



CLIMATE TRANSPARENCY REPORT

2019

LocalTapiola Asset Management Ltd

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-49F3A7A1-A991-4C47-AD65-C7DA1397C978/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	LocalTapiola Asset Management Ltd
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2010
Region	Europe
Country	Finland
Disclosure of Voluntary Indicators	95% from 38 Voluntary indicators

LocalTapiola Asset Management Ltd

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

Other description (1)

Sustainable Development Goals are covered by our ESG policy which is an incremental part of our investment strategy.

Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

We are an asset manager that takes a strong active view of the markets. Our investment decisions are based on our own analysis of market trends and investment objects. In majority of our investments, we do not track market indices. Our main objective is to maximize our clients' return at the risk level chosen by the clients. As our investment philosophy is based on long-term fundamental investment strategy, we believe that integrating RI analysis to our investment processes enhances good risk-reward relationship.

Our ESG policy covers all aspects of RI, and it's an incremental part of our investment strategy. Our ESG policy covers eg Climate Risk, SDGs, Active ownership & Engagements, and Asset class -specific considerations. In March 2019 our Board approved the active ownership and voting policy for LocalTapiola Asset Management, in accordance with the Shareholders' Rights Directive coming into force in June 2019. These policies are incorporated in our ESG policy.

Our fiduciary duty consists of adhering to the client's investment policy, incorporating ESG considerations into investment processes, taking into account client's ESG preferences in investment decisions and thriving to maximize client's return/risk ratio.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Based on our investment philosophy, strategy and our values as part of a mutual Insurance group, the key elements of our ESG implementation are integration and active ownership. We have also introduced exclusion policies and thematic ESG investments.

Integration: We integrate ESG issues into our various investment concepts and different asset classes, taking into account the relevant factors involved. In stock and credit picking strategies ESG analysis is conducted by portfolio managers simultaneously with the traditional investment analysis, and an ESG score is given based on the analysis. The risks and opportunities arising from the ESG analysis are taken into account in assessment of the investment potential. In factor based strategies we integrate ESG by utilizing third-party ESG ratings as one parameter of a total of five parameters in the model. In Fixed Income Sovereign we mainly invest in euro-denominated bonds issued by European countries. We discuss relevant ESG issues with the issuers, but we do not aim to influence the policy makers. As to external managers, ESG considerations are included in the manager selection process, eg. commitment to the PRI is required, and we also score the managers on the basis of their RI policies and practices. We discuss ESG issues with the managers on regular basis, but we do not aim to influence the underlying investments.

Active Ownership and engagement: In investments based on our stock and credit picking strategies portfolio managers meet all the companies we invest in. Relevant ESG issues are also discussed in the meetings. In 2018 we had a total of 794 meetings with company management. In 115 meetings we have engaged on ESG issues. We also contact companies specifically on ESG issues thru surveys, e-mails and conference calls. In 2018 we attended AGMs mainly in Finland. From 2019 onwards we will be proxyvoting in AGMs globally, for our stock picking and factor based strategies.

Exclusion policies: In our stock and credit -picking and factor based strategies we exclude companies that are in breach of global norms. We also exclude producers of controversial weapons and weapons of mass destruction.

Limitations: In our stock- and credit-picking and factor based strategies we avoid in companies where over 5 percent of the revenue comes from adult entertainment, gambling, tobacco or production of traditional weapons.

Climate risk: in our stock- and credit-picking strategies we divide sectors in carbon-intensive and non-carbon-intensive. In carbon-intensive sectors we only invest in best-in-class companies based on carbon footprint or in companies that have a clear plan to improve their carbon footprint. This limitation applies to

our stock and credit picking strategies. Starting in 2019 we also avoid investing in companies where 25 percent of revenue comes from thermal coal used in energy production, or in energy producers with at least 25 percent of activity based on burning coal and that have no trustworthy plan of changing their mix.

The main exception to our ESG policies are our passive strategies (market beta funds) where we do not apply any ESG.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
----------	-----------	--------	-------------	---------

SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
-----------------------	---

Our ESG policy covers sustainable development and climate risks. Climate risk issues are monitored constantly, and new approaches are implemented into investment processes when deemed material. The ESG policy is updated at least annually.

The main issue that we follow currently within our investment horizon that ranges between 3-5 years is global warming. Naturally, we also make longer term analyses on how global warming will be affecting the economy, societies and corporations in the future. The preconditions of most sectors and corporations will change, and this development entails both risks and opportunities. In our operations we mainly consider the target of reducing warming to well below 2 degrees, or pursuing 1.5 degrees, in line with the Paris Climate Agreement. Our view is that this will require transition into low-carbon economy and a considerable reduction of the use of fossile fuels.

Regarding global warming, we especially take a deeper look into the carbon emissions and the risk of stranded assets of the companies we invest in. Especially for carbon emissions the data availability has improved remarkably over the past few years and offers possibilities for comparison. We limit our investments based on carbon emissions of the companies. The stranded assets risk is currently assessed on individual company-level. However, since 2019, we are also limiting our investments in companies with coal-related activities. The process for our investment limitations is described in more detail in SG 01.10 CC.

In addition to risks related to carbon emissions and stranded assets, we also look into water and other climate related risks. However, due to data availability these risks are assessed on sectoral or individual company-level.

An important aspect of our investment operations is looking for opportunities arising from these risks. In our investment process we aim at identifying companies that are frontrunners in fighting global warming either by improving their own operations and their footprint, or by providing products and services that have a positive impact in the footprint of the value chain. In addition, through engagement activity we aim to increase the awareness on climate issues and also encourage companies to look into and report on their climate risks inline with TCFD recommendations.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
-----------------------	--

Yes

SG 01.8
CC

Indicate the associated timescales linked to these risks and opportunities.

It is still very challenging to assess the exact timescale or path as to when or how these risks and opportunities will realize. However, we follow up closely estimations on global warming and current trends in fighting it, especially within our investment horizon of 3-5 years, but also on longer term. We are currently working on our initial assessments regarding scenario analysis that includes climate risks for different time periods. In addition, we follow closely risks and changes related to climate regulation, that might have implications to operations at certain sectors.

Our main focus however is on the opportunities side, and we believe that these opportunities arise on an ongoing basis. We aim at investing in the frontrunners that either improve their own operations and footprint, or provide products and services that reduce the footprint of the value chain.

As investors we need to look into all climate related risks. Naturally the challenge currently is the accuracy and comparability of the data. The TCFD recommendations tackle especially the challenges related to climate risk reporting, and we publicly support these recommendations. In addition to carbon emissions and stranded assets, we also follow closely water and other climate risks. However, these assessments are made on sectoral basis as availability of data is limited.

No

SG 01.9
CC

Indicate whether the organisation publicly supports the TCFD?

Yes

No

SG 01.10
CC

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

For most of our investments we have a strategy in place to identify and manage material climate-related risks and opportunities.

In our stock and credit -picking strategies the assessment of climate-related risks and opportunities is conducted simultaneously with our own investment and ESG analysis of all companies that we invest in. The issues considered and their relevance vary from sector to sector. Main issues that we follow currently are the carbon emissions of the companies we invest in and the risk of stranded assets. Especially for carbon emission the data availability has improved remarkably over the past few years and offers possibilities for comparison. We limit investing based on companies' carbon emissions. We have defined utilities, building materials, airlines and waste management as highly carbon intensive. In these subsectors we aim to invest only in the better companies measured by sector-specific carbon intensity metric or in companies that based on our analysis are considered as high-performers in reducing actively their carbon footprints and in ESG in general. For identifying these companies we use a third party database, Bloomberg and data collected by ourselves. In other sectors we also use internal limits to control for the carbon footprint of our investment objectives. The portfolio weight of a company that has a high carbon intensity is limited to the lower end of our typical range of 2-5 %. The stranded assets risk is currently assessed on individual company-level. Since 2019, we also avoid investing in companies where 25 percent of revenue comes from thermal coal used in energy production, or in energy producers with at least 25 percent of activity based on burning coal and that have no trustworthy plan of changing their mix.

For portfolios that are based on our stock- and credit-picking strategies and our factor model, we calculate and report the portfolio specific carbon footprints semi-annually. For client portfolios we calculate the aggregate numbers and report accordingly. The methodology we use in this calculation is in-line with the TCFD recommendations, and in our calculations we use reported data only.

We support the TCFD and encourage the companies we invest in to report on their climate risks inline with the recommendations.

In addition, we have created sustainability themed sub-portfolios to our clients. One of these themed

investment solutions focuses on clean tech including renewables. The clean tech portfolio invests in companies that are positively affected by the climate trends and that either provide for solutions and products within the energy efficiency theme or produce green energy.

when using external solutions, we discuss ESG-issues including climate risks with our partners regularly. We monitor their processes and implementation of ESG-issues into the Funds' investments. We are prepared to make changes in case we feel that climate issues are not taken into account in a appropriate manner.

We also use ETFs in investment solutions in order to fulfill certain client needs. We are prepared to offer low-carbon ETFs in case we consider them beneficial to our client needs

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
-----------------------	---

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

SG 02	Mandatory	Public	Core Assessed	PRI 6
--------------	------------------	---------------	----------------------	--------------

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
----------------	--

- Policy setting out your overall approach

	URL/Attachment
--	----------------

- URL

	URL
--	-----

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/192136/}

- Attachment (will be made public)

	Attachment
--	------------

[File 1:192136.pdf](#)

- Formalised guidelines on environmental factors

	URL/Attachment
--	----------------

- URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment (will be made public)

Attachment

[File 1:174703.pdf](#)

- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors
- Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/192136}

Attachment (will be made public)

Attachment

[File 1:192136.pdf](#)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment (will be made public)

Attachment

[File 1:174703.pdf](#)

- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment (will be made public)

Attachment

[File 1:174703.pdf](#)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/125138/}

Attachment (will be made public)

Attachment

[File 1:125138.pdf](#)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/125138/}

Attachment (will be made public)

Attachment

[File 1:125138.pdf](#)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment

File Attachment

{hyperlink:174703.pdf [2520KB]}

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment

File Attachment

{hyperlink:174703.pdf [2520KB]}

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment

File Attachment

{hyperlink:174703.pdf [2520KB]}

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment

File Attachment

{hyperlink:174703.pdf [2520KB]}

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment

File Attachment

{hyperlink:174703.pdf [2520KB]}

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/125138/}

Attachment

File Attachment

{hyperlink:125138.pdf [1702KB]}

Reporting

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment

File Attachment

{hyperlink:174703.pdf [2520KB]}

Climate change

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment

File Attachment

{hyperlink:174703.pdf [2520KB]}

Understanding and incorporating client / beneficiary sustainability preferences

Other RI considerations, specify (1)

Other description (1)

Sustainable Development Goals are covered by our ESG policy which is an incremental part of our investment strategy.

URL/Attachment

URL

URL

{hyperlink:http://public.egate.fi/lahitapiola/lahitapiola/fi/tiedostot/174703/}

Attachment

File Attachment

{hyperlink:174703.pdf [2520KB]}

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Our Investment and RI policies cover all the aspects that we have mentioned above. It is publicly available on our web-site.

Detailed guidelines on environmental, social and governance issues are included in our in-house ESG -analysis tool, and are not publicly available. Overall climate and climate change -related policies are included in our publicly available RI policy. Also SDG -related issues are included in our RI policy.

Late 2018 and in the beginning of 2019 we have been reviewing our active ownership and proxy voting policies. Our active ownership and voting policy was approved by our Board in March 2019 and will be posted on our website during March 2019. We will start with proxy voting activities in 2019, and in this we will be using partners and external service providers.

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
----------	-----------	--------	-------------	---------

SG 07.5 CC Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or head of department

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Board of Directors and CEO have oversight for all activities at LocalTapiola Asset Management. RI issues and climate-related issues are reported to the Board of Directors at least annually.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
-----------------------	--

RI and climate-related issues are discussed in the Management Board at least bi-annually. CIO and Director, Portfolio Management and ESG are both members of the Management Board. Director, Portfolio Management and ESG is responsible for developing RI and climate-related policies and implementing them into portfolio management and allocates majority of her time on these issues. Portfolio Managers are responsible for implementing the RI and climate-related policies, in particular for conducting the ESG analysis of individual investments. One of the Portfolio Managers is acting as an ESG coordinator in order to facilitate and expedite ESG projects. One of the Client asset managers is responsible for developing and implementing RI and climate-related policies in externally managed investments. We also recruited an ESG data-analyst with responsibilities to enhance the quality and use of RI and climate-related data, as well as RI and Climate-related reporting on portfolio and client level.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
-----------------------	---

- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
--------------	------------------	---------------	--------------------	--------------

SG 13.1	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
----------------	--

- Yes, to assess future ESG factors

	Describe
--	----------

Our economists have started the process to incorporate ESG into strategic asset allocation through scenario analyses. For more details see SG 13.3.

- Yes, to assess future climate-related risks and opportunities

	Describe
--	----------

Our economists have started the process to incorporate ESG into strategic asset allocation through scenario analyses. For more details see SG 13.3.

- No, not to assess future ESG/climate-related issues

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
----------------	---

We do the following

- Allocation between asset classes
 - Determining fixed income duration
 - Allocation of assets between geographic markets
 - Sector weightings
 - Other, specify
- To better prepare for unexpected scenarios and strengthen our risk management
- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

Our economists have started the process to incorporate ESG into strategic asset allocation through scenario analyses. More specifically, our aim is to simulate the effects of ESG factors, including climate-related risks and opportunities, using long-term macro scenarios that go beyond standard return-risk considerations. Given the nature of ESG factors, purely quantitative analysis will be complemented by qualitative analysis. The results will be considered in strategic asset allocation between different asset classes and geographical regions. In addition to the long-term portfolio optimization, the scenario analyses should help us to better prepare for unexpected scenarios and strengthen our risk management. This work will continue in 2019.

SG 13 CC	Voluntary	Public	Descriptive	General
-----------------	------------------	---------------	--------------------	----------------

SG 13.4 CC Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment

Describe

We recognize the role of ESG issues in strategic asset allocation and are in the process of developing our scenario analysis to manage ESG issues, including climate-related risks and opportunities. In our economic scenario analyses, we will analyze the effects of the climate-related risks on different asset classes and their risk-return characteristics. The results will be considered in risk management and optimal strategic asset allocation between different asset classes and geographical regions. In addition to the standard asset classes, we analyze possibilities to establish new supplemental asset classes that would strengthen the role of ESG issues in our strategic asset allocation.

- Incorporation into investment analysis
- Inform active ownership
- Other

**SG 13.5
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6
CC**

Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes

Describe

Our investment horizon is in average 3-5 years. In our scenario analysis, we will consider different investment time-horizons, including long-term scenarios that go beyond our typical investment horizon

- No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #cccccc; padding: 5px; border: 1px solid #000;">Other (1) please specify:</div> our internal climate risk scenario
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
-------	---	--------	---------------------	-------

SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM			279	470	000
Currency	EUR				
Assets in USD			318	845	404

Specify the framework or taxonomy used.

Based on our own assessment of our thematic investments

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.
----------------	--

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.5	Additional information [Optional]
----------------	-----------------------------------

In stock and credit picking strategies we have identified certain industries as carbon intensive. Within these industries we invest only in the best-in-class companies, measured by carbon intensity. In addition, we can invest in improvers, meaning companies that can prove stringent policies, practices and targets for decreasing their carbon footprint and for mitigating their environmental impact. These companies have also received an excellent or good score in our in-house ESG scoring system. We also take into account sector or company specific indicators of carbon footprint in our analysis. In less carbon intensive sectors we adhere to our process of internal ESG analysis.

Carbon footprint metrics (mentioned above) calculated for funds and client portfolios are disclosed publicly on a quarterly basis (funds) or for clients on biannual basis.

SG 14 CC	Voluntary	Public	General
-----------------	-----------	--------	---------

SG 14.6 CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.
-------------------	---

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	identifying carbon risks	tons of CO2e per 1m EUR of revenue	for individual company 1 CO2e / 1m EUR revenue and for portfolio as the weighted average for all investments calculated for all internally managed equities and credit
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	identifying carbon risks	tons of CO2e	corporate disclosure based on generally accepted measurement methodologies or inline with the CDP requirements data run for all internally managed equities and credit where data available
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	identifying carbon risks	tons of CO2e or tons of CO2 per 1m EUR of revenue	either portfolio total carbon emissions or carbon intensity (carbon intensity preferred and generally a better metric when comparing equity and credit portfolios as for all other metrics methodologies between equity and credit differ; also when calculating aggregated numbers for client portfolios by combining equity and credit carbon intensity is the preferred metric) calculated for internally managed equities and credit
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	identifying carbon risks	tons of CO2e	calculated as owned carbon emissions based on company emissions divided by company market cap and multiplied by our share of the market cap, share of ownership in individual company emissions are then summed in order to calculate total carbon emissions for a portfolio (for equities), for credit we use total value ie market cap plus total debt instead of market cap only and calculate the portfolios share of total value calculated for all internally managed equities and credit
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	identifying carbon risks	tons of CO2e per 1m EUR of revenue	for individual company t CO2e per 1m EUR of revenue; for a portfolio total carbon intensity is calculated as a weighted average of the company-specific carbon intensities calculated for all internally managed equities and credit

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

	Please describe
--	-----------------

Climate change is one of the ESG risks that we have identified and looked into over several years now. In our RI principles we specifically define climate change as one of the important aspects of our RI, and in our internally managed active listed equity and fixed income investments we look both for risks and opportunities that stem from the climate change trends. Since our strategy is based on stock- and credit-picking we assess climate-related risks on an individual investment level (company level). This is part of the analysis our portfolio managers perform. Also, controlling for climate-related risks is currently a responsibility of our portfolio managers. Hence, climate-related risks are not yet integrated into our overall risk management for our investments and not overseen by compliance or middle office control function. However, our middle office control function is for instance responsible for calculating and reporting the carbon footprints for our portfolios. One of the challenges of a central controlling regarding climate-related risks is the data availability and the comparability of the available data. During the past years the carbon emissions data has become better available, but there is still lack of data on other issues such as stranded assets, water, waste management, use of recycled materials, etc. Also the data available is not based on any generally accepted measurement methodologies. TCFD recommendations is a great first step towards more standardized data, but it will take time before this data is available so that it can be used to measure climate-risks on a portfolio level.

SG 14.9 CC	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
-----------------------	--

Yes

	Please describe
--	-----------------

We actively engage in climate related issues with the companies we invest in.

Since 2016 we have sent an annual survey to those companies we invest in that to our knowledge do not report their carbon emissions. With our engagement we inform them about the importance of climate risk reporting, and also that we support the TCFD recommendations and encourage the companies to adopt the recommendations. In addition, we discuss the climate related issues with the companies we invest in, in our regular meeting with the company management. The intensity of our engagement activity varies between companies, and our engagement is more systematic and profound with companies more exposed to climate risks.

Our investment strategy for our internally managed assets is based on stock- and credit picking and our factor model. Especially in our stock- and credit-picking strategies we identify and assess the climate-related risks on company and sector level. We have divided sectors based on their carbon footprints into carbon-intensive and non-carbon-intensive. For the carbon-intensive sectors we have defined investment limitations based on company-level climate metrics. In addition, more focus is put on the climate-related risk assessment for the carbon-intensive sectors. In addition, from 2019 onwards we also exclude companies with high coal-related activities. Since our portfolios are concentrated (30-40 companies or issuers) we follow the risks and limitations at company-level. Our investment strategy also allows for investing companies benefitting from the climate change trends, and we actively look for such investment opportunities, both in equities and credit. Especially in credit we have actively increased the share of green bonds in our portfolios.

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
--------------	--	---------------	--------------------	--------------

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
----------------	---

Yes

SG 15.2 | Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

10

SG 15.3 | Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

Listed equity

% of AUM

3

Fixed income - SSA

% of AUM

1

Fixed income - Corporate (financial)

% of AUM

1

Fixed income - Corporate (non-financial)

% of AUM

3

Fixed income - Securitised

Property

Hedge funds

Cash

Other (1)

Brief description and measures of investment

We invest in companies that offer products and services in the field of energy efficiency and clean tech, eg. in different companies in the electric vehicle value chain and in companies that build smart grids. Our offering to our clients includes specific thematic sub-portfolios, and one of these is built on the clean tech theme including renewables.

In fixed income we also invest in bonds that are used in funding energy efficiency projects. Some of these green bonds direct funds to different green projects. For those, we have estimated the share of energy efficiency and clean tech projects.

In percentage calculation we used the internally-managed AuM for the specific asset class.

LocalTapiola Asset Management has a limited number of carefully selected external managers. The external managers' fund offering supplements the LocalTapiola mutual fund offering. Eg SRI ETFs are very efficient vehicles to adhere to client specific SRI investment restrictions. In addition, we have selected one SRI EMD fund from our external manager's fund offering that is more widely used in discretionary client portfolios. We have also added other Green Bond funds from external managers to cater for energy efficiency/clean technology aspects in the client portfolio.

Renewable energy

Asset class invested

Listed equity

% of AUM

1

Fixed income - SSA

% of AUM

2

Fixed income - Corporate (financial)

% of AUM

3

Fixed income - Corporate (non-financial)

% of AUM

6

Fixed income - Securitised

Property

Hedge funds

Cash

Other (1)

Brief description and measures of investment

We invest in companies that manage renewable energy assets and produce green energy. In addition, we invest in traditional utilities that have a strong strategy and a proven track record in becoming more clean.

In fixed income we invest in green bonds issued by financial institutions, utility companies and agencies that fund renewable energy projects. Some of these green bonds direct funds to different green projects. For those, we have estimated the share of renewable energy projects.

In percentage calculation we used the internally-managed AuM for the specific asset class.

LocalTapiola Asset Management has a limited number of carefully selected external managers. The external managers' fund offering supplements the LocalTapiola mutual fund offering. Eg SRI ETFs are very efficient vehicles to adhere to client specific SRI investment restrictions. In addition, we have selected one SRI EMD fund from our external manager's fund offering that is more widely used in discretionary client portfolios. We have also added other Green Bond funds from external

managers to cater for energy efficiency/clean technology aspects in the client portfolio.

Green buildings

Asset class invested

- Listed equity
- Fixed income - SSA

% of AUM

1

- Fixed income - Corporate (financial)

% of AUM

2

- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Property
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

We have invested in green bonds that finance green building projects. The green bond we have invested in are issued by financial institutions and agencies. Some of these green bonds direct funds to different green projects. For those, we have estimated the share of green building projects.

In listed equities, we have also invested in companies that manage green building, or convert actively their buildings into green. The share of these investments is less than 1 % of the listed equity AuM.

In percentage calculation we used the internally-managed AuM for the specific asset class.

Sustainable forestry

Asset class invested

- Listed equity

% of AUM

1

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Property
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

We invest in companies that manage certified forests and use certified wood raw materials in the production of wood building materials and paper and packaging products.

In percentage calculation we used the internally-managed AuM for the specific asset class.

- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing

Asset class invested

- Listed equity
- Fixed income - SSA

% of AUM

1

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Property
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

We invest in social bonds targeting affordable housing in the Netherlands.

In percentage calculation we used the internally-managed AuM for the specific asset class.

- Education

Asset class invested

- Listed equity

% of AUM

1

- Fixed income - SSA
 Fixed income - Corporate (financial)
 Fixed income - Corporate (non-financial)
 Fixed income - Securitised
 Property
 Hedge funds
 Cash
 Other (1)

Brief description and measures of investment

We invest in companies that provide education and educational materials and also in companies that provide technological solutions and connectivity to improve learning process especially in developing countries.

In percentage calculation we used the internally-managed AuM for the specific asset class.

- Global health

Asset class invested

- Listed equity

% of AUM

24

- Fixed income - SSA
 Fixed income - Corporate (financial)
 Fixed income - Corporate (non-financial)
 Fixed income - Securitised
 Property
 Hedge funds
 Cash
 Other (1)

Brief description and measures of investment

One of our thematic mutual funds is called LocalTapiola Wellbeing. This fund invests in healthcare companies with focus on diagnostics, healthcare systems and service providers, but also on pharmaceuticals. Our objective is to find future winners based on technology and service, and contribute to better diagnostics, more efficient treatment processes and cost-efficiency in healthcare.

In addition to our thematic fund we have invested in health care companies in several other

portfolios.

In percentage calculation we used the internally-managed AuM for the specific asset class.

Water

Asset class invested

Listed equity

% of AUM

1

Fixed income - SSA

% of AUM

1

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Property
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

We invest in water companies, that operate water infrastructure and waste water treatment plants, and provide clean water to industries and consumers. Our offering to our clients includes specific thematic sub-portfolios, and one of these is built on the water theme.

In fixed income we have invested in green bonds issued by agencies that fund water projects. Some of these green bonds direct funds to different green projects. For those, we have estimated the share of water projects.

In percentage calculation we used the internally-managed AuM for the specific asset class.

Other area, specify

No