

TAPIOLA

Making Responsibility an Everyday Issue

Tapiola Group

tapiola.fi



Asmo Kalpala
President



Tapiola's definition of mutuality is characterised by the expression "responsibility to customers". The aspects of responsibility are included in Tapiola's strategy and the planning of operations, and they even affect the management's merit pay. This enables us to make responsibility an everyday issue and contribute to advancing the status of responsibility in society.

Responsibility Beyond Legal Requirements

Imagine that companies were humans. Would you like a neighbour or co-worker who is fair, takes responsibility for other people and the environment, and does their job well? Or would you rather be with people who only think about what's best for them and try to reach their goal with no regard for others?

The above example is, of course, greatly simplified. Legislation requires a certain amount of responsibility from all companies. Corporate responsibility is something more, however: it refers to operations aimed at **financially, socially and ecologically sustainable development** enabling a company to meet society's standards and **go beyond the statutory minimum levels**.

By paying attention to the corporate responsibility performance of organisations, you as a customer can show, through your choices, what kind of world and future you value.

Tapiola's Operations Based on Responsibility

We at Tapiola believe that customer focus is set to become even more important in the world of business. Nurturing a sustainable community spirit is a wiser approach in the long run than the short-sighted pursuit of profits. That is why we comply with the principles of corporate responsibility.

Tapiola is a mutual company. This means that our customers own the mutual insurance companies, which in turn own the other companies within the Group. Since there are no outside investors, we can use the profits to develop customer benefits and services. We are responsible to our customers.

Tapiola is among Finland's largest financial service companies, and it offers its customers comprehensive insurance, banking and financial sector services, which they value greatly. There are 3,000 Tapiola employees working for the owner-customers within a nationwide service network.

Tapiola Group companies

Tapiola General Mutual Insurance Company
(Tapiola General)

Tapiola Mutual Pension Insurance Company
(Tapiola Pension))

Tapiola Mutual Life Assurance Company (Tapiola Life)

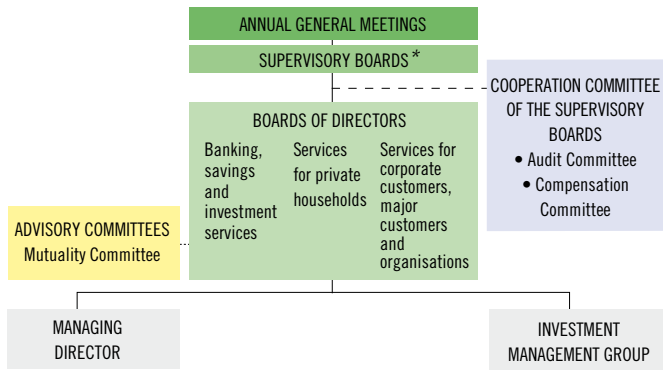
Tapiola Corporate Life Insurance Ltd
(Tapiola Corporate Life)

Tapiola Bank Ltd

Tapiola Asset Management Ltd

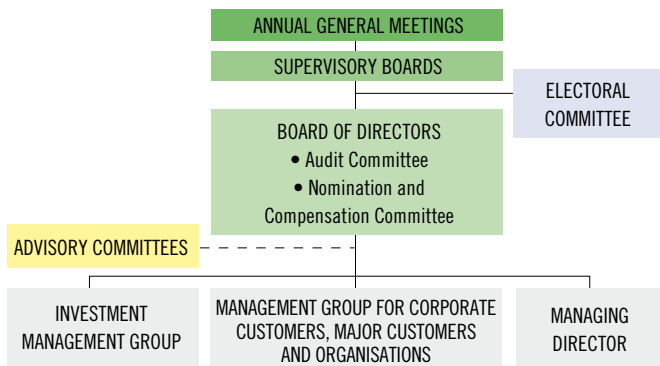
Tapiola Real Estate Ltd

Tapiola Group's corporate governance structure (excl. Tapiola Pension)



* Tapiola Bank and Tapiola Asset Management have no supervisory board

Tapiola Pension's corporate governance structure



Due to the provisions of the Act on Employee Pension Insurance Companies, Tapiola Pension's corporate governance differs from other insurance companies within the Group. In addition to policyholders and guarantee share owners, Tapiola Pension's administration includes representatives of key employee organisations and the Confederation of Finnish Industries (EK).

Customers' Benefit Tapiola's Core Value

The basic mission of Tapiola is to provide its customers with benefits and sustainable solutions for well-being and success.

Tapiola's values

- Customer benefits
- Shared success
- Entrepreneurship
- Ethical activity



Mutuality – Perspectives to the Owner-customer Model is the first thorough treatment of mutuality in Finnish. In the book, experts from different fields explore the subject from a variety of perspectives. Published in 2007, the year that marked the 150th anniversary of Tapiola's mutuality. Edited by Arja Suomi with financial support from Tapiola Group. Publisher: Edita.

Solvency and Long-term Planning for the Benefit of Customers

Economic responsibility means growth, profitability, long-term planning and efficiency, and good risk management.

All four of the Tapiola Group insurance companies have long been among the most solvent companies in Finland, which has allowed us to plan customer benefits on a long-term basis. Cost-efficiency and a stable financial foundation are also included in the operating principles of Tapiola Bank and the other financial service companies. In investment activities, the focus is on the solidity and productivity of investments. When making investment decisions, we aim to avoid investments whose values would contradict Tapiola's values.

Tapiola General Group's operating profit grew steeply: by 53.3 per cent to EUR 138.2 million.

Tapiola Life performed well and the Group's operating profit grew considerably: by 176 per cent to EUR 115.8 million.

The growth of **Tapiola Bank Ltd** is illustrated by the development of bank-customer relationships. The number of customers grew by 35,800 to 115,250 customers in 2007. The bank's losses decreased to EUR 2.1 million. The first half of the year showed a loss of EUR 3.4 million, but for the second half of the year, the company posted a profit of EUR 1.3 million.

Tapiola Asset Management Ltd: Tapiola Asset Management Ltd and Tapiola Fund Management Company Ltd merged in 2007. The operating profit amounted to EUR 0.459 million.

Tapiola Real Estate Ltd: Tapiola Group's real estate operations were incorporated into Tapiola Real Estate Ltd. The company reported a profit of EUR 0.045 million for its first year of operation.

At **Tapiola Pension**, the number of insured, premium income and market share increased, and the expense ratio was good. The overall result of the company was affected by the difficult investment environment and the technical interest rate level, which was higher than the level of return. The overall result, which includes unrealised value changes in investment assets, showed a loss of EUR 78.2 million.

Providing owner-customers with benefits forms the core of Tapiola's operations. The surplus of Tapiola Group's operations is used to benefit owner-customers.

A total of EUR 118.9 million was paid to the customers as discounts and benefits granted. Customer benefits consist of the companies' customer bonuses, loyalty benefits, discounts, the bank's interest rate benefit and service benefits. Insurance and banking customers who centralise their services in Tapiola receive the best customer benefits in Finland. Part of the result is used to strengthen the company's solvency and thereby secure the payment of benefits to customers and the development of services in the future as well.

Owner-customer benefits, EUR million		
	2006	2007
Tapiola General	76,7	83,0
Life insurance companies	22,7	35,9
Total	99,4	118,9

Tapiola Pension's customer bonuses	18,0 EUR million	19,6 EUR million

- Tapiola's banking, savings and investment services have ranked very high in impartial comparisons commissioned by media.
- Tapiola's funds have been successful in comparisons conducted by impartial fund rating companies.

Genuine Caring for Others

Social responsibility includes responsibility for people and communities as well as meeting the expectations of stakeholders. Our objectives are divided into three areas: responsibility for personnel, responsibility for customers, who also own Tapiola Group, and responsibility for other stakeholders.

Reliability is important for a group like Tapiola: all our operations and decision-making must stand up to open and transparent scrutiny.

Recognitions:

- In the Best Workplaces in Finland competition, Tapiola came in second in the category of large organisations.



The number of employees has risen considerably in recent years as a result of the growth of operations. Tapiola is a secure employer that offers good personnel benefits, e.g., extensive occupational health care services.

Personnel	2006	2007
Number of employees	2821	3007
Men %	34	33
Women %	66	67

- Tapiola's customer benefit programme rewards loyal customers.
- Tapiola's service model for consumers is based on care and review of coverage.
- Tapiola is continuously developing its insurance and claims services for private and corporate customers. The telephone claims service, for example, makes the process much easier and quicker.

With the help of Tapiola's range of services, customers can secure their finances as a whole. The customer's benefits increase with the degree of concentration of financial affairs in Tapiola.



Many Opportunities to Think about the Environment

For us, **environmental responsibility** means economical use of natural resources, risk management and taking account of the environment in our daily operations and decision-making.

The industry in which we operate is not among the significant polluters of the environment. We assist our customer companies in promoting their environmental objectives and preventing damage. Part of the claims are made over the phone or on the internet.

Tapiola can also work indirectly for the benefit of the environment through its investment activities, and as a major owner and builder of real estate.

Commitments:

- Tapiola is committed to the World Wildlife Fund's (WWF) Green Office system.
- Tapiola is committed to the ICC Business Charter for Sustainable Development.

Partners Also Selected on the Basis of Responsibility

We select our partners on the basis of the principles of responsibility. We provide sponsorship to children and young people, underprivileged citizens and veterans of war, and for nature-related activities and art.


Finnish Red Cross


ESPOO MUSEUM OF MODERN ART


LÖYDÄ
LUONTO LÄHELTÄSI

Read more at:

www.tapiola.fi > English > Tapiola Group > Society and Environment

www.tapiola.fi > English > Financial Data > Annual Report



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