



CLIMATE TRANSPARENCY REPORT

2019

Varma 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 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/-914A6DDC-4783-4AE4-B9A2-B24922EF5048/00000000-0000-0000-0000-000000000000/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	✓	Private				
SG 14.2	✓	Private				
SG 14.3	✓	Private				
SG 14.4	✓	Private				
SG 14.5	-	Private				
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	Varma 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	2011
Region	Europe
Country	Finland
Disclosure of Voluntary Indicators	49% from 38 Voluntary indicators

Varma 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

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 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 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.

Varma is as a pension fund a long term investor and acknowledges that ESG issues may have a major impact on investment returns in the longer term. Varma's investment policy includes Responsible Investment Principles and asset class specific Responsible Investment Practices. Varma's Climate Policy for Investments is also incorporated into the investment policy. The policies cover all of Varma's AUM. RI roles and responsibilities are defined in the practices.

Varma's RI principles are based on identifying the key responsibility aspects of investments and focussing on those. Thus our implementation of our RI principles varies by asset class.

Real economy impact is challenging to define and measure. In our direct investments we measure and report annually the carbon footprint for listed equities, corporate bonds and property. Our climate policy's main objective is incorporate the 1.5-degree target into our investment processes and investments. This is a longer term objective which may have real impact through our engagement with our investees and reweighting of investments. As for external assets, currently our best way to impact the real world is to encourage integration of ESG by the asset managers.

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]

We require that our investees comply with international agreements and standards, the most important of which are:

The UN Global Compact initiative on corporate responsibility
 The OECD guidelines for multinational enterprises
 The ILO labour conventions

For ethical reasons Varma excludes companies that concentrate on the manufacture of tobacco and nuclear weapons from its direct investments. Varma also refrains from investing in Utility companies that derive over 1/3 of their revenue from Coal.

Varma acts lawfully and with integrity and in compliance with legal and regulatory requirements. Varma will not enter into transactions with the main purpose of securing a tax advantage contrary to the intention of the legislator in enacting the relevant tax legislation.

Varma also has an ownership policy in place, which outlines Varma's activities as a major shareholder. Varma's goal is to support and encourage companies to succeed and thus safeguard and improve its long-term investment returns. Important premises of Varma's ownership policy are the equality of the shareholders, transparency and responsibility.

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
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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.
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Varma has recongized several industries that are exposed to increased climate related risks and opportunities. These are industries are Oil & Gas, Automobiles, Transportation, Metals & Mining, Electric Utilities & Independent Power Producers and Construction Materials. These are either very Scope 1+ 2 intensive industries, or the industry as a whole will see significant changes in the market during the near to mid term. We have set up processes to track the weights of these industries in our investment portfolio. Also, portfolio managers that make direct investments in these industries, must explain the rationale behind the investment to ESG team.

Varma has excluded utility companies that derive more than 30% of their revenue from Coal, from it's direct investment univerrse, due to climate change.

Overall, Varma has significantly lower exposure to Oil in it's direct investment universe.

In our real-estate portfolio, Varma made a scenario analysis of climate related physical risks in 2018. Several different scenarios were tested on our real-estate in order to find how exposed our RE-investments are to flooding and extreme weather events.

We have also taken part in 2 scenario analyses. One of which analyzed the underlying companies in certain Co2-intensive sectors in listed equities and fixed income. The second analysis was done purely in listed equities.

In Private Equity investments, we have made the decision to set a threshold for Oil & Gas investments. The weight of these investments cannot be over that of the benchmark's.

Varma also recognizes the opportunities in climate related investmntts, proven by the sustainability-themed equity portfolio, which invests in companies that will benefit from the transition to a low carbon environment. Varma also invests in green bonds due to the same reasons.

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

SG 01.8 CC	Indicate the associated timescales linked to these risks and opportunities.
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In real estate, the scenarios were 10 50 100 1000 years.

In listed equity and fixed income, the first analysis was done with 2018-2023 timeline.

The second scenario-analysis was done with 2015-2060.

No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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- 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.
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- Yes

Describe

One part of varma's strategy is climate change. We have publicly set the goal of adjusting our investment portfolio in such a way that it meets the targets of the paris agreement. We also publicly support the implementation of TCFD, and we will publish our own in near future. In 2018 we set up processes in order to examine our exposure to industries that are prone to increased climate related risks and opportunities.

- No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

SG 02	Mandatory	Public	Core Assessed	PRI 6
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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.
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- Policy setting out your overall approach

URL/Attachment

- URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf}

- Attachment (will be made public)
- Formalised guidelines on environmental factors

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments.pdf}

Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-ownership-policy.pdf}

Attachment (will be made public)

Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/en/other/about-varma/corporate-governance/}

Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-responsible-investment-policy.pdf}

Attachment (will be made public)

Sector specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-responsible-investment-policy.pdf}

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-ownership-policy.pdf}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-ownership-policy.pdf}

Attachment (will be made public)

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:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/vastuut-eng.pdf}

Attachment

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

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments.pdf}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/vastuut-eng.pdf}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/hallinto/corporate-governance-report.pdf}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-responsible-investment-policy.pdf}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-ownership-policy.pdf}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-csr-report-2017.pdf}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments.pdf}

Attachment

We do not publicly disclose any investment policy components

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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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

Investment analysts

- 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.

Varma's Board of Directors has approved Varma's Responsible Investment Principles, which includes Varma's climate policy for investments. The Director of Responsible Investment reports to the investment committee on a biannual basis on the progress of climate objectives.

These objectives include carbon footprint of the investment portfolio, the underlying reasons for the

decrease/increase in the carbon footprint, and the analysis of the impact of different sectors and companies to the footprint.

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.
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The management level roles are responsible for the oversight of their specific asset class in reaching the short term and long term objectives and targets.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- 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
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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.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities

	Describe
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Multiple scenario analyses were done in 2018. We were part of a WWF study, that analyzed large asset owners, and their risk to certain industries. Another analysis was also made by a third party in late 2018.

- 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.
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	We do the following
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- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

Climate policy has determined short term targets for carbon emissions, which has an effect on sector weights.

- We do not consider ESG issues in strategic asset allocation

SG 13 CC	Voluntary	Public	Descriptive	General
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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.
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Initial assessment

	Describe
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The scenario analysis' for listed equity and fixed income were made in 2018. The assesments provided information on the composition of our underlying companies' plans for future in certain Co2 intensive sectors.

The physical risks of our direct real estate investments were also analyzed by performing scenario analysis regarding flood risks.

Incorporation into investment analysis

Inform active ownership

Other

SG 13.5 CC	Indicate who uses this analysis.
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Board members, trustees, C-level roles, Investment Committee

Portfolio managers

Dedicated responsible investment staff

External managers

Investment consultants/actuaries

Other

	specify
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Reporting department, communications

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.
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Yes

	Describe
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A scenario analysis of physical climate risks was conducted on our real-estate portfolio that included timeframes from 1 to 1000 years.

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 checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input checked="" 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 type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- 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
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- 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.
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	trillions	billions	millions	thousands	hundreds
Total AUM			800	000	000
Currency	EUR				
Assets in USD			912	714	505

	Specify the framework or taxonomy used.
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Green bonds and the head of responsible investment's discretion in managing the climate portfolio.

- 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
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Scenario analysis for listed equity investments in specific carbon intensive sectors

- 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 14.4 If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

We published our carbon footprint for listed equities, corporate bonds and direct property investments. We have used a service provider who has calculated our footprint for Equity and Fixed Income, and another provider who calculates our carbon emissions for properties.

The target metric used is carbon intensity, which is financed emissions/financed revenue. The decision to use this metric has been done in 2015, for reasons that this metric provides a number that can be compared with different portfolios of different sizes.

We have also conducted a scenario analysis of our equity portfolio on if it is aligned with the 2 degree target. WWF has also evaluated the alignment of our equity portfolio in terms of 2 degree target. A scenario analysis of the flood risks in direct real-estate portfolio was also done in 2018.

As of the end of 2018, we have begun to disclose our exposure to industries, in listed equities and fixed income, that suffer from an increased climate related risk., Oil & Gas, Metals & Mining, Construction Materials, Transportation, Utilities and Automobiles.

We disclosed a climate report in 2019, which is in line with the TCFD recommendations.

We also use the Global Reporting Initiative-framework in CSR reporting.

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
Climate-related targets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Targets are set for reducing our carbon intensity for equities, fixed income and real estate.	tCo2/M€ revenue	Targets are -25%, -15% and -15% for equities, fixed income and real estate respectively. Time span 2015-2020. We have also set a goal to adjust our portfolio in such a way that is in line with the paris agreement.
Weighted average carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Tracking our Co2 emissions in equities and fixed income	tCo2/M€ revenue	tCo2/M€Revenue
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Tracking our Co2 emissions in equities and fixed income and real estate	tCo2	tCo2
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Tracking our Co2 emissions in equities and fixed income and real estate	tCo2	tCo2
Total carbon emissions	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Tracking our Co2 emissions in equities and fixed income and real estate	tCo2	tCo2
Carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Tracking our Co2 emissions in equities and fixed income and real estate	tCo2/M€Revenue	tCo2/M€Revenue
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To track our exposure to carbon intensive industries in listed equities and listed fixed income.	%	% of portfolio
Other emissions metrics	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets			

	<input type="checkbox"/> Minority of assets			
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SG 14.7 CC	Describe in further detail the key targets.
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Targettype	Time Frame	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2015-2020	We have set targets to reduce our carbon intensity in listed equity, fixed income and real estate by -25%, -15%, and -15% respectively, by 2020.	File 1:climate-policy-for-varmas-investments.pdf
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	Paris agreement	We have set a long term goal for our total investment portfolio to be in line with the paris agreement.	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

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.
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- 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

The process for climate related risks is currently part of the investment decision making by the portfolio manager. We have plans on integrating the climate risk assesment to the centralized risk management.

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

Please describe

We encourage companies to report in line with TCFD recommendations. This may happen in seminars, or presentations that are made by Varma personnel, or in one on one meetings with companies. Our CEO has also publicly stated that TCFD is something that should be adapted.

No, we do not engage

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.

%

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

Asset class invested

Listed equity

% of AUM

1

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

% of AUM

1

- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Cash
- Other (1)

Brief description and measures of investment

Varma established a sustainability themed portfolio in listed equities in 2016. The portfolio invests in sectors and companies which are well placed to benefit from climate change. Also other sustainability themed investments are included in the portfolio.

Varma also has investments in green bonds and in a externally managed climate & environment themed equity fund.

- Renewable energy
- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance

Asset class invested

- Listed equity
- Fixed income - SSA

% of AUM

0

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

Varma has made investments to Micro finance fund.

- SME financing
 - Social enterprise / community investing
 - Affordable housing
 - Education
 - Global health
 - Water
 - Other area, specify
- No