



CLIMATE TRANSPARENCY REPORT 2020

Ilmarinen Mutual Pension Insurance Company

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 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-/AEA86C2A-A085-4D66-AAB0-83B21E911962/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). 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 2020 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 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	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 14.6 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	Ilmarinen Mutual Pension Insurance Company
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Europe
Country	Finland
Disclosure of Voluntary Indicators	93% from 38 Voluntary indicators

Ilmarinen Mutual Pension Insurance Company

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
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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.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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We believe that Climate Change will have a profound impact on investments. Therefore, we have set an ambitious goal to set a Carbon neutrality target to 2035, which requires immediate actions from our part.

To identify risks and opportunities we utilize multiple data providers and datasets in our investment operations. For example, we have used Engaged Tracking and the PACTA tool (2 degree Investment Initiative) to better understand the risks and opportunities not just only on a portfolio level but also on sector and on individual company level.

Some Transitional Risks identified:

- Policy: Energy sector (energy production decarbonization), industrials (decarbonization efficiency requirements), transportation & logistics (fuel use)
- Technology: Industrials (Emergence of disruptive technologies i.e Power to X)
- Market: Transportation & logistics (consumer preferences)
- Reputation: Energy & Utilities (Lobbying and lack of accountability), Finance (Financing carbon intensive projects)

Some Physical Risks identified:

- Acute: Forest Investments, Agriculture, Real Estate, Insurance, acute disruption to supply chain
- Chronic: Forest Investments, Agriculture, Real Estate, Insurance, chronic disruption to supply chain

Some Opportunities identified:

- Resource efficiency affecting all sectors, advance AI systems for better monitoring and measuring of raw materials, decrease material use
- Energy source for example power to X technologies, renewable energy
- Product/services for example product as a service, recycling services, disruptive market participants
- Markets for example, disruptive market participants, new technologies and products creating new markets that go beyond the product itself
- Resilience for example companies able to adapt and innovate

We did an extensive risks and opportunities assessment on our forest holdings as part of our sustainability report. In this research we assessed current and potential risks associated with forest investments. For example, our research showed that with the increasing temperatures, forests are more at risk to pests, fungus and pathogens, thus adversely impact forest health. Our research also shows that there are opportunities such as innovative ways of using wood based pulp and the use of infected trees as an input

for biofuels.

No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

At present we are enhancing our capabilities associated with assessing transitional and physical risks related to our portfolio. With our 2035 carbon neutrality target, we have set a 2025 interim target which will be focused on a couple of areas (please read SG 01.9CC). The responsible investment team, continue to research and monitor meaningful decarbonization targets and strategies as well as factor in green opportunities across the various asset classes.

On associated timescale risks and in certain cases, we have identified the lack of accountability measures when a company publicly discloses its strategy and targets on its climate commitments. In addition, it is not entirely clear how certain company's decarbonization commitments are accounted for and if they have been scientifically backed or simply pledged. However, with third-party data providers and with publicly disclosed targets (preferably science based targets), we believe this is a good start and presents a better understanding of a companies intentions on managing climate change risk and opportunities. Part of our internal systems, allows us to flag these companies on an annual basis and hence the timescales we normally work with is on an annual basis. We also leverage other resources including investor relations teams, CDP, Climate Action 100+ and the 2 degree Investment initiative to support our investment decisions.

On our 2020-2025 Climate Change roadmap, it is important that our investments create real material change towards our carbon neutrality objectives. It is important that we continue engaging and influencing companies for the better, especially in highly polluting sectors, as some of them play a crucial role in transitioning to a low carbon economy.

We analyze our investment portfolio on climate risks and opportunities, taking into account the 1.5 degree scenario under the Paris Climate Convention. The objective of the previous road map (2016-2020 Climate Change roadmap) was to reduce the carbon footprint of investments, which is still a key priority. In our Climate Change roadmap 2020-2025, we will have a focus on achieving carbon neutrality for our entire portfolio by the end of 2035. Transition challenges as well as identified trade-offs can be reduced if global emissions peak before 2030. Basing our view on the latest IPCC report of 2019, limiting warming to 1.5 C, implies that CO2 emissions need to peak around 2030 and gradually decrease, reaching net zero CO2 emissions globally by around 2050. Many of the risks related to decarbonization timescales will be characterized by technological driving examples such as, energy demand reductions, decarbonization of electricity and other fuels, deep reductions in agricultural emissions and some form of carbon storage on land or sequestration capture.

It is vital for the investor to realize the importance of short, medium and long term targets. Alongside our 2035 carbon neutrality target we have stated short-term targets to identify risks and opportunities. These will lead to better longer term outcomes as we learn from our experiences.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9
CC**

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

Yes

Describe

We have an organization-wide Climate Policy and Guidelines. Our long-term goal is to achieve carbon neutrality for our entire portfolio by the end of 2035. This objective has been approved by Ilmarinen's board and we are working towards focused milestones. We are aiming to reduce actual atmospheric emissions rather than concentrating on getting calculable portfolio emissions down through exclusions only. In addition, we are exploring the possibility of achieving carbon negativity for domestic direct investment in a similar timeframe. The different phases of the roadmap are intended as development steps to reach the following milestones.

In the first phase (2020-2025), we will focus on the following themes:

- Carbon risk when reviewing investments
- Enhance tools for monitoring investment targets 'climate goals and reporting
- Transparent reporting of climate risks and climate opportunities
- Increasing climate impact through active and passive investment
- Real estate emissions compensation program also taking into account building time carbon emissions
- Strengthening carbon sinks

Prior to the development of our Carbon neutrality roadmap plan, we held a Chatham house rules group discussion in 2019 with various stakeholders, consisting of NGOs', heads of Finnish Industry, Academics and Finnish businesses around Carbon neutrality, viable technologies, economies of scale and understanding challenges of emission measurements were examples of issues discussed if a society would achieve net zero. We have taken this feedback which has supported our development of our Climate Change Policy 2020-2025 roadmap.

No

**SG 1.10
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

specify

Annual sustainability report 2019.

- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

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

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 that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

ESG related issues which include the new Climate Policy have been approved by Ilmarinen's board. The new Climate Change policy takes into account the risks and opportunities related to climate-change impacts. The board is presented with climate related findings as part of reporting and Responsible Investment policy approvals.

**SG 07.7
CC**

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

The Responsible Investment Executive Committee is responsible in deciding long-term climate-related issues that are within our Responsible Investment policy guidelines. This involves discussing, defining and developing how in practice the risks and opportunities are integrated on the portfolio management level, including data providers and specialized assessment tools, targets and metrics. The Responsible Investment executive committee members include the company CEO, CIO, Head of Legal and representatives from the legal, investment and corporate communication departments.

**SG 07.8
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other

Specify

When engaging with external managers we send a questionnaire that covers issues on their investment approach towards ClimateChange risk mitigation strategies/policies/TCFD framework.

- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

Describe

Our internal ESG tool (DESGA) together with our internal systems add our capability to combine a range of ESG related datasets.

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

Describe

We currently use Engaged Tracking for our thermal coal exclusion list, GHG metrics and scenario analysis based on the IEA model. We use certain Carbon risk assessment metrics provided by MSCI to assess securities based on these risk criterias and stress investments that are capitalizing on these oppurtunities.

- No, our organisation does not currently carry out scenario analysis and/or modelling

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
Allocation to passive investment ESG leaders strategies.
- We do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment
- Incorporation into investment analysis

Describe

We have completed scenario analyses and we are further enhancing our emissions related databases' and assessment capabilities. Understanding different climate impact investment methodologies in our new climate policy continues to be a major focus for us in 2020. At present, scenario analysis provides useful information, especially for investment meetings, influencing processes, and assisting in identifying cases that require further clarification among investment targets.

Alongside our specialized climate-risk provider we use the CA100+ assessment tool and PACTA tool to complement our analysis on climate related risks and opportunities. We analyze our investment portfolio on climate risks and opportunities, taking into account the 1.5 degree scenario under the Paris Climate Convention. Furthermore, we report on the carbon footprint of our equity and fixed income portfolios in accordance with international standards. By analyzing the data, we uncover new insights and infer the best course of action to take alongside the portfolio managers.

- Inform active ownership

Describe

We engage and try influence our active and passive investments to address climate change and other ESG issues. Based on our internal analysis and assessment tools we use the output to inform our investments in a variety of ways. Where possible, we report on our climate impact processes and support appropriate shareholder ESG related proposals. In addition to investment targets, we participate in public debate and regulatory development to address environmental concerns. It is also important that the investment products we allocate towards are widely used in the financial markets to better incorporate ESG questions. We will continue to contribute to the development of both passive products and index families, with particular emphasis on carbon risk. The gradual conversion of the ESG indices to incorporate low carbon issue is a question we will concentrate on in the near term as this will attract more market participants in widely used products that hold and maintain liquidity. Our active stock selection is already following the ESG indices. Our goal is for our entire passive equity portfolio to follow the ESG index as well.

When it comes to our Real Estate investments, energy efficiency in the built environment, through certification programs, energy efficiency programs, responsible building and life cycle models are ideal and necessary investment considerations towards sustainable cities. In Finland, about 80% of electricity is already produced without emissions, so more attention must be paid to emissions during construction. The objective of the previous road map was to reduce the carbon footprint of properties. With the new targets, the decrease of carbon footprint is a key focus, as well as more accurate measurements of carbon footprint data by incorporating emissions during construction. Consideration of emissions during construction is an important factor in reducing these emissions as this will influence the design and the whole lifecycle analysis of the planning and construction of future real estate investments.

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 your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

Describe

The responsible investment team research and monitor meaningful decarbonization targets and strategies as well as factor in green opportunities disclosed by the companies. If the company in question are able to disclose credible decarbonization targets we will continue to hold the security in question. A clear risk that we have identified is the lack of publicly disclosed strategy and targets over a time range issued by these companies exposed to high carbon intensity metrics. Disclosed data (preferably science based targets) with meaningful targets gives us a better understanding of a companies intentions on mitigating and, or adapting to climate change risks such as stranded assets or having a certain percentage of operations in high water risk areas (consequences of climate change). Part of our internal systems, allows us to flag these companies on an annual basis and hence the timescales we normally work with is on annual basis. We also leverage other resources including investor relations teams, Climate Action +100 database and the 2 degree initiative PACTA tool to support our investment decisions.

Our new Climate Change (2020-2025), will still focus on decreasing the carbon footprint of our investments through six milestone goals.

- Carbon risk when reviewing investments
- Enhance tools and data analytics for monitoring investment targets 'climate goals and reporting
- Transparent reporting of climate risks and climate opportunities
- Increasing climate impact through active and passive investment
- Real estate emissions compensation program also taking into account building time carbon emissions
- Strengthening carbon sinks

Prior to the development of our Carbon neutrality roadmap plan, we held a Chatham rules group discussion in 2019 with various stakeholders, consisting of NGOs'. heads of Finnish Industry, Academics and Finnish businesses around Carbon neutrality, visible technologies and understandings about the practical challenges of achieving net zero. We have taken this feedback which has supported our development of our Climate Change Policy 2020-2025 roadmap.

No

SG 13.7
CC

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios your 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 checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input checked="" 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: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> PACTA
Other	<input checked="" type="checkbox"/> Other (2)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (2) please specify:</div> SEIM
Other	<input type="checkbox"/> Other (3)	

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

other description

We are increasing investments in low carbon or climate resilient sectors/companies but not putting an absolute target.

- 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 CC

Voluntary

Public

General

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Property GHG emission intensity reduction	tCO2e/m2	GHG Protocol / CDP verified /Specialized carbon data provider
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase awareness and investment decision making	tCO2e/ euros of revenues	GHG Protocol / CDP verified / Specialized carbon data provider
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase awareness and investment decision making	tCO2e/ euros of revenues	GHG Protocol / CDP verified / Specialized carbon data provider
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase awareness and investment decision making	tCO2e/ euros of revenues and euros invested	GHG Protocol / CDP verified /Specialized carbon data provider
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Reporting	tCO2e	GHG Protocol / CDP verified /Specialized carbon data provider
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase awareness and engage where necessary for credible decarbonization plans	tCO2e per euros of revenue and euros invested	GHG Protocol / CDP verified /Specialized carbon data provider
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Coal dependence where 30% of revenues are derived from thermal coal (exclusion list)	Power Generation Revenue (%), Revenue - Integrated Utilities (%), Power Generation - Coal (%), Revenue - Coal (%)	GHG Protocol / CDP verified /Specialized carbon data provider
Other emissions metrics	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase awareness and investment decision making (Scope 3)	tCO2e	GHG Protocol / CDP verified /Specialized carbon data provider

**SG 14.7
CC**

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2019	2025	Carbon Intensity of direct-listed equity portfolios	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2019	2025	Increase carbon sinks, increase forest investments and flag technology based carbon sinks	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2019	2025	15% of a company's business segment exposed to high risk carbon intensity assessment (from 30%).	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2019	2025	Carbon intensity of a direct listed corporate loan portfolio	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2019	2025	Increase the recycled material from demolition work site for real estate developments as per Finland Green Deal.	

**SG 14.8
CC**

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

- Processes for climate-related risks are integrated into overall risk management

Please describe

We also factor in and monitor a range of carbon risk assessment indicators relative to companies peer group into our day to day analytical capabilities (Internal tool) on a company level as well as on an overall portfolio level. In addition, we combine a range of ESG datasets from MSCI, Sustainalytics and CDP to increase further understanding of the ESG data itself and the risks and opportunities associated with our investment holdings. This information is shared in our internal quarterly ESG reports that our portfolio manager have access to in order to get better insights on how their portfolio is positioned relative to these risk factors. In addition, we track our portfolio alignment with the Decarbonisation pathways using the IEA models. The alignment exercise, tracks the 2.7, 2, 1.75, 1.5 Degree Celsius transition pathways, to better inform risk investment outcomes and understand parts of our portfolio that are contributing to high carbon intensity figures. We then analyze the overall direction of our carbon footprint and identify which industries within our direct equity and bond investments we should prioritize in reducing their contribution to carbon intensity (tCO₂ e/€m Invested + Total Debt).

Our long-term goal is to achieve carbon neutrality for our entire portfolio by the end of 2035. This objective has been approved by Ilmarinen's board and we are currently working towards the milestones (listed below). At the same time, we are exploring the possibility of achieving carbon negativity for domestic direct investment in a similar timeframe. The different phases of the roadmap are intended to be learning blocks in working towards our carbon neutrality targets.

- Carbon risk when reviewing investments: Previously limited to coal (up to 30% of turnover), in the new road map it will consist of investments whose business segment is exposed to high carbon intensity risk exposure.

2. Enhance monitoring investment targets towards 'climate goals and reporting. Our previous roadmap focused % coverage of carbon information from our investments. In the new roadmap, we will be monitoring and reporting on climate and emission reduction targets on all direct investments.
3. Transparent reporting of climate risks and climate opportunities. Continue carbon footprint reporting, develop risk reporting (TCFD recommendations) and Scenario Analysis at Industry level.
4. Increasing climate impact through active and passive investment: Engaging with companies is key to making real impacts by considering science based targets as well as the just transition issues.
5. Real estate emissions factoring in carbon footprint during the construction of the real estate investments.
6. Strengthening carbon sinks, through nature based solutions and technological advancements such as carbon capture technologies.

Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.
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Yes

Please describe

We expect the companies we have a holding in to:

- Report openly and clearly on the carbon footprint and other climate impacts of their operations; for listed companies, through for example the CDP (Carbon Disclosure Project), which promotes commensurable reporting for investors.
- Set science based targets.
- Take the Paris Climate Accord as part of future strategy and development work.
- Set Carbon reduction targets.
- Evaluate their strategic choices and their investments in relation to a scenario where global warming is limited to 1.5 or 2 degrees Celsius and to a situation where global warming surpasses the risk limit. Our assessments take into consideration the company's size and business activities, which influences company's opportunities for extensive reporting, among other things.

By engaging with our investee companies we can better support the transition to a low-carbon society, than we could by selling individual investments. Engaging with companies and working towards improving their situation is our preferred options before ultimately selling our position. In addition, we co-operate with international investors in engaging with companies through, among others, the CDP, Climate Action 100 and ShareAction, which co-ordinates global engagement collaboration between investors. In addition to direct discussions, our engagement also extends to shareholder meetings, where we participate, for example, in proposals related to climate impacts made by shareholders and by supporting the relevant suggestions of other shareholders.

No, we do not undertake active ownership activities.

No, we do not undertake active ownership activities to encourage TCFD adoption.

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

%

9.2

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
- Renewable energy
- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

This figure is represents the portion of SDG solutions within our listed equity portfolio.

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

9.2

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Forestry
- Cash

Brief description and measures of investment

Within our listed equity portfolio 9.2% can be classified as company revenues that provide solutions towards the SDGs, based on MSCI methodology.

No