total project costs are EUR 12.5 million.

Depreciation according to the plan in 2021 was EUR 8.6 million, EUR 0.5 million or 6.7% more than in 2020.

Statutory payments

Statutory payments refer to Keva's share of the costs of the Finnish Centre for Pensions, the Pension Appeal Board and the Financial Supervisory Authority. These costs totalled around EUR 8.3 million, which was EUR 0.6 million less than in 2020. Around EUR 2.1 million of these costs were paid by the State, the Evangelical Church, the Social Insurance Institution of Finland Kela and the Bank of Finland.

All in all, Keva received EUR 18.4 million, almost the same amount as in 2020, in reimbursements for operating costs, depreciation and statutory payments from the State, the Evangelical Church, the Social Insurance Institution of Finland Kela and the Bank of Finland.



ADMINISTRATION

Keva's administration was reformed under an amendment (513/2020) to the Act on Keva (66/2016), which entered into force on 1 July 2020. Because of the municipal elections in 2021, the decision of 19 August 2021 of the Ministry of Finance appointed new Councillors to Keva for the term of office beginning in 2021 (entry into force provision of Act 513/2020).

Councillors

Keva has 30 councillors, each of whom has a personal deputy. The Ministry of Finance appoints Councillors for four years at a time. Six Councillors and as many deputies are appointed from among the persons put forward by the principal contracting organisations referred to in the local government main agreement. Four Councillors and as many deputies are appointed from among the persons put forward by Local Authority Employers. The twenty other Councillors and deputies are appointed from among the persons put forward by the central organisation for Finland's municipalities so that municipalities, joint municipal authorities and different parts of the country are fairly represented by the Councillors.

The Councillors are responsible for supervising Keva's administration and operations, electing the members and deputy members of the Board of Directors and the auditor, deciding the grounds for remuneration and other emoluments to be paid to elected officials, considering the financial statements and auditor's report and deciding on the adoption of the financial statements, the discharge from liability to the Board of Directors and other accountable persons, and any other steps warranted, deciding on the payment contributions of member bodies and for adopting the budget for the following year to be followed as the general directions of the management of finances, and an operational and financial plan for three or more years.

Councillors appointed by decision of the Ministry of Finance for the term of office 2020–2021 convened once in 2021. The term of office of the Councillors began on 1 August 2020 and ended on 31 August 2021. The Councillors were chaired by Mr Harri Jokiranta, head of health and social services, from Seinäjoki and the

deputy chairperson was Ms Maarit Ojavuo, HTM from Kajaani.

Keva has an Election Committee elected by the Councillors. The Election Committee prepares a proposal for the Councillors for the remuneration of elected officials and for the appointment of the Board of Directors. The members of the Election Committee must be Keva Councillors. The Councillors' Election Committee was chaired by Juhani Nummentalo and the deputy chairperson was Toni Eklund and there were nine councillors as members. The Election Committee convened once in 2020.

The attendance rate of Councillors at meetings was 98% and 99% when deputies are included. Councillors received an attendance fee of EUR 450, in addition to which the chairperson was paid an annual fee of EUR 10,000 and the deputy chairperson EUR 9,000. A total of EUR 21,000 was paid in meeting fees to Councillors.

The 30 Councillors appointed by the Ministry of Finance on 19 August 2021 began their four-year term of office on 1 September 2021. The Councillors who had begun their term of office in August 2021 convened twice. The Councillors were chaired by Mr Eero Reijonen, entrepreneur, chairman of the Board, from Liperi and the deputy chairperson was Mr Heikki Vestman, member of the Finnish Parliament, attorney, from Sipoo.

Keva has an Election Committee elected by the councillors. The Election Committee prepares a proposal for the Councillors for the remuneration of elected officials and for the appointment of the Board of Directors. The members of the Election Committee must be Keva councillors. The Councillors' Election Committee was chaired by Mr Eero Suutari and the deputy chairperson was Toni Eklund and there were nine councillors as members. The Election Committee convened once in 2021.

The attendance rate of the Council's ordinary members beginning their term of office on 1 September 2021 was 98% and 99% when deputy members are included. Council members are paid an attendance fee of EUR 450 for meetings, in addition to which the chairperson and deputy chairperson are paid an annual fee of EUR 10,000 and EUR 9,000 respectively. Council

members were paid total attendance fees of EUR 36,000 during the term of office.

Change of Board of Directors

Keva's administration is the responsibility of the Board of Directors, which the Councillors elect for a two-year term of office. The Board of Directors has 11 members, each of whom has a personal deputy. Three members and their deputies are elected from among persons put forward by the principal contracting organisations referred to in the municipal main agreement. Two members and their deputies are elected from among the persons put forward by Local Authority Employers. Six members and their deputies are elected from the persons put forward by the central organisation for Finland's municipalities. The Councillors appoint one ordinary member as chairperson and one as deputy chairperson..

In their meeting on 9 September 2021, the Councillors elected Mr Petteri Orpo, Member of the Finnish Parliament and party chair, from Turku as chairperson of the Board of Directors and Ms Diana Bergroth-Lampinen MSc (Econ. and Bus. Admin.) communications and HR manager as deputy chairperson and other members of the Board of Directors as follows: Ms Outi Alanko-Kahiluoto, Member of the Finnish Parliament; Mr Markku Jalonen, Managing Director of Local Government and County Employers KT; Ms Anne Holmlund, finance manager; Mr Markus Lohi, Member of the Finnish Parliament; Ms Kirsi-Marja Lievonen, Director of Human Resources; Mr Olli Luukkainen, Negotiation Organisation for Public Sector Professionals JUKO /board chairperson; Ms Päivi Niemi-Laine, president/Trade Union for the Public and Welfare Sectors JHL; Mr Matti Putkonen, labourer; and Ms Anne Sainila-Vaarno, Finnish Union of Practical Nurses, SuPer/Director. The term of office of the Board of Directors is 2021–2023.

Regarding the Board of Directors whose term of office ended on 9 September 2021, Ms Minna Arve MSc (Econ. and Bus. Admin.) Mayor of Turku served as chairperson of the Board of Directors and Mr Kari Nenonen as deputy chairperson. Other members of the Board of Directors were Ms Diana Bergroth-Lampinen, Mr Markku

Jalonen, Ms Heli Järvinen, Ms Else-Mai Kirvesniemi, Ms Kirsi-Marja Lievonen, Mr Saku Linnamurto, Mr Markus Lohi, Mr Olli Luukkainen and Ms Päivi Niemi-Laine.

The Board of Directors convened 15 times during the year. The attendance rate of ordinary members was 98% and 99% when deputy members are included. The chairperson and deputy chairperson of the councillors have the right to attend and speak at Board of Directors' meetings.

Under the Councillors' decision of 18 August 2020 on fees, the attendance fee for members of the Board of Directors is EUR 450. In addition, the chairperson of the Board is paid an annual fee of EUR 20,000, the deputy chairperson EUR 12,000 and members are paid a fee of EUR 9,000.

Board members were paid attendance fees totalling EUR 128,620 in 2021.

Keva has a new statutory body, the Board of Directors' Audit and Risk Management Committee, who are tasked with overseeing the adequacy and appropriateness of financial reporting, internal control, internal audit and risk management. The Committee considers the plans and reports of the risk management, internal audit and compliance function. In addition, the Committee prepares the proposal for the election and fees of the auditor for Keva Councillors and oversees the preparation of the financial statements and statutory audit. Under the decision on fees adopted by the Councillors, the attendance fee for members is EUR 450 for each meeting.

The Board of Directors adopted the Audit and Risk Management Committee's rules of procedure and at its meeting on 23 September 2020 elected five members to the Committee from among the Board members. Until 9 September 2021, the Audit and Risk Management Committee was chaired by Ms Minna Arve, chairperson of the Board of Directors, with Mr Kari Nenonen as deputy chairperson and Ms Kirsi-Marja Lievonen, Mr Markus Lohi and Olli Luukkainen as members. The Committee convened four times during 2021.

At its meeting on 22 September 2021, the Board of Directors elected five members to the Committee from

among the Board members for the term of office 2021–2023. The Audit and Risk Management Committee is chaired by Mr Petteri Orpo, with Ms Diana Bergroth-Lampinen as deputy chairperson and Mr Markku Jalonen, Mr Markus Lohi and Ms Päivi Niemi-Laine as members. The Committee convened three times during 2021.

Advisory committees

On 16 December 2020, the Board of Directors elected a Working Life Development Working Group for its term of office. The Working Group is tasked with developing measures to maintain the health and work ability of local government employees. The Working Group had 12 members, six of whom were chosen on the basis of proposals by the municipal main negotiating organisations. The Working Life Development Group was chaired by Ms Sari Lempiäinen, HR Director at the City of Joensuu, until 9 September 2021. The Working Life Development Working Group convened twice during its term of office in 2021. The term of office ended on 9 September 2021.

On 19 October 2021, the Board of Directors elected a Working Life Development Working Group for its term of office. The Working Group had 18 members, six of whom were chosen on the basis of proposals by the municipal main negotiating organisations. The Working Life Development Group was chaired by Ms Sari

Lempiäinen, HR Director at the City of Joensuu. Working Group did not convene during its term of office in 2021.

Management Group met 41 times

TMr Timo Kietäväinen served as Keva's CEO until 31 October 2021 and was succeeded the following day by Mr Jaakko Kiander, who the Board of Directors appointed to the position on 29 June 2021. Mr Tapani Hellstén and Mr Kimmo Mikander served as deputy CEOs. Mr Hellstén's primary remit in 2021 was employer and work ability services and Mr Mikander's remit was pension and ICT services.

The CEO is supported in managing Keva by the Management Group, which meets on a regular basis. The Management Group prepares matters for submission to the Board and considers also other issues central to the management and planning of operations. The Management Group met 41 times during 2021.

The Management Group was chaired by CEO Mr Timo Kietäväinen until 31 October 2021 and by CEO Mr Jaakko Kiander since 1 November 2021. Management Group members are deputy CEOs Mr Tapani Hellstén and Mr Kimmo Mikander, CIO Mr Ari Huotari, CFO Mr Tom Kåla and Communication Director Reija Hyvärinen as well as staff representative, shop steward Ms Tiina Ijäs. Mr Markus Mankin served as secretary to the Management Group.



PERSONNEL

At year-end 2021, Keva employed 497 (2020: 506) people, of whom 12 were temporary. The total work input was 472.34 full-time equivalents (2020: 485.2 fte). Women accounted for 67% of Keva's personnel and the average employee age was 50.4 years. There were 26 permanent employees who left Keva.

Except for a brief window in October–November, when the remote working recommendation was not in force, working from home was in remained the norm at Keva throughout the year. The Management Group reviewed the situation and decided on the measures needed in each weekly meeting.

Maintaining up-to-date guidance and ensuring that there were enough personnel at work also during any simultaneous sickness were key to managing the corona situation. On the other hand, also the challenges of contact were recognised and after vaccinations in the summer efforts were made to work as much as possible at the office where restrictions allowed.

During the emergency situation, normal operations at Keva continued to run well and also new ways or working were developed. A raft of various measures was taken to support the work ability of the personnel and to ensure the continuity of operations.

Keva's staff restaurant Kefateria re-opened at the end of August. Employees working from home and also those working in the office when staff dining was closed were given a pay increment to compensate for the loss of lunch benefit. Kefateria took a break at Christmas.

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

New everyday life built together

The year 2021 was strongly marked by on-the-job learning and looking towards the future based on lessons learnt from exceptional circumstances.

A start was made in the spring on shaping new everyday life at Keva using the entire resources of the organisation by jointly developing agile service design by applying tools. In the autumn, all teams had held New

everyday discussions, which were intended to agree together what ways of working are suited to each team from the point of view of jobs and objectives and the ways of working to ensure that collaboration works well within teams and with others. Keva will not return to the old ways but actively build a new way of doing things.

To support development of how work is done, Keva's management and ways of working were said to be the cornerstones of good management and good expert work and a new toolkit was launched to develop on-the-job learning and build communality.

The development of interaction was strongly addressed. All Keva employees were offered an online coaching interaction course which brought up monthly themes for joint discussion. Virtual and hybrid facilitation coaching was available to everyone wanting it. There was also training for the increasingly diverse use of Teams.

Keva took part in the Oikotie Responsible Employer campaign for the second time and was ranked third in its own category. The employer's responsibility assessments given by Keva employees improved or remained at the same level in all topics except "work life balance and wellbeing". The same trend was seen in all survey responses. As in the previous survey, Keva's special strength was meaningful work, which strengthened further. This is a good base on which to build good employee experience.

The revised Equality and non-discrimination plan highlighted the importance of diversity in 2021–2022, which was supported by rolling out a four-part diversity training programme "A diverse work community enriches life". Keva took part in the Pride Week in the summer and also published on the intranet a series of articles shedding light on the situation of sexual and gender minorities in the work community. Self-assessment work on diversity was launched.

Demand assessments give a good basis for a more consistent salary policy, which also allows for a better review of gender equality than earlier. Salary equality between the sexes was improved by allocating the organisation part of wage increases reached under the Local Government and County Employers KT collective agreement for this purpose.

Support for Keva employees' work ability

Occupational healthcare partnership with Terveystalo has become established and is at a good level. Cooperation during the second coronavirus year continued to be more intense than normal: Terveystalo conducted a risk assessment of the employees working in the office, coronavirus testing continued, first and second corona vaccinations were launched and mental wellbeing services were offered at a lower threshold.

Basic workplace surveys were carried out one function at a time in 2017–2021. During 2021, Terveystalo conducted a workplace survey in the Pension and ICT function.

Based on the results of the Work ability management 360-degree analysis, Keva initiated measures to improve strategic work ability management. During the year, the organisation formulated strategic objectives for the work ability management of its own personnel and updated the way in which early intervention and proactive support works.

Employee sickness absenteeism remained at

a lower level than normal because of the corona pandemic. In the same context, the personnel's health percentage rose, and 60% of the staff were not ill at all during 2021.

Keva aims to increase measures to support work ability. The coronavirus pandemic meant that total occupational healthcare costs were slightly up compared to a year earlier. However, within the costs it was possible to increase the share of the costs of activities supporting preventive and proactive work and the relative share of medical care decreased correspondingly.

Absences have been on the rise because of mental health illness. This is why the short-term psychotherapy services introduced on a trial basis were extended.

As in earlier years, wellbeing in the workplace was supported through culture and exercise clubs, which because of the corona pandemic in 2021 continued to be mostly held remotely. Keva also offers its employees culture and exercise vouchers as well as employer-subsidised commuter tickets.



IT

On the IT front, Keva's focus in 2021 was on developing the efficiency of IT systems, digital services, automation and knowledge-based management as well as developing the overall architecture.

Service development continues to be speeded up in line with Keva's strategy.

Continued broad-scale remote working highlighted the functioning of IT systems, infra services, tools as well as telecommunications connectivity.

In line with the overall plan, Keva made wide use of automation in both in-house and customer service processes with the help of software robotics, process automation and new technologies, for example.

Keva has been developing data hotels and a database for several years and 2021 saw the start-up of a number of new analytics projects in different operations as planned.

On the technology architecture front, Keva continued work on the migration of systems and services to a cloud environment. Competitive tendering sought efficiency and new partnerships.

On the data security front, besides strengthening basic capabilities, cyber security exercises and training among other things were held for our personnel.



INTERNAL CONTROL

Internal control means all management and operational internal control measures through which Keva's management seeks to ensure efficient, economical and reliable operations and to reach objectives. The internal control policy adopted by Keva's Board of Directors describe the key principles of internal control that are complied with as permanent guidelines in the arrangement of internal control at Keva. Besides daily control measures and supervisory control, risk management, compliance and internal auditing are also fundamentals of internal control.

Risk management

Risk management is part of Keva's management and internal control. It encompasses values, corporate culture, organisation, processes and structures that represent the realisation of opportunities and which are used to manage adverse consequences. The Board of Directors, CEO and Management Group receive up-to-date comprehensive information about the risks relating to operations. This improves decision-making and preparation for the future.

In December 2020, Keva's Board of Directors adopted the annual risk management policy and plan, including the goals for risk management development and management of key risk groups for 2021.

Risk management as part of strategy execution

Risk management in 2019 was closely linked to different stages in the execution of Keva's new strategy and this continued also in 2021. The Board of Directors adopted Keva's first risk assessment and during 2021, quarterly reporting to the Board on the risks materialising was integrated as part of the risk management process according to Keva's annual clock. Strengthening general risk management awareness was an area for continuous improvement.

Risk surveys were reported to the CEO and risk management the Management Group at six-month intervals. The most significant risks and the means to manage them were reported to the Board of Directors as part of the annual risk management plan.

Keva continued to develop data security and

data protection policies, processes and guidelines. Data security and protection risks were highlighted in personnel training and data security exercises were also held in addition to training. Development work focused on the establishment of the practices and processes required by the EU General Data Protection Regulation and on the development of information systems that comply with data protection and security requirements.

Risk management in investment operations continued to develop risk reporting and the operating and reporting processes and structures of the steering and monitoring system for investment operations.

The Compliance, Risk Management and Administration Unit was responsible for the independent risk management of risk-taking activities in accordance with the Act on Keva. The unit is staffed by independent risk management experts and a compliance officer under the Administrative Director.

To ensure uninterrupted operations, Keva has in place a Keva level contingency plan adopted by the Board of Directors and complementary contingency plans for each function approved by the Management Group.

Most significant risks

The most significant tasks of risk management in 2021 involved the change in management and control of the corona situation as part of ordinary everyday life at Keva to support the development of the organisation. Keva adapted well to the crisis situation created by the corona pandemic in the world and broad-scale remote working did not cause the materialisation of significant risks during the year.

Important decisions were made during the year in the biggest factors affecting Keva's operating environment. Whereas Parliament passed the health and social services reform, the project aimed at merging the pensions systems, which for years was considered one of the major factors of change in the operating environment, foundered when the parties failed to find agreement on key open questions. The end of the project means the associated factors of uncertainty for Keva's operations, legal position and role as well as the

needs for reform have vanished. These factors are also reflected in Keva's strategic risks.

At the start of the year, Keva estimated the biggest risk to be the risks involved in the possible merger of the pension systems. The key unanswered questions were related to the preparation and implementation schedule as well as to the costs of the merger. Once the project had foundered, the main risks identified related to the active development of operations and ensuring long-term funding.

The adequacy of Keva's long-term funding was also identified as a significant risk in the light of underlying growing pension liabilities at the same time as a deterioration, for various reasons, of the funding base. Because the Keva system is not funded, the above will ultimately lead to upward pressure on both contribution levels and investment returns. With regard to investment returns, increasing the return requirement will also put pressure to increase risk-taking. The cumulative capital-weighted, annual long-term real return on investments between 1988 and 2021 was 4.4%.

Major risks are also estimated to be inherent in successful development management. There is a threat of Keva being unable to develop its operations in accordance with its objectives and thus fail to influence its operations in earnings-related pensions.

Medium-large risks are assessed as relating to Keva's competitiveness in employer customer relationships and the confidence of the authorities in Keva.

The most significant operative risks in 2021 related to the personnel and management, operating processes, data systems, data security and data protection as well as to procurement and project management.

Market and liquidity risks

The fluctuation in market values is a short-term investment risk. This risk can be measured by the Value at Risk figure (VaR). The VaR figure for Keva's investments calculated on the basis of monthly returns during a two-year period was EUR 3,092 million at year-end 2021, which means that with a 97.5% probability, this is the biggest possible loss on the entire investment portfolio within the time span of one month. The VaR

figure at year-end 2020 was EUR 2,994 million. Annual volatility was 9.6% (2020: 9.5%).

Since the end of 2017, Keva's contribution income has no longer covered all pension expenditure. The importance of long- and short-term liquidity in the investment portfolio has become more important than earlier as pension expenditure continues to grow and net income from operations is negative.

The implications of the corona pandemic on pension contribution accrual reflected positively during the year because of support distributed by central government to the local government sector.

Compliance

Keva has an independent Compliance function which provides support to management and the entire organisation in ensuring compliance with good governance and the external and internal rules steering operations. The Compliance officer reports to the Administrative Director, CEO, the Audit and Risk Management Committee and Keva's Board of Directors.

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 and guidelines strengthens confidence in Keva's operations and strengthens a responsible corporate culture. Compliance additionally monitors legislative changes relating to Keva's operations and operating environment and provides management with support in preparing for these.

In 2021, Compliance submitted, at the request of the Ministry of Finance, a report on the eligibility of the new Board of Directors and its members under the Act on Keva. 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. The Compliance officer chaired Keva's risk assessment working group and acted as secretary in preparing Keva's risk assessment process and documents. The Board of Directors adopted Keva's first risk assessment in 2021.

Two reports were received via Keva's internal

whistleblowing channel, an ethical channel, in 2021. Both reports concerned HR management matters. The Ethics Team processed the reports and responded to them via the ethics channel.

In 2021, Compliance was involved in tracking the progress of key legislative projects affecting Keva and its operating environment and assessed the implications of these projects.

Internal audit assesses the effectiveness of internal control

Internal audit is part of Keva's control and supervision system and assists the CEO and supports the Board

of Directors in their supervisory duties. Internal audit is tasked with independently and objectively assessing and ensuring the adequacy and effectiveness of the internal control, management and governance procedures of Keva's operations and processes. Internal audit also issues recommendations and proposals for development to improve these processes.

Internal audit is based on the internal audit charter approved by the Board of Directors and on the internal audit plan adopted each year. Internal audit reports on its work and the conclusions made to the CEO, the Audit and Risk Management Committee and the Board of Directors.



OUTLOOK

After lengthy preparations, the project to merge the local government and private sector pension systems ended in autumn 2021 due to lack of consensus in the working group set up by the Ministry of Social Affairs and Health to prepare for the project. This change, which would have materially impacted Keva's legal position and operating conditions, foundered or has at least been pushed back further into the future. When assessing Keva's next few years, it can be assumed that the public sector pension system will remain unchanged. This naturally has a stabilising effect and clarifies Keva's outlook.

Even though Keva's position will remain unchanged in the next few years, there are significant changes taking place in Keva's operating environment. Regarding Keva's customer base, the most important of these changes is the health and social services reform, which from the beginning of 2023 will change the way in which public health and social services and rescue services are organised and thus the structures of regional self-government. Significant numbers of employees insured with Keva will transfer from the local government sector to become employees of the new wellbeing services counties. Initially, this change will not affect the number of persons insured by Keva but in the medium-term the wellbeing services counties could change the way in which services are organised and increase the share of

the private sector.

Keva's funding base is currently stable. The trend on the investment markets has long continued to be better than expected and this has significantly boosted Keva's investment assets. This improved situation has led to a decrease in long-term estimates of the steady contribution level needed. This has allowed Keva to reduce the pension expenditure-based contribution collected from municipalities by around 2 bp in recent years. It currently seems that the long era of very low interest rates is drawing to a close as global inflation rises. Higher interest rates are generally expected to low investment returns. Nevertheless, a short-term softening of investment returns will not jeopardise the stability of Keva's funding base.

In 2022, Keva will implement a strategy process intended to update the strategy to align it to the changes that have taken place in the operating environment. The most important change affecting the strategy is the foundering of the project to merge the pension systems. On top of this, strategy work will review the impact the establishment of the wellbeing services counties has on customer work at Keva, the long-horizon pension funding objectives in the local government sector and any needs to overhaul earnings-related pension contributions.

Appendix

PENSION SYSTEM-SPECIFIC TABLES

Total pension application processing time (days) and service level 2021

Pension type	Local government days	State days	Church days	Kela days	Bank of Finland* days	Private providers days
Old-age pension	8	8	7	8	24	9
Partial early old-age pension	2	2	2	3	10	3
Disability pension	30	33	32	23	57	32
Survivors' pension	8	8	11	16	11	15
Rehabilitation promises	14	17	10	13	..	17
Service level	94,1	95,3	95,5	94,9	86,7	..

* The principle of last insurer does not apply to Bank of Finland pensions and this delays application processing.

Source for processing times: Finnish Centre for Pensions

Application rejection rates 2021

Application	Local government %	State %	Church %	Kela %	Bank of Finland pv	Private providers %
New disability pension	27,5	20,0	25,4	35,8	..	37,7
Rehabilitation	32,6	29,6	36,9	50,0	..	39,0

Source: Finnish Centre for Pensions

Pension decision rectification procedure 2021

Self-rectified by Keva	Local government	State	Church	Kela	Bank of Finland
<i>Number of appeals against Keva decisions</i>	1 141	183	27	18	1
Rectification rate of all appeals, %	15,2 %	13,7 %	3,7 %	22,2 %	0,0 %
<i>Number of appeals concerning work ability assessment</i>	956	109	19	16	..
Rectification rate of appeals concerning work ability assessment, %	16,3 %	16,5 %	5,3 %	25,0	..
<i>Number of appeals against decisions of the Pension Appeal Board</i>	107	24	1	1	..
Rectification of all appeals, %	4,7 %	0,0 %	0,0 %	0,0 %	..
<i>Number of appeals concerning work ability assessment</i>	101	16	1	1	..
Rectification rate of appeals concerning work ability assessment, %	5,0 %	0,0 %	0,0 %	0,0 %	..

Number of decisions

Number of decisions on local government pensions and other benefits by pension type 2021 and 2020

Type	2020 no.	2019 no.	Change %
Old-age pension	14 829	14 664	1,1
Partial early old-age pension	3 438	3 510	-2,1
Full disability pension	14 885	15 170	-1,9
<i>of which new decisions</i>	4 975	5 322	-6,5
Partial disability pension	9 823	9 367	4,9
<i>of which new or preliminary decisions</i>	3 844	3 705	3,8
Years of service pensions	35	34	2,9
Survivors' pension	2 728	3 079	-11,4
Part-time pension	10	26	-61,5
Other pension matters	280	327	-14,4
Rehabilitation decisions	6 677	6 672	0,1
Total	52 705	52 849	-0,3

Number of decisions on State pensions and other benefits by pension type 2021 and 2020

Type	2020 no.	2019 no.	Change %
Old-age pension	4 654	4 886	-4,7
Partial early old-age pension	686	755	-9,1
Full disability pension	1 605	1 685	-4,7
<i>of which new decisions</i>	502	588	-14,6
Partial disability pension	1 103	1 054	4,6
<i>of which new or preliminary decisions</i>	414	390	6,2
Years of service pension	3	1	200,0
Survivors' pension	2 340	2 576	-9,2
Part-time pension	1	12	-91,7
Other pension matters	10	9	11,1
Rehabilitation decisions	613	584	5,0
Total	11 015	11 562	-4,7

Number of decisions on Church pensions and other benefits by pension type 2021 and 2020

Type	2020 no.	2019 no.	Change %
Old-age pension	599	585	2,4
Partial early old-age pension	99	114	-13,2
Full disability pension	596	648	-8,0
<i>of which new decisions</i>	207	226	-8,4
Partial disability pension	216	211	2,4
<i>of which new or preliminary decisions</i>	99	100	-1,0
Years of service pension	0	1	-100,0
Survivors' pension	158	181	-12,7
Part-time pension	0	0	..
Other pension matters	0	0	..
Rehabilitation decisions	155	146	6,2
Total	1 823	1 886	-3,3

Number of decisions on Kela salaried employee pensions and other benefits by pension type 2021 and 2020

Type	2020 no.	2019 no.	Change %
Old-age pension	166	158	5,1
Partial early old-age pension	42	28	50,0
Full disability pension	100	93	7,5
<i>of which new decisions</i>	25	27	-7,4
Partial disability pension	201	167	20,4
<i>of which new or preliminary decisions</i>	84	51	64,7
Years of service pension	0	0	..
Survivors' pension	24	41	-41,5
Part-time pension	0	0	..
Other pension matters	0	0	..
Rehabilitation decisions	92	72	27,8
Total	625	559	11,8

Number of decisions on Bank of Finland pensions and other benefits by pension type 2021 and 2020

Type	2020 no.	2019 no.	Change %
Old-age pension	79	..	..
Other pensions and benefits	72	..	..
Total	151	..	..

Number of applications

Number of application for local government pensions and other benefits by pension type 2021 and 2020

Type	2020 no.	2019 no.	Change %
Old-age pension	14 529	14 582	-0,4
Partial early old-age pension	3 434	3 495	-1,7
Full disability pension	14 332	15 119	-5,2
Partial disability pension	9 464	9 316	1,6
Years of service pension	35	36	-2,8
Survivors' pension	2 724	3 084	-11,7
Part-time pension	10	23	-56,5
Other pension matters	313	362	-13,5
Rehabilitation	6 591	6 880	-4,2
Total	51 432	52 897	-2,8

Number of applications for State pensions and other benefits by pension type 2021 and 2020

Type	2020 no.	2019 no.	Change %
Old-age pension	4 583	4 881	-6,1
Partial early old-age pension	687	749	-8,3
Full disability pension	1 554	1 686	-7,8
Partial disability pension	1 074	1 047	2,6
Years of service pension	3	1	200,0
Survivors' pension	2 332	2 572	-9,3
Part-time pension	1	11	-90,9
Other pension matters	10	6	66,7
Rehabilitation	610	599	1,8
Total	10 854	11 552	-6,0

Number of applications for Church pensions and other benefits by pension type 2021 and 2020

Type	2020 no.	2019 no.	Change %
Old-age pension	590	576	2,4
Partial early old-age pension	99	114	-13,2
Full disability pension	579	640	-9,5
Partial disability pension	206	210	-1,9
Years of service pension	0	1	-100,0
Survivors' pension	158	181	-12,7
Part-time pension	0	0	..
Other pension matters	0	0	..
Rehabilitation	157	148	6,1
Total	1 789	1 870	-4,3

Number of applications for Kela salaried employee pensions and other benefits by pension type 2021 and 2020

Type	2020 no.	2019 no.	Change %
Old-age pension	164	157	4,5
Partial early old-age pension	41	28	46,4
Full disability pension	97	101	-4,0
Partial disability pension	191	169	13,0
Years of service pension	0	0	..
Survivors' pension	24	40	-40,0
Part-time pension	0	0	..
Other pension matters	0	0	..
Rehabilitation	90	75	20,0
Total	607	570	6,5

Number of applications for Bank of Finland pensions and other benefits by pension type 2021

Type	2020 no.	2019 no.	Change %
Old-age pension	67	..	67,0
Other pensions and benefits	69	..	69,0
Total	136	..	..

Persons taking retirement

Number of persons taking retirement by pension type 2021

Pension type	Local government no.	State no.	Church no.	Kela no.	Bank of Finland no.
Old-age pension	8 867	3 355	380	117	..
Full disability pension (incl. years of service pension)	697	109	33	2	..
Full rehabilitation allowance	1 538	171	52	14	..
Partial disability pension	2 410	249	70	37	..
Total	13 512	3 884	535	170	11

Average age of persons taking retirement by pension type 2021

Pension type	Local government yr	State yr	Church yr	Kela yr	Bank of Finland yr
Old-age pension	64,5	63,4	64,7	65,0	..
Full disability pension (incl. years of service pension)	60,1	59,4	59,3	..	..
Full rehabilitation allowance	49,6	51,7	50,4	46,5	..
Partial disability pension	56,9	56,2	57,9	53,5	..
Total	61,2	62,3	62,1	60,9	63,4

GOVERNING BODIES 2021

Keva Councillors until 31 August 2021

Ordinary members

Chairperson

Mr Harri Jokiranta, Seinäjoki

Deputy chair

Ms Maarit Ojavuo, Kajaani

Mr Jarmo J Husso, Oulu

Mr Juhani Nummentalo, Salo

Ms Tiina Sarparanta, Kajaani

Ms Aulikki Sihvonen, Kontiolahti

Mr Toni Eklund, Turku

Ms Ulla Perämäki, Helsinki

Mr Pekka Salmi, Tampere

Mr Erkko Nykänen, Siilinjärvi

Mr Jouni Kemppe, Lappeenranta

Ms Minna Sarvijärvi, Ylöjärvi

Ms Paula Himanen, Oulu

Mr Leo Lähde, Nokia

Mr Teemu Meronen, Helsinki

Ms Tanja Hartonen, Mäntyharju

Mr Simo Riuttamäki, Huittinen

Ms Pia Lohikoski, Kerava

Mr Jussi Saramo, Vantaa

Personal deputies

Ms Pilvi Torsti, Helsinki

Ms Minna Harmaala, Asikkala

Mr Ismo Pöllänen, Imatra

Mr Tero Rantanen, Järvenpää

Ms Erja Laaksonen, Jämsänkoski

Ms Emilia Syväsalmi, Eurajoki

Ms Liisa Terävä, Rautjärvi

Mr Joonas Honkimaa, Kouvola

Mr Jaakko Ikonen, Varkaus

Mr Antti Leinikka, Hämeenlinna

Ms Kirsi Torikka, Savonlinna

Ms Ritva Sonntag, Kemi

Ms Tuija Mäkinen, Jyväskylä

Ms Anne Lindgren, Riihimäki

Mr Mikko Päivinen, Järvenpää

Mr Terho Korpikoski, Simo

Ms Minna Reijonen, Kuopio

Mr Juhani Lehto, Hämeenlinna

Ms Heini Liimatainen, Järvenpää

Ms Christina Båssar, Korsnäs

Mr Christian Sjöstrand, Helsinki

Mr Jorma Haapanen,
Local Government Employers KT

Mr Eino Leisimo,
Local Government Employers KT

Mr Juha Majalahti,
Local Government Employers KT

Mr Olli Riikonen,
Local Government Employers KT

Ms Taina Niiranen,
Local Government Employers KT

Ms Kirsi Ojansuu-Kaunisto,
Local Government Employers KT

Ms Sinikka Valtonen,
Local Government Employers KT

Mr Pekka Heikkinen,
Local Government Employers KT

Mr Tuomas Hyytinen, Negotiation Organisation
for Public Service Professionals (JUKO)

Ms Tiina Mäenpää, Negotiation Organisation
for Public Service Professionals (JUKO)

Mr Petri Lindroos, Negotiation Organisation
for Public Service Professionals (JUKO)

Ms Anna Zibellini, Negotiation Organisation
for Public Service Professionals (JUKO)

Ms Marja Lounasmaa,
Public Sector Union JAU

Ms Anne Sarvi,
Public Sector Union JAU

Mr Keijo Karhumaa,
Public Sector Union JAU

Ms Minna Pirttijärvi,
Public Sector Union JAU

Ms Silja Paavola, Sote ry

Ms Jaana Dalén, Sote ry

Ms Millariikka Rytönen, Sote ry

Ms Anna-Leena Brax, Sote ry

Keva Councillors from 1 September 2021

Ordinary members

Chairperson

Mr Eero Reijonen, Liperi

Deputy chair

Mr Heikki Vestman, Helsinki

Mr Jarmo J Husso, Oulu

Mr Eero Suutari, Kajaani

Ms Aulikki Sihvonen, Kontiolahti

Ms Susanna Koski, Vaasa

Ms Nea Karenius, Helsinki

Mr Pekka Salmi, Tampere

Mr Toni Eklund, Turku

Ms Maija Kuusisto-Länsineva, Harjavalta

Mr Jouni Kemppe, Lappeenranta

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Mr Teemu Meronen, Helsinki

Ms Minna Pöntinen, Mikkeli

Ms Anne Lindgren, Mäntyharju

Ms Marke Tuominen, Äänekoski

Mr Lauri Heikkilä, Marttila

Ms Eija Rannanpää, Vimpeli

Personal deputies

Mr Paula Sihto, Seinäjoki

Mr Juhani Nummentalo, Salo

Ms Mervi Rings, Lemi

Mr Seppo Hujanen, Mäntyharju

Ms Erja Laaksonen, Jämsä

Ms Riikka Varila, Kuortane

Mr Ilkka Nokelainen, Imatra

Ms Miina-Anniina Heiskanen, Oulu

Ms Liisa Terävä, Rautjärvi

Mr Seppo Eskelinen, Joensuu

Mr Tapio Havula, Mäntsälä

Ms Miina Harmaala, Asikkala

Mr Jussi Junni, Helsinki

Ms Anne Lindgren, Riihimäki

Mr Terho Korpikoski, Simo

Mr Mikko Nurmo, Valkeakoski

Ms Päivi Karppi, Vaasa

Mr Petri Pekkola, Kotka

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Mr Matti Semi, Varkaus

Ms Mari Lind, Orivesi

Ms Malin Brännkärr, Kruunupyö

Mr Henrik Wickström, Inkoo

Ms Taina Niiranen,
Local Government and County Employers KT

Ms Kirsi Ojansuu-Kaunisto,
Local Government and County Employers KT

Ms Sinikka Valtonen,
Local Government and County Employers KT

Mr Pekka Heikkinen,
Local Government and County Employers KT

Mr Jorma Haapanen,
Local Government and County Employers KT

Mr Eino Leisimo,
Local Government and County Employers KT

Mr Juha Majalahti,
Local Government and County Employers KT

Ms Marja-Leena Laine,
Local Government and County Employers KT

Mr Tuomas Hyytinen, Negotiation Organisation
for Public Service Professionals (JUKO)

Ms Tiina Mäenpää, Negotiation Organisation
for Public Service Professionals (JUKO)

Mr Petri Lindroos, Negotiation Organisation
for Public Service Professionals (JUKO)

Ms Anna Zibellini, Negotiation Organisation
for Public Service Professionals (JUKO)

Ms Jonna Voima,
Public Sector Union JAU

Ms Marja Lounasmaa,
Public Sector Union JAU

Mr Keijo Karhumäa,
Public Sector Union JAU

Ms Minna Pirttijärvi,
Public Sector Union JAU

Ms Silja Paavola, Sote ry

Ms Jaana Dalén, Sote ry

Ms Millariikka Rytkönen, Sote ry

Ms Anna-Leena Brax, Sote ry

Keva's Board of Directors until 9 September 2021

Ordinary members

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Ms Minna Arve, Turku

Deputy chair

Mr Kari Nenonen, Helsinki

Ms Diana Bergroth-Lampinen, Pori

Mr Markku Jalonen, Helsinki

Ms Heli Järvinen, Savonlinna

Ms Else-Mai Kirvesniemi, Helsinki

Mr Saku Linnamurto, Savonlinna

Ms Kirsi-Marja Lievonen, Helsinki

Mr Markus Lohi, Rovaniemi

Mr Olli Luukkainen, Helsinki

Ms Päivi Niemi-Laine, Helsinki

Personal deputies

Ms Saija Äikäs, Espoo

Ms Tarja Filatov, Hämeenlinna

Mr Ilkka Nokelainen, Imatra

Mr Mika Juutinen, Helsinki

Mr Tuomas Viskari, Helsinki

Ms Anne Sainila-Vaarno, Helsinki

Ms Pia Pakarinen, Helsinki

Ms Petra Määttänen, Turku

Ms Heini Jalkanen, Naantali

Ms Kati Myllymäki, Helsinki

Mr Kristian Karrasch, Helsinki

Keva's Board of Directors from 9 September 2021

Ordinary members

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Mr Petteri Orpo, Turku

Deputy chair

Ms Diana Bergroth-Lampinen, Pori

Ms Outi Alanko-Kahiluoto, Helsinki

Ms Anne Holmlund, Ulvila

Mr Markku Jalonen, Helsinki

Ms Kirsi-Marja Lievonen, Helsinki

Mr Markus Lohi, Rovaniemi

Mr Olli Luukkainen, Helsinki

Ms Päivi Niemi-Laine, Helsinki

Mr Matti Putkonen, Perttula

Ms Anne Sainila-Vaarno, Helsinki

Personal deputies

Mr Samu Vahteristo, Rauma

Mr Harri Jokiranta, Seinäjoki

Mr Timo Aro, Pori

Ms Milla Bruneau, Lahti

Mr Mika Juutinen, Helsinki

Ms Petra Määttänen, Turku

Ms Kirsi Torikka, Savonlinna

Mr Heikki Pärnänen, Helsinki

Mr Kristian Karrasch, Helsinki

Ms Piritta Poikonen, Koisjärvi

Ms Else-Mai Kirvesniemi, Helsinki

Working Life Development Group at 31 December 2021

Chair Ms Sari Lempiäinen, HR Director, City of Joensuu	Ms Anna Kukka, Local Government and County Employers KT
Ms Arja Aroheinä, City of Jyväskylä	Ms Sinikka Valtonen, Local Government and County Employers KT
Mr Keijo Karhumaa, Public Sector Union JAU	Ms Ulla Westermarck, General Synod
Mr Marko Heikkinen, Public Sector Union JAU	Ms Päivi Lanttola, Ministry of Finance
Mr Jussi Salo, Sote ry	Ms Annikki Niiranen, Kymsote joint municipal authority for Kymenlaakso social and health services
Mr Juha Honkakoski, Sote ry	Mr Tapani Hellstén, Keva
Ms Teija Golnick, Negotiation Organisation for Public Service Professionals (JUKO)	Ms Merja Paananen, Keva
Mr Jukka Vänskä, Negotiation Organisation for Public Service Professionals (JUKO)	Ms Tuula Metsä, Keva
Mr Kari Eskola, Negotiation Organisation for Public Service Professionals (JUKO)	Secretary to the Working Life Development Group Ms Kati Korhonen-Yrjänheikki, Keva

Organisation at 31.12.2021

Enabling Operations

CEO Mr Timo Kietäväinen until 31 October 2021

CEO Mr Jaakko Kiander from 1 November 2021

Compliance, Risk Management and Administration Unit

Administration Director Mr Markus Mankin

Legal Services Unit

Director of Legal Affairs Mr Jussi-Pekka Rantanen

Financial Planning Unit

Director of Finance Mr Allan Paldanius

until 31 October 2021

Head of Actuarial Affairs Mr Roman Goebel

Director of Finance (IATOD) from 1 November 2021

Internal Audit

Head of Internal Audit Ms Päivi Alanko

Strategy and Development

Development Manager Mr Mikko Kenni

Communications, Stakeholder Cooperation and

Responsibility Unit

Communication Director Ms Reija Hyvärinen

Pensions and ICT

Deputy CEO Mr Kimmo Mikander

Customer Service Unit

Customer Service Director Ms Taina Uronen

Pensions Service Unit

Pensions Director Ms Eija Korhonen

Payment Service Unit

Pensions Director Ms Anneli Kajas-Pätäri

until 31 August 2021

Pensions Director Ms Saila Lassila

from 1 September 2021

ICT Service Unit

IT Director Mr Tommi Heinonen

Employer and Work Ability

Deputy CEO Mr Tapani Hellstén

Digitality and Service Development Team

Service Manager Mr Toni Pekka

until 15 August 2021 acting

Team manager, Service Manager Ms Laura Rinne

from 9 August 2021

Employer CRM and Work Ability Management Team

Employer CRM and Work Ability Director Ms Kati

Korhonen-Yrjänheikki

Work Ability Solutions Unit

Pensions Director Ms Merja Paananen

Insurance Medicines Unit

Director of Medical Affairs Ms Tuula Metsä

Investments

CFO Mr Ari Huotari

Equity Investments Unit

Investment Director, Equities Mr Jussi Karhunen

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Direct Equity Investments Team
Deputy Director Mr Mikko Koskela

Direct Fixed Income Investments, Forex and
Derivatives Unit
Head of Internal Fixed Income, FX and Derivatives
Mr Fredrik Forssell

Alternative Investments Unit
Head of Alternative Investments Mr Markus Pauli

Real Estate Investment Unit
Head of Real Estate Investments Mr Carl-Henrik
Roselius

Investment Administration and Loans Unit
CIO Mr Ari Huotari IATOD

Loans team
Head of Loan Administration/Attorney Mr Osku
Eskelinen

COO's remit

CIO's deputy
COO, Investments Ms Maaria Eriksson

Investment Strategy Unit
Head of Investment Strategy Mr Tommi Moilanen

Responsible Investment Research and Coordination
Team
Deputy Director Ms Kirsi Keskitalo

External Fixed Income Investments Team
Deputy Director Ms Erika Tikka

Investment Reporting and Risk Management Unit
Deputy Director Ms Maija Sarlomo

Securities Administration Unit
Head of Securities Administration Ms Johanna
Haukkovaara

Financial and Operations Planning

CIO Mr Tom Kåla

Financial Unit
Financial Manager Mr Olli Pasanen

HR Unit
HR Director Mr Mika Gylén

Register and Pensions Payment Unit
Register and Pensions Payment Manager Ms Katri
Tolonen

Internal Services Unit
Work Environment Manager Ms Kristina Vuorela

PUBLIC SECTOR
PENSIONS



www.keva.fi

FI-00087 KEVA, Finland
Telephone +358 20 614 21