



CLIMATE TRANSPARENCY REPORT 2019

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 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/-05301C5B-8C9F-401E-8EAC-332EB3557637/00000000-0000-0000-0000-000000000000/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	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	89% 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

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 type="radio"/> Applicable policies cover all AUM <input checked="" 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.

ESG analysis is part of the investment selection. When selecting investees, our portfolio managers view sustainability ratings in our databases along with financial information. The basis of the rating system is a combination of sustainability rating standards created by third parties, which we integrate in our in-house analysis complemented by multiple internal and external sources. As well as integrating environmental, societal and governance aspects, we expect the companies we invest in to comply with global norms and related international declarations concerning human rights, labor rights, the environment and corruption. In addition, we actively hold discussions with our investees with the goal of improving sustainability and addressing controversies. If the company we invest in, fails to comply with the UN Global Compact, for example, we will deepen our dialogue into an engagement process that aim at ending the undesirable activity and the adoption of responsible procedures. Our policy covers all asset classes to some degree apart from the ones that we are prohibited by law to use ESG screens or other ESG methodology.

In 2018, we introduced a new responsible investment concepts where the responsible investments principles are divided into three sub-categories: environmental, human rights and ownership principles.

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]

At the beginning of 2017, we introduced, on a broad scale, ESG benchmark indices with a focus on responsibility. Both the ESG index and ratings are developed and maintained by MSCI. The index includes the companies with the best sustainability rating in each sector and area that represent 50 per cent of the market value of the corresponding parent index. Companies that manufacture, for example, tobacco products or controversial weapons, and companies that have committed serious breaches of international norms are excluded from the indices. The new ESG benchmark indices cover roughly half of Ilmarinen's portfolio of listed equities. The introduction of ESG benchmark indices creates an even closer link between responsibility and investment practice. We compare part of the investment returns internally against the benchmark. On a global scale, ESG indices are rarely used this extensively. That is why our decision garnered positive attention in the global media in 2017.

In 2018 we have been building on from our previous success, with an ambitious new concept, where we approach responsible investment topics using thematic approach instead of the more traditional asset class based approach. It is important that we not only take advantage of progressive concepts, but more importantly continue assessing companies' impact, beyond standard ESG practices and impacts. In 2018 we have been developing a thematic approach to our responsible investment principles. By continuing to use the UN Sustainable Development Goals (SDGs) as a useful impact tool, we are expanding our capabilities to assess companies that are positively impacting society beyond ESG related compliance and

investing.

Furthermore, we are expanding our Carbon footprinting capabilities, and continue our reporting commitments by supporting the Montreal Pledge. During 2018 we have gradually incorporated our reporting responsibilities in line with the reporting recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) framework. We want to continue to build on our analytical capabilities and disclosure responsibilities, by incorporating the best practices in the representation of our carbon footprint information. We believe this to be one key focus for us in 2019 given the challenges and limitations of current carbon footprinting metrics.

In relation to our carbon footprint disclosure responsibilities, we use an external service provider to get the best estimate of the carbon intensity of our portfolio. It is widely accepted that carbon footprints have their limits and weaknesses, in particular if they are intended to serve as a measure of risk to an investor's portfolio.

Our assumptions of these challenges are rooted in the fact that carbon footprint data is backward-looking, and that there are significant variations in the estimates that different research firms provide in the disclosure of a company's emissions. It is therefore important to increase our analytical expertise and reporting capabilities so as to better understand the climate risks and opportunities of our investments that capture a forward-looking component in our Carbon footprinting analysis. Furthermore, it is our view that TCFD's recommendation will spur improvements in the use of climate footprint analysis. Therefore, the TCFD reporting recommendations offers a good platform in addressing these challenges given that our own reporting, has taken TCFD reporting recommendations into account wherever possible.

In 2018, The Board of Directors approved, Ilmarinen's Human Rights principles. Human rights are an integral part of all Ilmarinen's operations and it is therefore natural that they are also better defined in investment activities. We therefore, expect our investees to comply with our Human Rights policy as defined by international agreements and declarations. These rights apply equally to all regardless of sexual orientation, gender, religion, ethnicity or wealth. Our Human Rights Policy, outlines how human rights are applied in our investment decisions, while the practical guidelines represent how the policy impacts portfolio management.

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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We continuously develop our progressive and systematic approach for taking climate change impacts into account. This helps us to reach our investment targets and take into account the limit set by the climate on the economy.

On direct Investments in companies: We expect the companies of which we have direct investments in, to:

a. Report openly on the carbon footprint and other climate impacts of their operations; on listed companies, for example, through the CDP (Carbon Disclosure Project), which promotes commensurable reporting for investors or TCFD.

b. 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.

In addition, our assessments take into consideration the company's size and business sector, which influence the companies' opportunities for extensive reporting, among other things.

In working towards our climate targets (climate policy roadmap 2016-2020), we continuously update our climate principles in engagement with stake-holders. Our objective is to support development that promotes climate change mitigation and adaptation measures in terms of legislation and exploiting business opportunities. In practical terms, this means bringing climate perspectives to the forefront in meetings with our various stakeholders and create collaborative initiatives.

Our climate targets are based on a range of measures that aid the assessment of climate-related risk and opportunities into the investment strategies. This includes seeking investees that benefit from the business opportunities brought by climate change and which also fulfill the financial criteria for investments, we

automatically give a weak sustainability rating to companies for which coal accounts for at least 30% of their net sales or energy production. In addition, we can invest in these companies only if they have credible plan to reduce their coal use in the future. In our interactions, we seek to ensure that our key investees report on their carbon footprint. Furthermore, we engage in active dialogue with our investees and our asset managers to promote a transition to a low-carbon economy and to lower the climate risks of our investments. We also carry out comparisons of our investments in line to the goals of the Paris Climate Agreement.

When it comes to our real estate investments, we use geothermal energy in several of our properties. We are continuously, looking to improve energy efficiency having signed the energy efficiency agreement for the property sector for the 2017-2025. As property developers, we require at least a LEED Gold or corresponding environmental label for a commercial building. The label sets strict requirements on the selection of building materials, energy efficiency, water consumption, indoor air quality and the location of the building. Furthermore, we conduct life-cycle carbon footprint analysis for all our new construction, on the basis of which we develop our planning solutions for future sites.

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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The associated timescales for the risks and opportunities are based on our 2016 - 2020 climate policy roadmap. We are currently, developing our strategies in 2019 that will subsequently follow and build on from our 2016 to 2020 climate policy road map.

At the end 2018, WWF published a report on European Asset owners climate alignment commitment to the Paris agreement of keeping global warming under 1.75 degree Celsius (placed to five year). In the report Nordic Investors were highlighted for their transparency in their willingness to publish climate alignment results. We remain fully committed to disclosing our carbon footprinting information and on future climate risk related collaborations.

We continue to develop our climate-related risk and opportunity analysis by utilizing different types of climate scenarios, given the evolving challenges related to the analysis and methodologies of climate related investments. Throughout 2018, we developed a TCFD-light framework, of which has been gradually integrated into our investment decision process so as to increase our risk management expertise and analytical capabilities in our climate scenario reporting commitments.

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

We have an environmental policy and environmental guidelines that gives us the capacity in establishing a progressive and systematic approach for taking climate change impacts into account. This helps us formulate our views, measure our impact and, ability to engage so as to reach our investment targets and material climate-related risks and opportunities. The policy is approved by the Board and the guidelines by the Responsible Investment Committee, meaning that the support and buy-in for our climate work is coming from top management.

Our environmental policy covers our climate principles in investment operations and views about the impacts of climate change on investments

In our view:

- Climate change will alter how the economy and companies operate in the coming years.
- Climate change is linked to business and investment opportunities, for instance in low-carbon technology and in mitigating and adapting to climate change.
- Climate change is a significant financial risk for investment operations that could be realized, for instance, if legislation increases companies' expenses, investors begin avoiding certain companies or sectors on the basis of estimated climate risks and/or the concrete impacts of climate change weaken companies' operating environment.

Climate principles in engagement with stakeholders: We actively participate in societal dialogue. Our objective is to support development that promotes climate change mitigation, adaptation to it and adopting means that are appropriate in terms of legislation and exploiting business opportunities.

Transparency principles in reporting: Openness is one of Ilmarinen's values and it also relates to reporting on the climate impacts of our investment operations. We have signed, among other things, the Montreal Pledge, on the basis of which we have committed to reporting on the carbon footprint of our investments every year. We annually publish a Sustainability Report, in which we also report on the climate impacts of our investments. We encourage our investee companies to report extensively on factors that are significant in terms of business, in addition to traditional financial reporting.

Climate targets: We continuously update our understanding of the risks related to climate change in our investment operations. We do this mainly via various analyses, by training key personnel, and by holding discussions with representatives of our investees, customers and co-operation partners. Ilmarinen's responsible investment executive committee approves the practical implementation, guidelines and longer term target levels linked to the Climate Policy.

Our TCFD-light report, is available on page 28 onwards on our Sustainability report 2018.

Link: https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/taloudellisia-tietoja/vuosikertomus/2018/yritysvastuuraportti-2018_en.pdf

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

specify

Annual sustainability report 2018.

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.

Policy setting out your overall approach

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_policy_2019.pdf}

Attachment (will be made public)

Attachment

[File 1:responsible_investment_policy_2019.pdf](#)

Formalised guidelines on environmental factors

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/ilmastoperiaatteet-10_2017_en.pdf}

Attachment (will be made public)

Attachment

[File 1:ilmastoperiaatteet-10_2017_en.pdf](#)

Formalised guidelines on social factors

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_policy_2019.pdf}

Attachment (will be made public)

Attachment

[File 1:responsible investment policy 2019.pdf](#)

- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_policy_2019.pdf}

- Attachment (will be made public)

Attachment

[File 1:responsible investment policy 2019.pdf](#)

- Fiduciary (or equivalent) duties

URL/Attachment

- URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_guidelines_2019.pdf}

- Attachment (will be made public)

- Asset class-specific RI guidelines

URL/Attachment

- URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_guidelines_2019.pdf}

- Attachment (will be made public)

- Sector specific RI guidelines

- Screening / exclusions policy

URL/Attachment

- URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_guidelines_2019.pdf}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_guidelines_2019.pdf}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_guidelines_2019.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.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_policy_2019.pdf}

Attachment

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

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_policy_2019.pdf}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_policy_2019.pdf}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_policy_2019.pdf}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_guidelines_2019.pdf}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_guidelines_2019.pdf}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_policy_2019.pdf}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/ilmastoperiaatteet-10_2017_en.pdf}

Attachment

We do not publicly disclose any investment policy components

SG 02.3

Additional information [Optional].

In our responsible investment policy and in the relevant guidelines we wish to openly communicate the kinds of principles, policies and practical approaches we follow with when making investment decisions. In 2018, we introduced a new responsible investment concept where the responsible investments principles are divided into three sub-categories: Environmental, Human Rights and Ownership principles. These principles, gives us a practical approach in aligning Ilmarinen's responsibility assessments of environmental, societal and governance issues in our investment decisions.

Link to the principles: https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_policy_2019.pdf

In the guidelines we highlight how the principles are being adhered to in practice, including detailed information on proxy voting and engagement policies.

Link to the guidelines: https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/sijoitukset/vastuullinen-sijoittaminen/responsible_investment_guidelines_2019.pdf

For more information on Ilmarinen's Responsible Investment practices please read,

<https://www.ilmarinen.fi/en/ilmarinen/investments/responsible-investment-policy/>

And link to our Sustainability report 2018: https://www.ilmarinen.fi/siteassets/liitepankki/ilmarinen/taloudellisia-tietoja/vuosikertomus/2018/yritysvastuuraportti-2018_en.pdf

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

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

	Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	External managers or service providers
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- 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.
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Environmental principles which include climate principles are approved by Ilmarinen's board. Oversight lies therefore on the board level. Climate principles are identified from a top down perspective, taking into account the risks and opportunities related to climate-change impacts. The board is presented with climate related findings at least twice a year as part of reporting and Responsible Investment policy approvals.

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 Responsible Investment Executive Committee is responsible in deciding long-term climate-related issues that are within our Responsible Investment policy and environment guidelines. This involves discussing, defining and developing how in practice the risks and opportunities are integrated on the portfolio management level, including 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	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

	Describe
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We continued, among other things, to identify investment opportunities related to sustainable development, and looked into the development of the sustainability analysis concerning our key investees. We have developed sustainability analyses on selected sectors and continue identifying investment opportunities.

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

	Describe
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We calculate and measure the carbon footprints of our equity and corporate bond portfolios. Using third party research providers, we analyze the climate risk of our investments based on different asset classes against the International Energy Agency (IEA) climate change scenario modelling.

- 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

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

In 2018 we added a new concept, where we developed responsible investment topics using thematic approaches instead of the more traditional asset class based approach.

- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

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.

- Initial assessment
- Incorporation into investment analysis

Describe

We have done a few scenario analyses, but in our view, we would like to build on the number of scenarios and explore different methodologies as we gradually integrate our climate actions in portfolio management. At present, scenario analysis provide useful information, especially for investment meetings, influencing processes, and help identify cases that require further clarification among investment targets.

For example, our investments in power companies and fossil fuel producers were in line with the two-degree scenario during the 2015-2020 assessment period, but car manufacturing companies were not. Ilmarinen's investee energy companies are estimated to produce more energy using renewable sources and less coal than meeting the two-degree target would require. The challenge of the automotive industry currently concerns all major global car manufacturers. The analysis at the moment is comprehensive for all three of these industries. Beyond those sectors, we actively monitor any new analyses that are offered. Our long-term goal is continue insuring that our investments are in line with the two-degree scenario and additional scenarios' that outline different possible futures for the energy system across all fuels and technologies. Thus, we will conduct analyses moving to 1.5 and 1.75 degree Celsius scenarios going forward.

- Inform active ownership

	Describe
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For us, active ownership entails, among other things, active participation in the General Meetings and Board nomination processes of the companies we own, active dialogue with their management and engagement to further their corporate responsibility. In our Ownership Policy, we disclose what we expect from Finnish companies as an owner and how we play our role as an active owner. For example, we consider it important that the companies openly report on their operations, disclosing, in addition to financial information, information about their governance, their corporate responsibility principles, their tax footprint and their diversity principles. We also specify our expectations concerning the agendas of General Meetings, the remuneration systems and the composition of the Board of Directors.

We annually report on our website our participation in the General Meetings of listed Finnish companies and the votes casted, if any. During 2019 we will also be publishing our participation in foreign and EGM. We expect any extraordinary motions to be explained in the notice of meeting and that the principles of the management's remuneration and compensation plans, and any supplementary pension plans, will be presented at the meeting, among other things. Furthermore, a presentation of the tax policy and tax footprint is desirable. If any of the General Meeting's motions are in deviation of our Ownership Policy, our primary goal is to hold discussions with the companies prior to the General Meeting and engage with them to reconcile the viewpoints.

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

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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TCFD light. For more information please read page 28 onwards of our Sustainability report.

No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
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- 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.
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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 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: #cccccc; padding: 2px;">Other (1) please specify:</div> PACTA
Other	<input checked="" type="checkbox"/> Other (2)	<div style="background-color: #cccccc; 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 have targeted low carbon investments. However, due to the recent merger with Etera, our disclosed figures are not comparable with previous years' figures.

- 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.

In 2018, we became signatories to the Montreal Carbon Pledge. By signing the Montreal Carbon Pledge, we as investors are committed to measuring and publicly disclosing the carbon footprint of our investments on an annual basis. We also joined the Climate Partners network created by the City of Helsinki and Finnish industry. In addition, as we are coming to an end of our 2016-2020 Climate Policy, we are currently working on optimizing climate-related risk measures to the portfolio management process.

The calculations and assessment of climate risks and opportunities are derived through in-house analytics and external service providers. We use third party service providers, for Carbon footprint data and analysis. In our published carbon footprint we use scope 1 and 2, we are looking into how to incorporate scope 3 in a relevant manner. In addition, we report on the climate impact of our real estate investments. In setting and monitoring targets for managing climate risks and opportunities, we have published climate targets and publicly disclose our climate policy road map 2016-2020.

SG 14 CC	Voluntary	Public		General
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**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	Property GHG emission intensity reduction	tCO2e/m2	GHG Protocol
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase awareness	tCO2e/ euros of revenues	GHG Protocol
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	tCO2e/ euros of revenues	GHG Protocol
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase awareness	tCO2e/ euros of revenues and euros invested	GHG Protocol
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Reporting	tCO2e	
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase awareness	tCO2e per euros of revenue and euros invested	
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Time Frame	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2020	Carbon Intensity of direct-listed equity portfolios	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2020	Carbon intensity relative to the benchmark index	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2020	Share of sustainable development solutions in turnover	
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2020	Carbon intensity of a direct listed corporate loan portfolio	
<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.

- Process for climate-related risks is integrated into overall risk management

Please describe

Ilmarinen's analysis on climate-related risks is integrated into the overall risk management processes. Climate change is a significant and long-term threat to the future of humanity and ecological sustainability. Taking these changes into account is especially important for a long-term investor such as Ilmarinen. Our approach to integrating climate-related risks into our overall risk management is based on some basic assumptions about the impacts of climate change on investments. In our view:

1. Climate change will alter how the economy and companies operate in the coming years.
2. Climate change is linked to business and investment opportunities, for instance in low-carbon technology and in mitigating and adapting to climate change.
3. Climate change is a significant financial risk for investment operations that could be realized, for instance, if legislation increases companies' expenses, investors begin avoiding certain companies or sectors on the basis of estimated climate risks and/or the concrete impacts of climate change weaken companies' operating environment.

The risk management process involves supporting development that promotes climate change mitigation and adaptation measures that are appropriate in relation to legislation and exploiting business opportunities. To accomplish this, our climate policy highlights key areas that we target, monitor and measure. These are:

1. Share of business related to sustainable solutions of the net sales of direct listed equity investments.
2. Share of renewable energy of the electricity production of investee power companies.
3. Investees' reporting on greenhouse gas emissions.
4. Dialogue with investees' on environmental or social issues.
5. Comparison of equity investments to a scenario where global warming is limited to two degrees.
6. Greenhouse gas emission and energy efficiency of real estate investments.
7. Carbon footprint of equity and corporate bond investments.
8. Volume of forest investments.

- Process for climate-related risks is not integrated into our overall 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 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.
- 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 sector, which influence companies' 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 investment objects. We engage in active dialogue with the companies we have holdings in as part of our executive management meetings and in separately organized events. For our listed investments, we co-operate with international investors in engaging with companies through, among others, the CDP 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 and purposeful suggestions of other shareholders. Shareholders have better opportunities for engagement with companies than debt investors through, for instance, shareholder meetings.

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.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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9.8

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.
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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 our Equity, Real Estate and Private Equity investments in a environmental and social theme.

Asset class invested

- Listed equity

% of AUM

20

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

% of AUM

6

- Property

% of AUM

8

- Infrastructure
- Hedge funds
- Forestry
- Cash
- Other (1)

Brief description and measures of investment

Approximately, 10 percent of our total AUM was invested in environmental and social themed areas. Overall our approach to ESG integration has been more on an overarching ESG policy across all asset classes rather than carved out thematic niches of a portfolio.

We have applied a very conservative estimation on thematic investments. Due to the mergers during 2018 we have not been able yet to consolidate all detailed information regarding our holdings.

The themes in the portfolio include, for example, Green Buildings, Forest Investments, SME financing, Health, Water and Climate Change.

No