




Reason for interaction	Type of engagement
<input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To encourage corporate transition or identify the need to transition on ESG issues <input checked="" type="checkbox"/> To engage investor ESG disclosure <input type="checkbox"/> Other specify	Individual/ internal staff engagements Collaborative engagements Service provider engagements
<input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To encourage corporate transition or identify the need to transition on ESG issues <input type="checkbox"/> To engage investor ESG disclosure <input type="checkbox"/> Other specify	
<input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To encourage corporate transition or identify the need to transition on ESG issues <input type="checkbox"/> To engage investor ESG disclosure <input type="checkbox"/> Other specify	

RI TRANSPARENCY REPORT

2020

Varma Mutual Pension Insurance Company

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

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.

Usage restrictions

Public Transparency Reports are the intellectual property of PRI. Under no circumstances, can this report or any of its contents be sold to third parties.

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the type that best describes your organisation or the services you provide.

- Non-corporate pension or superannuation or retirement or provident fund or plan
- Corporate pension or superannuation or retirement or provident fund or plan
- Insurance company
- Foundation
- Endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Family office
- Other, specify

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Finland

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

537

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 04.1 Indicate the year end date for your reporting year.

31/12/2019

OO 04.2 Indicate your total AUM at the end of your reporting year.

Total AUM
48,708,900,000 EUR
53691883657 USD

OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General
-------	--------------------------------------------	---------	---------

OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	10-50%
Fixed income	10-50%	<10%
Private equity	<10%	<10%
Property	<10%	<10%
Infrastructure	<10%	<10%
Commodities	0	0
Hedge funds	0	10-50%
Fund of hedge funds	0	<10%
Forestry	0	0

Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Money market instruments	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 06.1	Select how you would like to disclose your asset class mix.
---------	-------------------------------------------------------------

- as percentage breakdown
- as broad ranges

OO 06.3	Indicate whether your organisation has any off-balance sheet assets [Optional].
---------	---------------------------------------------------------------------------------

- Yes
- No

OO 06.5	Indicate whether your organisation uses fiduciary managers.
---------	-------------------------------------------------------------

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

OO 07	Mandatory to Report, Voluntary to Disclose	Gateway	General
-------	--------------------------------------------	---------	---------

Private

OO 08	Mandatory to Report, Voluntary to Disclose	Peering	General
-------	--------------------------------------------	---------	---------

Private

OO 09	Mandatory	Peering	General
-------	-----------	---------	---------

OO 09.1	Indicate the breakdown of your organisation's AUM by market.
---------	--------------------------------------------------------------

91	Developed Markets
9	Emerging Markets
0	Frontier Markets
0	Other Markets

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 10.1	Select the active ownership activities your organisation implemented in the reporting year.
---------	---------------------------------------------------------------------------------------------

Listed equity – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf.
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

Fixed income SSA – engagement

- We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with SSA bond issuers on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

Fixed income Corporate (financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (non-financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - SSA

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (non-financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Private equity

- We address ESG incorporation.
- We do not do ESG incorporation.

Property

- We address ESG incorporation.
- We do not do ESG incorporation.

Infrastructure

- We address ESG incorporation.
- We do not do ESG incorporation.

Cash

- We address ESG incorporation.
- We do not do ESG incorporation.

Money market instruments

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 11.2 Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.

Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
Listed equity	Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation

Fixed income - SSA	<p>Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Fixed income - corporate (financial)	<p>Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Fixed income - corporate (non-financial)	<p>Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Private equity	<p>Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input type="checkbox"/> We incorporate ESG into our external manager appointment process <input type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Property	<p>Property - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Infrastructure	<p>Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Hedge funds	<p>Hedge funds - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input type="checkbox"/> We incorporate ESG into our external manager appointment process <input type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
Fund of hedge funds	<p>Fund of hedge funds - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input type="checkbox"/> We incorporate ESG into our external manager appointment process <input type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation

Externally managed investments

Varma has defined a holistic ESG-process that sets the minimum requirements for ALL externally managed investments. This does not include money market funds, or certain Hedge Funds.

The ESG-process consists of 2 phases: Selection & Monitoring. This process sets the minimum requirements, and thus all of the different asset classes have asset class specific ESG-processes that take in to account their own specific ESG-related questions. The selection process consists of a Written & Spoken portions. The written portion sets out a minimum required documentation that should be provided by the fund. Eg. ESG-policy, ESG case studies, and answers to asset class specific questionnaires provided by Varma. The spoken portion includes meetings & discussions with the investment teams, and communication of Varma's principles for responsible investment & climate policy to the fund's investment team.

The monitoring phase sets the minimum expectations of reviewing the fund's ESG-reports, discussions about ESG-developements and ESG-cases with the company, reviewing and scoring the fund's ESG-performance and communicating possible updates in Varma's ESG-policies to the fund.

Since 2018, we have engaged our fund managers with an ESG Hand-out. The handout provides information about Varma's requirements and values regarding ESG. This hand-out was sent to external managers at the end of 2018.

In 2019 Varma launched it's renewed Climate Policy, that brought new ways of integrating environmental factors to the investment decision making process. The most significant practical change is the new cross-asset climate allocation, where we have a set target of 20% of all investments by 2025. Varma has updated it's hand out about our updated climate policy, which will be distributed to managers.

Active equity funds

Varma includes responsible investment criteria in all phases of the investment process. The focus is on manager's responsible investment policy and processes.

We require that our managers have a RI policy and prefer if they have integrated ESG in their investment process. We also look at the manager's voting and engagement policies and activities. The manager's RI reporting is another criteria. We could consider investing with managers without formal RI policies if they are committed to develop their RI approach to the level we require.

We strongly encourage managers sign up to PRI if they have not yet done it.

We score the managers in selection and monitoring phase based on the answers to our RI questionnaire, managers' published RI material and discussions with the manager, especially with the portfolio manager.

ESG issues are part of the discussions in fund meetings. In addition we screen all our active equity funds biannually for companies with breaches of international norms and conventions.

We expect carbon footprint reporting annually.

Active fixed income funds

Varma includes responsible investment criteria in all phases of the investment process. The focus is on manager's responsible investment policy and processes.

We require that our managers have a RI policy, have signed up to PRI and/or integrate ESG in their investment process, and report the carbon footprint.

ESG issues are part of the discussions in fund meetings.

Private Equity

Varma Private Equity Team manages PE and infrastructure funds and also makes coinvestments.

Evaluation and assessment of the fund managers' RI principles has been incorporated into our investment and portfolio management processes.

Varma requires its PE managers to have RI principles either as a separate policy or part of other policies. Varma actively encourages our current PE managers to sign up to PRI. Varma also provides the managers with Varma's own climate policy statement.

We also require managers to report on ESG issues, preferably as a part of regular fund reporting. As a large investor, Varma has often the opportunity to be represented in the Advisory Board or Investor Committees of the funds. We use this channel actively to promote ESG issues.

Real Estate Funds

Varma Real Estate Indirect team invests in real estate backed comingled funds as well as club deals and joint ventures.

As part of the due diligence process our managers must comply with INREV standards (<https://www.inrev.org>). ESG issues are an integrate part of the latter. We rely on the procedures developed by INREV in evaluating and monitoring managers' RI practices. All our managers have solid ESG policies and procedures in place. Majority of our selected funds and club deals are part of GRESB. Most of the underlying assets are certified by LEED.

Varma Real estate team member has a seating in the INREV-boards, which is used as a channel to promote ESG issues.

Varma Real Estate team as a rule has a sit on the Advisory Board. We are actively motivating our managers to incorporate, improve and modify their applications of their ESG policy.

Hedge Funds

The assessment of fund investments focusses primarily on the fund management company's principles and policies for responsible investment. The fund's investment strategy is at the core of this assessment, as it provides the basic criteria for the funds' investments. More detailed fundspecific requirements depend on the fund's investment strategy and the market in which the fund invests.

Varma is a member of the Investor Chapter of the Hedge Fund Standards Board (HFSB). The HFSB is an initiative that is aimed at creating standards of good governance, transparency and ownership practices for the hedge fund industry. The role of the members of the Investor Chapter is to encourage hedge funds to adopt the standards and, of course, to use the criteria in their own investment processes.

As regards fund management companies, key factors to assess include the principles and policies for responsible investment. This means above all assessing governance, i.e. reviewing the incentive systems, conflicts of interest, internal processes and control measures. With respect to oversight of fund management companies' operations, we recommend that the majority of the members of its Board of Directors be independent of the company. Varma encourages fund management companies to publish their principles outlining governance policies and practices for implementing the principles. The HFSB standards cover core governance issues and provide the minimum requirements that Varma recommends for fundgovernance.

Varma invests only in pooled funds, and thus the appointment process is not applicable. Varma communicates the ESG-related topics to the fund manager in several ways.

In the selection process of all externally managed investments, Varma's portfolio manager communicates Varma's ESG-criterias both verbally and in writing. The portfolio managers provide the most recent version of Varma's Principles for Responsible investment, Climate policy, and in some cases the ownership policy. Also, as of 2018 a hand-out is distributed to current and potential fund managers which explains the impact of ESG to Varma's investment.

OO 12	Mandatory	Gateway	General
OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.		
	Core modules		
	<input checked="" type="checkbox"/> Organisational Overview <input checked="" type="checkbox"/> Strategy and Governance		
	RI implementation directly or via service providers		
	Direct - Listed Equity incorporation		
	<input checked="" type="checkbox"/> Listed Equity incorporation		
	Direct - Listed Equity active ownership		
	<input checked="" type="checkbox"/> Engagements <input checked="" type="checkbox"/> (Proxy) voting		
	Direct - Fixed Income		
	<input checked="" type="checkbox"/> Fixed income - SSA <input checked="" type="checkbox"/> Fixed income - Corporate (financial) <input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)		
	Direct - Other asset classes with dedicated modules		
	<input checked="" type="checkbox"/> Private Equity <input checked="" type="checkbox"/> Property <input checked="" type="checkbox"/> Infrastructure		
	RI implementation via external managers		
	Indirect - Selection, Appointment and Monitoring of External Managers		
	<input checked="" type="checkbox"/> Listed Equities <input checked="" type="checkbox"/> Fixed income - SSA <input checked="" type="checkbox"/> Fixed income - Corporate (financial) <input checked="" type="checkbox"/> Fixed income - Corporate (non-financial) <input checked="" type="checkbox"/> Private Equity <input checked="" type="checkbox"/> Property <input checked="" type="checkbox"/> Infrastructure		
	Closing module		
	<input checked="" type="checkbox"/> Closing module		
OO LE 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.		
	0		
		Passive	
	0		
		Active - quantitative (quant)	
	100		
		Active - fundamental and active - other	
OO FI 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies		

SSA	<input type="checkbox"/> 0	Passive
	<input type="checkbox"/> 0	Active - quantitative (quant)
	<input type="checkbox"/> 100	Active - fundamental and active - other
Corporate (financial)	<input type="checkbox"/> 0	Passive
	<input type="checkbox"/> 0	Active - quantitative (quant)
	<input type="checkbox"/> 100	Active - fundamental and active - other
Corporate (non-financial)	<input type="checkbox"/> 0	Passive
	<input type="checkbox"/> 0	Active - quantitative (quant)
	<input type="checkbox"/> 100	Active - fundamental and active - other

OO FI 03 Mandatory Descriptive General

OO FI 03.1 Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.

SSA	<input type="checkbox"/> 75	Developed markets
	<input type="checkbox"/> 25	Emerging markets

OO FI 03.2 Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> 0%	<input type="checkbox"/> >50% <input checked="" type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> 0%	100%

OO SAM 01 Mandatory to Report, Voluntary to Disclose Gateway General

Private

OO PE 01 Mandatory Descriptive General

OO PE 01.1 Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Growth capital	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input checked="" type="checkbox"/> <10% <input type="checkbox"/> 0%

(Leveraged) buy-out	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> 0%
Distressed/Turnaround/Special Situations	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input checked="" type="checkbox"/> <10% <input type="checkbox"/> 0%
Secondaries	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Other investment strategy, specify (1)	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Other investment strategy, specify (2)	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Total 100%	

OO PE 02	Mandatory to Report, Voluntary to Disclose	Descriptive	General
----------	--------------------------------------------	-------------	---------

OO PE 02.1 Indicate the level of ownership you typically hold in your private equity investments.

- a majority stake (>50%)
- 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes

OO PR 01	Mandatory to Report, Voluntary to Disclose	Descriptive	General
----------	--------------------------------------------	-------------	---------

OO PR 01.1 Indicate the level of ownership you typically hold in your property investments.

- a majority stake (50% and above)
- a significant minority stake (10 and above, and under 50%)
- a limited minority stake (<10%)
- a mix of ownership stakes
- N/A, we manage properties, new constructions and/or refurbishments on behalf of our clients, but do not hold equity in property on their behalf

OO PR 01.2 Provide a breakdown of your organisations allocation to Real Estate Investment Trusts (REITs) or similar

- >50%
- 10 – 50%
- <10%
- 0%

OO PR 02	Mandatory to Report, Voluntary to Disclose	Gateway	General
----------	--------------------------------------------	---------	---------

Private

OO PR 03	Mandatory to Report, Voluntary to Disclose	Descriptive	General
----------	--------------------------------------------	-------------	---------

Private

OO INF 01	Mandatory to Report, Voluntary to Disclose	Descriptive	General
-----------	--------------------------------------------	-------------	---------

OO INF 01.1 Indicate the level of ownership you typically hold in your infrastructure investments.

- a majority stake (>50%)
- a 50% stake
- a significant minority stake (between 10-50%)

- a minority stake (<10%)
- a mix of ownership stakes

OO INF 02.1	Provide a breakdown of your organisation's infrastructure assets based on who manages the assets.
-------------	---------------------------------------------------------------------------------------------------

Infrastructure assets managed by	Breakdown of your infrastructure assets (by number)
Managed directly by your organisation/companies owned by you	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Managed via third-party operators appointed by your organisation/companies owned by you	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Managed by other investors/their third-party operators	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> 0%
Total	100%

OO INF 03.1	Indicate up to three of your largest infrastructure sectors by AUM.
-------------	---------------------------------------------------------------------

Sector	Main infrastructure sectors (by AUM)
Largest infrastructure sector	<input type="checkbox"/> Transportation <input type="checkbox"/> Energy infrastructure <input type="checkbox"/> Conventional energy <input type="checkbox"/> Renewable energy <input type="checkbox"/> Water management <input type="checkbox"/> Waste management <input checked="" type="checkbox"/> Communication <input type="checkbox"/> Social infrastructure <input type="checkbox"/> Other, specify
Second largest infrastructure sector	<input type="checkbox"/> Transportation <input checked="" type="checkbox"/> Energy infrastructure <input type="checkbox"/> Conventional energy <input type="checkbox"/> Renewable energy <input type="checkbox"/> Water management <input type="checkbox"/> Waste management <input type="checkbox"/> Communication <input type="checkbox"/> Social infrastructure <input type="checkbox"/> Other, specify
Third largest infrastructure sector	<input type="checkbox"/> Transportation <input type="checkbox"/> Energy infrastructure <input type="checkbox"/> Conventional energy <input checked="" type="checkbox"/> Renewable energy <input type="checkbox"/> Water management <input type="checkbox"/> Waste management <input type="checkbox"/> Communication <input type="checkbox"/> Social infrastructure <input type="checkbox"/> Other, specify

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

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.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach	<input checked="" type="checkbox"/> Applicable policies cover all AUM <input type="checkbox"/> Applicable policies cover a majority of AUM <input type="checkbox"/> Applicable policies cover a minority of AUM
<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 type="checkbox"/> Other, specify (1)	
<input type="checkbox"/> Other, specify(2)	

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 focusing on those. Thus our implementation of our RI principles varies by asset class.

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, and mitigating our effect on climate change. 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.

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoja/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf>

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 controversial weapons manufacturers 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

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.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Varma uses the TCFD-framework to identify climate-related risks and opportunities. The risks are Transition risks, Acute Physical Risks, and Chronic Physical Risks. These risks are further broken down in to more specific risks, eg. regulation, market, reputation.

For **transition risks**, we use the Transition-industry framework and enhanced ESG-monitoring to keep track of the weight of the most carbon intensive industries, our made investments to these industries, the industries contribution to Varma's carbon intensity, and other climate related metrics. The information is updated daily, and findings are reported at least quarterly to the allocation team. We have also done scenario analyses regarding transition risks in listed equity, listed fixed income and real-estate investments. The transition scenario analysis in real-estate resulted in large investments in heat pumps to our current buildings to help mitigate the carbon emissions in order to meet the 1,5 degree target.

We also actively aim to minimize the weighted carbon intensity (WACI) of our investments, as we treat carbon intensity as a proxy for carbon risk, a type of transition risk. We have set a goal of reducing our WACI by 50% in our listed equity and fixed income portfolios by 2027. We have also estimated the carbon intensity of our non-listed portfolios, but have not yet set targets.

Exclusions are also a part of our climate strategy. These exclusions include coal mining companies, and utility companies that produce more than 30% of their revenue/capacity with coal. We have publicly stated our goal of excluding all coal utility companies and oil production companies by 2025, and 2030 respectively, and we actively **Engage** Utility companies that are not meeting the timeline of shutting down their coal plants by 2030.

We have also developed bespoke ETF-products as the market did not provide a solution that would meet our transition-risk criteria. The ETF's aim to minimize the transition risks by excluding the most carbon intensive companies, companies with the biggest stranded asset risks and Utility companies that produce a significant share of the electricity with coal, alongside with other ESG-criteria.

Varma evaluates the **acute physical risks** by doing scenario analyses utilizing flood maps in order to find out the most exposed real-estate investments in our portfolio. Real-estates are not built or bought in the most exposed areas.

Due to the long investment horizon in Private Equity investments, the assessment of physical risks in company and supply chain analysis is emphasized.

Chronic physical risk-evaluation is more pronounced in real-estate investments, where the impact of increased rainfall and temperature changes has a large effect to facade-planning in new buildings and renovation plans in old buildings.

Alongside with these internal analyses, we use third party ESG-analyses where transition and physical risk-analyses are embedded.

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.

In our direct real estate investments, in the assessment of physical risks the scenarios were 10, 50, 100, and 1000 years.

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

Our other scenario-analysis in listed investments was done with a timeline of 2015-2060.

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

Sustainability is a core part of Varma's strategy, and mitigating climate change is one of it's key components. The Board of Directors is updated atleast twice a year for developments in sustainability. The Chief Investment Officer and Vice president is responsible for all investments and their climate related risks. The Head's of asset classes are responsible for day to day implementation of climate change policy. Varma's climate policy that was launched in 2019 sets out our overall goal of reaching carbon neutral investment portfolio by 2035, and also sets asset class specific targets concerning climate change mitigation and adaptation.

Varma has set up a Transition-Industry and enhanced ESG-monitoring framework. The purpose of this framework is to identify and monitor the most carbon intensive industries on our investments, and be aware of the significant developments within the industries. When portfolio managers are doing investments to these industries, they are required to provide a written rationale behind the investment. The underlying data is fed straight in to our risk management system and is maintained by Varma's Middle office.

We are able track the share, contribution to carbon intensity, performance against the benchmark and other climate specific information of these industries in our listed investments on a daily basis, and the responsible investment analyst reports the findings atleast 4 times a year to Varma's allocation team.

Our long term goal is to align our investment operations with the paris agreement, while reaching towards carbon neutrality by 2035. We develop our portfolio towards carbon neutrality by:

1. investing in companies whose solutions enable emission reductions and who take the progression of climate change into account in their operations
2. fostering collaboration in the financial markets in order to promote climate change mitigation and adaptation
3. focusing on analysing the financial risk of climate change in the investment portfolio

In our Climate Policy we set a goal of increasing our allocation to climate friendly investments to 20% by 2025. The allocation includes investments whose business benefits from actions to mitigate climate change, whose operations do not cause significant greenhouse gas emissions, who have a clear strategic and science-based target of reducing greenhouse gas emissions or whose operations offer carbon sinks.

We have also exclusions in place in order to manage the climate related risks. These include coal mining companies, and utility companies that produce more than 30% of their revenue/capacity with coal. We also publicly stated our goal of excluding all coal utility companies and oil production companies by 2025, and 2030 respectively, and we actively engage Utility companies that are not meeting the timeline.

We use the TCFD-framework to report on our climate related financial risks and opportunities.

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
- We currently do not publish TCFD disclosures

SG 02 **Mandatory** **Core Assessed** **PRI 6**

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
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf
<input type="checkbox"/> Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments-11-2019.pdf
<input type="checkbox"/> Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/en/other/about-varma/corporate-governance/
<input type="checkbox"/> Attachment (will be made public)

Fiduciary (or equivalent) duties

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/en/other/about-varma/corporate-governance/
<input type="checkbox"/> Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varmas-responsible-investment-policy.pdf
<input type="checkbox"/> Attachment (will be made public)

Sector specific RI guidelines

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varmas-responsible-investment-policy.pdf
<input type="checkbox"/> Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

- URL
<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
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-ownership-policy.pdf	
<input type="checkbox"/> Attachment (will be made public)	
- (Proxy) voting policy

	URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-ownership-policy.pdf	
<input type="checkbox"/> 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
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf	
<input type="checkbox"/> Attachment	
- Your investment objectives that take ESG factors/real economy influence into account

	URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/vastuut-eng.pdf	
<input type="checkbox"/> Attachment	
- Time horizon of your investment

	URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/vastuut-eng.pdf	
<input type="checkbox"/> Attachment	
- Governance structure of organisational ESG responsibilities

	URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/en/other/about-varma/corporate-governance/	
<input type="checkbox"/> Attachment	
- ESG incorporation approaches

	URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf	
<input type="checkbox"/> Attachment	
- Active ownership approaches

	URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-ownership-policy.pdf	
<input type="checkbox"/> Attachment	
- Reporting

	URL/Attachment
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-csr-report-2018.pdf	

Attachment

Climate change

URL/Attachment

URL

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments-11-2019.pdf>

Attachment

We do not publicly disclose any investment policy components

SG 03	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

The Amendment Act of 2014 of Pension Insurance Companies came in force January 1st, 2015. According to this Act pension companies are required to take precautions regarding their client companies in such a manner that the potential risk of conflict of interests is taken into account. The fundamental arrangement in Varma is that those Board members that represent Varma's clients are not allowed to participate in Board's decision making regarding Varma's investments or disinvestments in those client companies or Varma's other transactions with them.

In cases where a member of Varma's staff is involved in governance of a company, investment and divestment decisions regarding such a company's securities are made by Varma's Board of Directors.

The policy is publicly available in Varma's corporate governance report on our website:

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/hallinto/corporate-governance-report.pdf>

Varma's insider guidelines are taken into account at all stages of the discussion. Varma has clear rules and processes for obtaining inside information which ensure the correctness of the operations. As an investor, Varma complies with general insider guidelines that apply to professional investors. Varma additionally has internal guidelines concerning inside information, specifying precise rules for the distribution of information and for setting a trading ban.

No

SG 04	Voluntary	Descriptive	General
-------	-----------	-------------	---------

SG 04.1 Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.

Yes

No

SG 04.2 Describe your process on managing incidents

Varma's listed equity and corporate bond investments are screened for breaches of international norms and conventions. Our policy is to discuss the severe breaches internally, decide on the next steps and set objectives for our engagement with the company. In cases where we are a significant shareholder, we discuss the cases directly with companies. In cases where our ownership stake is small we use an external service provider. We consider excluding the companies from our direct investments if the engagement process is not successful within a preset timeframe. We have implemented a data feed to Bloomberg, in order for the portfolio managers to have most up to date information about the incidents.

SG 05	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

SG 05.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

Quarterly or more frequently

Biannually

Annually

Less frequently than annually

Ad-hoc basis

It is not set/reviewed

SG 05.2 Additional information. [Optional]

The objectives for responsible investments across all asset classes are reviewed at least bi annually. Asset class specific goals are set in the beginning of the year, and they are tracked on a quarterly basis. Carbon intensity, the weight of transition-industries, alongside with other ESG-information is tracked daily, and reported to the allocation team quarterly.

Varma has also set long term climate targets that are reviewed on an annual basis. Varma has committed to re-examining the long term targets every three years.

SG 06	Voluntary	Descriptive	General
-------	-----------	-------------	---------

Private

SG 07	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

SG 07.1 Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles	
<input checked="" type="checkbox"/>	Board members or trustees
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Internal Roles (triggers other options)
Select from the below internal roles	
<input checked="" type="checkbox"/>	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Other Chief-level staff or head of department, specify
	Directors for asset classes
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Portfolio managers
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Investment analysts
<input type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Dedicated responsible investment staff
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input type="checkbox"/>	Investor relations
<input type="checkbox"/>	Other role, specify (1)
<input type="checkbox"/>	Other role, specify (2)
<input checked="" type="checkbox"/>	External managers or service providers
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment

SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Varma's Board of Directors has approved Varma's Responsible Investment Principles, and the Director of Responsible Investment presents the progress on different objectives at least biannually in the investment committee. The ownership policy, and climate policy are also approved by the Board.

Varma's CIO is responsible for the oversight and general implementation of the Principles. The directors for asset classes are responsible for the asset class specific policies and implementation of the policies. Portfolio managers have the responsibility for integrating ESG issues into the investment decision-making. External managers have the responsibility of oversight and implementation of responsible investment on the terms agreed, Varma's responsible investment policies, and all the relevant material is communicated during the selection process. External managers are updated about the developments in Varma's responsible investment policy atleast annually.

From 2017 onwards Varma has a separate ESG-division, which is lead by Director of Responsible Investment who is accountable to the CIO. The ESG-division co-ordinates and develops RI across all asset classes.

SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.

2

SG 07.4 Additional information. [Optional]

Varma has one dedicated Responsible Investment Analyst alongside the Director of Responsible investment. Portfolio managers are responsible for the implementation of ESG-related considerations in the investment decisions. During the summer, we have usually one dedicated trainee.

SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.														
	<table border="1"> <tr> <td>Board members or trustees</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Other Chief-level staff or heads of departments</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Portfolio managers</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Investment analysts</td> </tr> <tr> <td> <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>Dedicated responsible investment staff</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> <tr> <td>External managers or service providers</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table>	Board members or trustees	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Other Chief-level staff or heads of departments	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Portfolio managers	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Investment analysts	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	Dedicated responsible investment staff	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues	External managers or service providers	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
Board members or trustees															
<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues															
Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee															
<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues															
Other Chief-level staff or heads of departments															
<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues															
Portfolio managers															
<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues															
Investment analysts															
<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues															
Dedicated responsible investment staff															
<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues															
External managers or service providers															
<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> 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.

Varma's Board of Directors has approved Varma's Responsible Investment Principles, Varma's Climate Policy and Varma's ownership policy.. The Director of Responsible Investment, who is accountable to the CIO reports to the board on a biannual basis on the progress of climate objectives, as a part of responsible investment developments.

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 Climate policy, that has been approved by the Board of directors sets out our overall stance towards climate change, and the short and long term portfolio level targets, and also asset class specific objectives. The Chief Investment officer is responsible for the oversight of all of the objectives. The heads of specific asset classes are accountable to the CIO of the progress in climate related issues, and are also part in managing the climate related issues. Dedicated responsible investment personnel develop and manage the integration of climate related topics to the investment decision process alongside portfolio managers, Middle-Office, heads of asset classes, and the CIO. Annual objectives for climate change integration are set for all asset classes, and are tracked on a quarterly basis.

Monitoring Varma's exposure to Transition industries is a topic in Allocation Team's meetings quarterly.

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

SG 08	Voluntary	Additional Assessed	General
-------	-----------	---------------------	---------

Private

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Varma has been taking part in developing the HF Industry Guide and in the development of HF DDQ, and participated in numerous panel discussions in different events.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We were a lead investor in one engagement

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

FINSIF, Finland Sustainable Investment Forum

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)

- United Nations Global Compact
- Other collaborative organisation/initiative, specify

FFI Climate indicators working group

Your organisation's role in the initiative during the reporting year (see definitions)
Moderate

- Other collaborative organisation/initiative, specify

Standards Board for Alternative Investments

Your organisation's role in the initiative during the reporting year (see definitions)
Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
The head of hedge fund Investments has been taking part in panel discussions in four different occasions. Varma has hosted an event annually.

- Other collaborative organisation/initiative, specify

Climate Leadership Council

Your organisation's role in the initiative during the reporting year (see definitions)
Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
The CEO of varma sits on the board of Climate leadership Council. Varma has given input to the recommendations provided by CLC. Varma representative sits on the Climate policy theme group.

- Other collaborative organisation/initiative, specify

SG 09.2	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
---------	--------------------------------------------	-------------	-------

Indicate approximately what percentage (+/- 5%) of your externally managed assets under management are managed by PRI signatories.
55%

SG 10	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
---------	------------------------------------------------------------------------------------------------------------

- Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
---------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description
Members of the Investment staff have collaborated with different organizations in educating professionals when it comes to ESG and Investments

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other

- Provided financial support for academic or industry research on responsible investment

- Provided input and/or collaborated with academia on RI related work

Description
We have collaborated with students making their Master's or Bachelor's thesis on responsible investment in portfolio management, climate change effects on investments among other topics. Varma responsible investment professionals have given input to academic courses.

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description
We are publicly supporting the TCFD, and CDP. We are also encouraging companies on better disclosure practices and transparency on 1 on 1 meetings.
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Spoke publicly at events and conferences to promote responsible investment

Description
Representatives of Varma have spoken in events organized for example by Aalto Executive Education, FIBS and SBAI,
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Wrote and published in-house research papers on responsible investment

- Encouraged the adoption of the PRI

Description
We encourage our external managers to adopt PRI, if they are not yet signatories. We also require the managers to explain the reasons, if they are not yet signatories.
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description
We have participated in for example OECD and EU surveys concerning Responsible Investments. WWF, novethic
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Wrote and published articles on responsible investment in the media

Description
Our communications department is responsible for promoting responsible investing in different medias in general. Regarding blogs about responsible investment our portfolio managers wrote for example blogs about RI in equity funds, about green bonds and climate change in 2017. Several of our investment professionals have written blogs about responsible investments.
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually

- Ad hoc
- Other

A member of PRI advisory committees/ working groups, specify

Description
Varma is a member in the Hedge Fund Advisory Board in 2018

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description
The CEO of Varma sits on the board of Climate Leadership Council

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

Other, specify

specify description
Internal education

Description
Education about responsible investment in internal training program.

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input checked="" type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

No

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
-------	-----------	---------------------	-----------

Private

SG 12	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

SG 12.1	Indicate whether your organisation uses investment consultants.
---------	-----------------------------------------------------------------

- Yes, we use investment consultants
- No, we do not use investment consultants.

SG 13	Mandatory	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
- Yes, in order to assess future climate-related risks and opportunities

Describe
We have done scenario analysis in listed equity, listed fixed income and real-estate portfolios. The results have been disclosed publicly. Listed investments were about transition risks, real-estate both transition and physical.

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

Climate policy targets have an effect on company and industry weights.

We do not consider ESG issues in strategic asset allocation

SG 13 CC Mandatory to Report, Voluntary to Disclose Descriptive General

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

Describe
<p>The scenario analyses for listed equity and fixed income were made in 2018. The assessments provided information on the composition of our underlying companies' plans for future in certain Co2 intensive industries.</p> <p>The physical risks of our direct real estate investments were also analyzed by performing scenario analysis regarding flood risks. The transition risks of real-estate investments were also analyzed. Outcome of the transition risk scenario analyses resulted in large investments in heat pumps in order to reduce the carbon intensity of our real-estate portfolio and in order to align it with the 1,5 degree target.</p>
- Incorporation into investment analysis

Describe
<p>The scenario analyses provide information about the most exposed locations for real-estate investments. The information is used when planning new buildings. The transition risk scenario analysis in real-estate also provided information on how to reduce carbon emissions in order to align ourselves with the 1.5 degree target.</p> <p>In listed equity, in order to meet the 1.5 degree target, the carbon intensity of our investments need to drop significantly. This is now taken into account when making new investments.</p> <p>A roadmap for electricity generation is used in private equity and hedge fund investments, which is based on BNEF-scenario. We formed our 2030 climate target for private equity based on this scenario. S</p>
- Inform active ownership

Describe
<p>The transition risk scenario analyses provided us with information about the most carbon intensive industries. This, alongside with our own internal scenario analyses regarding our weighted average carbon intensity targets set out in our climate policy, helped us identify those companies that need to have large emission reductions in order for us to reach the objectives of the paris agereement and our own internal targets. We have communicated our plans to exclude some of these companies in the future, but currently are engaging them in hope for them to change.</p>
- 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

specify
Reporting department, communications

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
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.

- 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 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		
Greenpeace		
Institute for Sustainable Development		
Bloomberg	<input checked="" type="checkbox"/> BNEF reference scenario	
IPCC		
IPCC		
IPCC		
IPCC		
Other	<input checked="" type="checkbox"/> Other (1)	Other (1) please specify: Internal WACI-reduction timeline
Other		
Other		

SG 14 Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1

SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

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

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

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

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.	
Total AUM	3,430,000,000 EUR
	3780893450 USD

Specify the framework or taxonomy used.

A taxonomy is currently in development internally to classify climate friendly investments in all asset classes. Our target is to have a 20% allocation to climate friendly investments by 2025.

The current low-carbon investments include, Green Bonds, Sustainability Themed Equity portfolio, Bespoke Transition risk reducing ETF's, climate themed equity funds, and direct investments in companies that are using a science based target.

- 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

Physical scenario analysis as a basis for real-estate renovation

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 first TCFD-report in 2019.

Our latest TCFD-report can be found here, from page 42 onwards:
<https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2019.pdf>

We disclose our climate risk management and strategy, which includes the responsibilities of internal staff and how climate risks are managed internally. We disclose how we engage with companies in order to manage our climate related risk. The TCFD also includes other methods how we manage climate related risks.

We publish our carbon footprint for listed equities, corporate bonds and direct property investments. We currently report Carbon Intesity, Weighted Carbon Intensity, Carbon Footprint and Carbon emissions/invested. We also publish the co2 contribution to weighted carbon intensity in listed equity investments. For real estate investemts, we use a third party in calculating the data.

We also disclose information related to our transition industries; what is our methodology and what is the share of these industries in our portfolio in relation to benchmarks. We also disclose information about our investments in fossil fuel generation.

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. Our TCFD-report also includes mitigation & adaptation scenario analyses of our direct real-estate portfolios.

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

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

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

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	All assets	Carbon Neutrality 2035. Climate allocation 20% by 2025.	% of total portfolio	20% of total investment portfolio to be climate friendly by 2025. Portfolio carbon neutral by 2035.

Weighted average carbon intensity	Minority of assets	Reducing our carbon risk in listed investments	tCo2/M€ revenue	-30% by 2023, -40% by 2025, -50% by 2027
Carbon footprint (scope 1 and 2)	Minority of assets	Tracking our Co2 emissions in equities and fixed income and real estate	tCo2	tCo2
Portfolio carbon footprint	Minority of assets	Tracking our Co2 emissions in equities and fixed income and real estate	tCo2	tCo2
Total carbon emissions	Minority of assets	Tracking our Co2 emissions in equities and fixed income and real estate	tCo2	tCo2
Carbon intensity	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	Minority of assets	To see our exposure to carbon intensive industries. Transition industry-framework.	% of assets	% of portfolio
Other emissions metrics	Minority of assets	Carbon intensity attribution in listed equity: Pure Sector, Security Selection and Interaction Effects	tCo2e/M €	Carbon performance attribution

SG 14.7 CC Describe in further detail the key targets.

Target type	Baseline year	Target year	Description	Attachments
Intensity target	2016	2023, 2025, 2027	We have set targets to reduce our weighted carbon intensity by 30%, 40% and 50% in listed equity and fixed income portfolios.	climate-policy-for-varmas-investments-11-2019 (1).pdf
Absolute target	2035	Carbon neutral investment portfolio by 2035		climate-policy-for-varmas-investments-11-2019 (1).pdf
Absolute target	2025	Climate allocation to be 20% of our total portfolio by 2025		climate-policy-for-varmas-investments-11-2019 (1).pdf
Absolute target	2030	50% of Utility investments in non-listed assets in renewables by 2030		climate-policy-for-varmas-investments-11-2019 (1).pdf
Absolute target	2025 2030	Phasing out Coal and Oil exploration by 2025, and 2030 respectively.		climate-policy-for-varmas-investments-11-2019 (1).pdf

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

Responsibility is a strategic theme for Varma, and mitigating climate change is one of the company's key responsibility targets. Climate issues are a key focus when CSR issues are annually reported to Varma's Board of Directors. The Executive Group also discusses CSR issues at least once a year. On a company-wide level, the CIO is in charge of monitoring the climate impacts of investments. The head of each asset class is in charge of the practical application of the responsible climate targets. Additionally, Varma's director of responsible investment develops and co-ordinates, together with his/her team, responsible investment and climate change mitigation in different asset classes, and is in charge of investment decisions for the sustainable equity portfolio. The Investment Operations management team regularly discusses matters relating to responsible investments. Climate risks are handled in both the investment plan and the risk and solvency assessment. Investment activities are also steered by the climate policy for investments, in which we have committed to developing our investment operations so that our investments are aligned with the target of the Paris Agreement. We have also set targets for reducing the carbon footprint in our direct investments. Separate climate targets and actions have been set for each asset class, and these are reported on annually in our CSR report. Information on climate-related policies – e.g. exclusions and enhanced ESG monitoring – is also given in Varma's Principles for Responsible Investment, which have been approved by Varma's Board of Directors.

In our ownership policy, we guide companies to report transparently on the current and future impacts of climate change on the company's operations and growth potential. In essence, we are guiding the companies to report according to the TCFD recommendations. They should report on how the impacts of climate change are included in the company's governance, strategy and risk management, especially in emissions-intensive industries. Reporting on the targets and indicators set by the investee company makes it easier to monitor the company's progress.

Varma has set up a Transition-Industry and enhanced ESG-monitoring framework. The purpose of this framework is to identify and monitor the most carbon intensive industries on our investments, and be aware of the significant developments within the industries. When portfolio managers are doing investments to these industries, they are required to provide a written rationale behind the investment. The underlying data is fed straight in to our risk management system and is maintained by Varma's Middle office.

We are able track the share, contribution to carbon intensity, performance against the benchmark and other climate specific information of these industries in our listed investments on a daily basis, and the responsible investment analyst reports the findings at least 4 times a year to Varma's allocation team.

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.

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

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

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

Yes

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

3%

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
1Percentage of AUM (+/-5%) per asset class invested in the area
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
1Percentage of AUM (+/-5%) per asset class invested in the area
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Fund of hedge funds
- Cash

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

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
1Percentage of AUM (+/-5%) per asset class invested in the area
- Infrastructure
- Hedge funds
- Fund of hedge funds
- Cash

Brief description and measures of investment

Our direct real-estate portfolio includes buildings that operate fully with renewable hearing and electricity

Sustainable forestry

Sustainable agriculture

Microfinance

Asset class invested	
<input type="checkbox"/>	Listed equity
<input checked="" type="checkbox"/>	Fixed income - SSA
0Percentage of AUM (+/-5%) per asset class invested in the area	
<input type="checkbox"/>	Fixed income - Corporate (financial)
<input type="checkbox"/>	Fixed income - Corporate (non-financial)
<input type="checkbox"/>	Fixed income - Securitised
<input type="checkbox"/>	Private equity
<input type="checkbox"/>	Property
<input type="checkbox"/>	Infrastructure
<input type="checkbox"/>	Hedge funds
<input type="checkbox"/>	Fund of hedge funds
<input type="checkbox"/>	Cash

Brief description and measures of investment	
----------------------------------------------	--

Varma has made investments to Micro finance fund.

- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No

SG 17	Mandatory	Descriptive	General
-------	-----------	-------------	---------

SG 17.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
---------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Asset Class	Describe what processes are in place and the outputs or outcomes achieved			
Hedge funds - DDQ	<table border="1"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Select whether you use the PRI Hedge Fund DDQ</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="radio"/> Yes</td> </tr> <tr> <td><input type="radio"/> No</td> </tr> </tbody> </table>	Select whether you use the PRI Hedge Fund DDQ	<input checked="" type="radio"/> Yes	<input type="radio"/> No
Select whether you use the PRI Hedge Fund DDQ				
<input checked="" type="radio"/> Yes				
<input type="radio"/> No				
Hedge funds	<p>Varma has a hedge fund specific responsible investment policy in place. As well, there is a specific ESG questionnaire related to the policy, which is more thorough than the HF DDQ. Hedge fund managers need to fill in our ESG questionnaire before investment decision will be made by Varma. Thus, ESG aspects are part of investment considerations and due diligence. Varma engages with managers on RI topics.</p> <p>In 2018, we updated our ESG-policy for all external investments, which sets out the minimum requirements for fund selection and monitoring processes.</p>			
Hedge funds - DDQ (Fund of Hedge Funds)	<table border="1"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Select whether you use the PRI Hedge Fund DDQ</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="radio"/> Yes</td> </tr> <tr> <td><input type="radio"/> No</td> </tr> </tbody> </table>	Select whether you use the PRI Hedge Fund DDQ	<input checked="" type="radio"/> Yes	<input type="radio"/> No
Select whether you use the PRI Hedge Fund DDQ				
<input checked="" type="radio"/> Yes				
<input type="radio"/> No				
Fund of hedge funds	<p>Varma has a hedge fund specific responsible investment policy in place. As well, there is a specific ESG questionnaire related to the policy, which is more thorough than the HF DDQ. Hedge fund managers need to fill in our ESG questionnaire before investment decision will be made by Varma. Thus, ESG aspects are part of investment considerations and due diligence. Varma engages with managers on RI topics.</p> <p>In 2018, we updated our ESG-policy for all external investments, which sets out the minimum requirements for fund selection and monitoring processes.</p>			

SG 18	Voluntary	Descriptive	General
-------	-----------	-------------	---------

SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
---------	----------------------------------------------------------------------------------------------------------------

Yes

SG 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
---------	-------------------------------------------------------------------------------------------------------------------------

Varma has set a goal of being carbon neutral by 2035. We have set numerous targets for all of the asset classes in order to reach the ambitious goal. These include numeric targets for carbon intensity reductions, increasing our allocation to climate friendly investments, changing the district heating and electricity to emission free in our real-estate portfolio, excluding coal and oil from our investments, and utilizing scenario analyses in private equity investments.

We were also one of the first companies in Finland to publish the TCFD-report.

Due to the lack of suitable investments in the passive space, we decided to develop our own methodology for passive products, and invested 700M€ to them in 2019. The methodology aims to reduce the transition risk of the index, while also complying to our overall responsible investment criteria. This is done by excluding the most carbon intensive companies, (which reduces the weighted average carbon intensity of the index by a large margin without affecting the performance that much, eg reduces carbon risk) excluding companies with the biggest stranded asset risk, excluding utility companies that rely on coal in their electricity generation, excluding global compact violators, tobacco producers, and controversial weapons producers. The product is balanced quarterly.

Varma has set up a Transition-Industry framework. The purpose of this framework is to identify and monitor the most carbon intensive industries on our investments. When portfolio managers are doing investments to these industries, they are required to provide a written rationale behind the investment. For reputational reasons, we also keep track of investments to eg. Alcohol, Adult Entertainment, Conventional Weapons, Gambling in order to keep a log of investments to these industries and have a written rationale in place.

We are able track the share, contribution to carbon intensity, performance against the benchmark and other climate specific information of these industries in our listed investments on a daily basis, and the responsible investment analyst reports the findings atleast 4 times a year to Varma's allocation team. The internally produced tool can be used by portfolio managers and the allocation team for example to find out the differences in ESG-performance between our portfolio and the benchmark and how the performance has changed over time. The most sophisticated part of the tool is the carbon analysis, where we the portfolio manager is even able to see if the contribution to the TCFD suggested Weighted Average Carbon Intensity Metric compared to benchmark is due to Sector Weights, Company Selection or A Combination of these. The information is updated daily.

Varma has an extensive responsible investment policy for hedge fund investments. We have created a specific and detailed ESG questionnaire for hedge fund managers and funds. The policy covers ESG aspects for asset manager, investment vehicle, fund's underlying investments and investment strategies and techniques typically employed by hedge funds.

No

SG 19	Mandatory	Core Assessed	PRI 2, 6
-------	-----------	---------------	----------

SG 19.1 Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Selection, Appointment and Monitoring				
Do you disclose?				
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public				
The information disclosed to clients/beneficiaries is the same				
<input checked="" type="radio"/> Yes <input type="radio"/> No				
<p>Disclosure to public and URL</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #0070C0; color: white; text-align: center;">Disclosure to public and URL</td> </tr> <tr> <td> <input checked="" type="checkbox"/> How responsible investment considerations are included in manager selection, appointment and monitoring processes <input type="checkbox"/> Details of the responsible investment activities carried out by managers on your behalf <input type="checkbox"/> E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership <input checked="" type="checkbox"/> Other </td> </tr> <tr> <td style="background-color: #0070C0; color: white; text-align: center;">Specify</td> </tr> <tr> <td>Climate policy and a handout for fund managers. The Hand-out is provided for fund managers only.</td> </tr> </table> <p>Less frequently than annually</p> <p>https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf</p>	Disclosure to public and URL	<input checked="" type="checkbox"/> How responsible investment considerations are included in manager selection, appointment and monitoring processes <input type="checkbox"/> Details of the responsible investment activities carried out by managers on your behalf <input type="checkbox"/> E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership <input checked="" type="checkbox"/> Other	Specify	Climate policy and a handout for fund managers. The Hand-out is provided for fund managers only.
Disclosure to public and URL				
<input checked="" type="checkbox"/> How responsible investment considerations are included in manager selection, appointment and monitoring processes <input type="checkbox"/> Details of the responsible investment activities carried out by managers on your behalf <input type="checkbox"/> E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership <input checked="" type="checkbox"/> Other				
Specify				
Climate policy and a handout for fund managers. The Hand-out is provided for fund managers only.				

Listed equity - Incorporation
Do you disclose?
<input type="radio"/> We do not proactively disclose it to the public and/or clients/beneficiaries <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose it publicly
The information disclosed to clients/beneficiaries is the same
<input checked="" type="radio"/> Yes <input type="radio"/> No
<p>Disclosure to public and URL</p>

Disclosure to public and URL	
<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used	
Biannually	
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-responsible-investment-policy.pdf https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2019.pdf	

Listed equity - Engagement

Do you disclose?	
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public	
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/> Details on the overall engagement strategy <input type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input checked="" type="checkbox"/> Number of engagements undertaken <input type="checkbox"/> Breakdown of engagements by type/topic <input type="checkbox"/> Breakdown of engagements by region <input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input type="checkbox"/> Examples of engagement cases <input checked="" type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information	
Annually	
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2019.pdf	

Listed equity – (Proxy) Voting

Do you disclose?	
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public	
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="radio"/> Disclose all voting decisions <input type="radio"/> Disclose some voting decisions <input type="radio"/> Only disclose abstentions and votes against management	
Annually	
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2019.pdf	

Fixed income

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/>	Broad approach to RI incorporation
<input checked="" type="radio"/>	Detailed explanation of RI incorporation strategy used
Annually	
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2019.pdf	

Private equity

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/>	ESG information in relationship to our pre-investment activities
<input checked="" type="checkbox"/>	ESG information in relationship to our post-investment monitoring and ownership activities
<input type="checkbox"/>	Information on our portfolio companies' ESG performance
<input checked="" type="checkbox"/>	Other
Specify	
Climate policy	
Less frequently than annually	
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2019.pdf	

Property

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
-------------------------------------	--

Disclosure to public and URL	
<input type="checkbox"/> ESG information on how you select property investments <input checked="" type="checkbox"/> ESG information on how you monitor and manage property investments <input checked="" type="checkbox"/> Information on your property investments' ESG performance <input checked="" type="checkbox"/> Other	
Specify	
Climate policy	
Annually	
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2019.pdf	

Infrastructure

Do you disclose?	
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public	
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/> ESG information on how you select infrastructure investments <input type="checkbox"/> ESG information on how you monitor and manage infrastructure investments <input type="checkbox"/> Information on your infrastructure investments' ESG performance	
Less frequently than annually	
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments-11-2019.pdf https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2019.pdf	

SG Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

SAM 01.1 Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

Active investment strategies				
Active investment strategies	Listed Equity	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)
Screening	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thematic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Passive investment strategies			
Passive investment strategies	Listed Equity	FI - Corporate (financial)	FI - Corporate (non-financial)
Screening	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thematic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 01.2 Additional information. [Optional]

Varma has a formalized a high-level process for all external investments, that set the minimum requirements for each asset class when selecting and monitoring external investments from an ESG perspective. The ESG analysis is wholly integrated to the investment decision making process. We also begun to use a hand-out, that is provided to the fund managers. The hand-out explains Varma's approach to ESG, values, and stance towards different ethical questions. The purpose is to educate the managers, and to keep them up to date what is important to Varma when it comes to ESG and especially climate change.

Varma invests only in pooled active equity funds. This means that we cannot require a manager to apply our ESG incorporation strategy or strategies on our behalf. However, their approach to ESG is carefully taken into account when selecting and monitoring active managers.

We require that the manager for an active equity fund has a responsible investment policy and practices which we review and score. Exceptions can be made if the manager can show that they consider ESG when making investment decisions without a formal policy and are committed to develop and formalize their ESG standards and practices to the level we require. We prefer the integration strategy where ESG is fully integrated into the investment decision process. Screening can be used to support this strategy. We also invest in some thematic ESG funds.

We get the information needed from managers by requiring them to answer our RI questionnaire, going through the manager's RI reporting and discussing the topic in meetings with managers. We also screen our active funds biannually for companies with breaches of international norms and conventions. We also require that the manager is able to report regularly carbon footprint of the fund that Varma is invested in. In active equity funds we invest in only in low carbon and sustainable development equity strategies.

We increase the share of low-carbon index funds in our index investments yearly, and our objective is to raise their share to 35% of all index investments by 2025.

We have not included ESG criteria in our general selection and monitoring of passive funds, however, equity ETFs are included in our carbon footprint reporting and we review carbon footprints of our passive equity investments where the data is available from time to time.

Varma has created with a service provider, bespoke ESG ETF-products that aim to minimize transition risks of the index.

In Active Fixed Income funds, Varma requires a thematic approach to one fund, whereas in the other active funds, ESG integration is a requirement.

SAM 02.1 Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Property	Infrastructure
Your organisation's investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No RI information covered in the selection documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 02.2 Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Property	Infrastructure
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the ESG definitions to be used	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG people/oversight

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Property	Infrastructure
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's RI-promotion efforts and engagement with the industry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Process/portfolio construction/investment valuation

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Property	Infrastructure
Review the process for ensuring the quality of the ESG data used	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review how ESG materiality is evaluated by the manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

We ask managers to show concrete specific ESG cases and examples and how they have impacted their portfolio (eg. investment, divestment or exclusion decision).

Varma has launched its own internal common minimum requirements for ESG in manager selection and monitoring covering all asset classes. In selection phase we require ESG specific documentation from managers like ESG policy and practices, latest PRI-report (if available), other ESG reports and sample cases. We also have asset class specific questionnaires that we send to managers. We speak about ESG topics in the meetings with investment teams and communicate Varma's principles for responsible investment and the climate policy to managers and investment teams. We have a written handout for his purpose.

SAM 02.3 Indicate the selection process and its ESG/RI components

- Review ESG/RI responses to RfP, RfI, DDQ etc.

- Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

Review GRESB report and score with real estate funds if a manager participates in GRESB.

SAM 02.4 When selecting external managers does your organisation set any of the following:

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Property	Infrastructure
ESG performance development targets	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG score	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG weight	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real world economy targets	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

You selected an 'Other' option in table SAM 02.4 above, please specify

Varma launched a climate change policy in May 2016. Since then we have encouraged equity managers to develop a climate change policy and start reporting their carbon footprint regularly that is nowadays a requirement for our active equity funds.

In 2019, we updated our climate policy, where we set out new targets. In active equity funds, we only select funds that are sustainable, and in passive equity, we aim to increase the share of ESG-products to 35% of all passive investments.

We encourage real estate managers to participate in GRESB.

SAM 02.5 Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]

ESG evaluation is a standard part of a general equity manager selection process. We require that our managers have a RI policy and prefer active equity fund managers who have fully integrated ESG into their investment process. We score the managers in a selection phase based mainly on the answers to our RI questionnaire, managers' published RI material and discussions with the manager, especially with the portfolio manager. If there are two otherwise equally strong candidates, most likely the one with better ESG process and practices will be selected. ESG is an official part of our investment memos within external real estate investments.

SAM 05 Mandatory Core Assessed PRI 1

SAM 05.1 When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Property	Infrastructure
ESG objectives linked to investment strategy (with examples)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PRI Transparency Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PRI Assessment Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RI-promotion and engagement with the industry to enhance RI implementation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Changes to the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other general RI considerations in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 05.2 When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity	Property	Infrastructure
ESG score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ESG weight	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG performance minimum threshold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real world economy targets	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

Varma launched a climate change policy in May 2016. Since then we have reviewed and scored all our existing active equity managers' climate change policies and approaches. We require that our equity funds report their carbon footprint annually and we monitor actively the development in climate change theme reporting in the coming years. Varma also has a hand-out policy in place, where all of the new updates in policies in externally managed investments are communicated to managers. In 2019 the biggest change was the updated climate policy, which is currently being communicated to Varma's external managers.

Varma requires Private Equity managers to report on their ESG performance, but reporting is accepted in managers' formats.

Varma requires Real Estate managers to report on their ESG performance, but reporting is accepted in managers' formats. Some smaller managers do not have official ESG reporting to investors and then usually a follow-up conversations are held. Varma encourages managers to participate in GRESB.

Varma reviewed most of its real estate managers' ESG policy and practices by sending out a broad ESG specific questionnaire, evaluating the answers and scoring the managers.

SAM 05.3 Provide additional information relevant to your organisation's monitoring processes of external managers. [OPTIONAL]

Varma has launched its own internal common minimum requirements for ESG in manager selection and monitoring covering all asset classes. In monitoring phase we review managers' ESG reports, discuss with investment teams on ESG themes and possible cases and how the manager and/or investment teams have developed their ESG processes and practices. We review and score funds' ESG performance and also communicate possible updates in Varma's ESG policies to the managers and/or investment teams. We have a written handout for this purpose.

SAM 08 Mandatory to Report, Voluntary to Disclose Descriptive PRI 1

SAM 08.1 Describe how you ensure that best RI practice is applied to managing your assets

Encourage improved RI practices with existing investment managers

Measures
We encourage all our managers to have a formalized RI policy and to become signatory to PRI or equivalent initiative relevant for the specific asset class. We review their RI policies and practices and ensure they fulfill our requirements relevant to the type of investment.

Move assets over to investment managers with better RI practices

Measures
Reviewing managers' RI practices allows us to benchmark managers with similar investment profiles and strategies and take this into account in the manager selection process.

Other, specify

Handout

Measures
Varma has launched its own internal common minimum requirements for ESG in manager selection and monitoring covering all asset classes. This is to ensure that the same minimum ESG standards apply to all asset classes even though practices may differ between asset classes. We have also written a handout of Varma's approach to ESG that can be sent out to managers. It gives a compact overview of Varma's approach to responsible investment and provides insight how ESG is carried out in day-to-day operations at Varma. The topics like ESG-integration, screening, active ownership, sustainability themed investments, carbon footprinting and ESG-methods used by Varma in different externally managed asset classes are included in the handout.

None of the above

SAM 08.2 Additional information. [Optional]

Varma has launched its own internal common minimum requirements for ESG in manager selection and monitoring covering all asset classes. This is to ensure that the same minimum ESG standards apply to all asset classes even though practices may differ between asset classes. We have also written a handout of Varma's approach to ESG that can be sent out to managers. It gives a compact overview of Varma's approach to responsible investment and provides insight how ESG is carried out in day-to-day operations at Varma. The topics like ESG-integration, screening, active ownership, sustainability themed investments, carbon footprinting and ESG-methods used by Varma in different externally managed asset classes are included in the handout.

SAM 09.1

Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

 Add Example 1

Topic or issue	Informing keymanagers of Varma's ESG approach
Conducted by	Internal staff
Asset class	Private equity
Scope and process	We have contacted and informed our keymanagers of Varma's ESG policy and ESG requirements related to the manager selection.
Outcomes	Active discussions with the dedicated ESG managers of the keymanagers

 Add Example 2

Topic or issue	Climate policy integration in listed equity
Conducted by	Internal staff
Asset class	Listed Equity
Scope and process	In Varma's new climate policy, all new investments in active equity funds need to be ESG-themed.
Outcomes	No new investments to non-esg funds were made.

 Add Example 3

Topic or issue	Climate policy integration in passive index investments.
Conducted by	Internal staff
Asset class	Listed Equity
Scope and process	Varma wanted to increase the amount of low-carbon index investments
Outcomes	Varma invested 700M€ in bespoke ESG-ETFs that aim to minimize transition risks.

 Add Example 4

Topic or issue	Review and scoring of existing real estate managers
Conducted by	Internal staff
Asset class	Property
Scope and process	Varma wanted to get a general view on ESG profiles of its real estate managers and benchmark the managers.
Outcomes	Varma reviewed most of its real estate managers' ESG policy and practices by sending out a broad ESG specific questionnaire, evaluating the answers and scoring the managers.

 Add Example 5

Topic or issue	Engaging with real estate managers on improving their ESG reporting
Conducted by	Internal staff
Asset class	Property
Scope and process	Varma has encouraged or requested real estate managers to participate in GRESB.
Outcomes	Some managers that we have discussed and engaged with have decided to participate in GRESB.

 Add Example 6

Topic or issue	Engaging with real estate managers on improving their ESG integration
Conducted by	Internal staff
Asset class	Property
Scope and process	Varma has encouraged some managers to include ESG in their investment memos when we have noticed during a due diligence or monitoring process that it is not yet included.

Outcomes	Some managers that we have discussed and engaged with have included or decided to include ESG in their investment memos.
----------	--------------------------------------------------------------------------------------------------------------------------

- Add Example 7
- We are not able to provide examples

SAM Checks

Checks

- If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEI 01.1 Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

- Screening alone (i.e., not combined with any other strategies)
 - Thematic alone (i.e., not combined with any other strategies)
 - Integration alone (i.e., not combined with any other strategies)
 - Screening and integration strategies
- | | |
|-----------------------------------------------------------------------------------------------|-----|
| Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5% | 95% |
|-----------------------------------------------------------------------------------------------|-----|
- Thematic and integration strategies
 - Screening and thematic strategies
 - All three strategies combined
- | | |
|-----------------------------------------------------------------------------------------------|----|
| Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5% | 5% |
|-----------------------------------------------------------------------------------------------|----|
- We do not apply incorporation strategies

LEI 01.3 If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

Varma excludes certain products from its investment universe due to ESG reasons. ESG-information is then used in the investment decision making process by portfolio managers. We then also have a sustainability themed equity portfolio that specifically targets companies that benefit from the transition to a low carbon economy.

LEI 03.1 Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

- Engagement
 - We have a systematic process to ensure the information is made available.
 - We occasionally make this information available.
 - We do not make this information available.
- (Proxy) voting
 - We have a systematic process to ensure the information is made available.
 - We occasionally make this information available.
 - We do not make this information available.

LEI 03.2 Additional information. [Optional]

The information about engagement and voting is available to the relevant portfolio managers and other personnel through a data portal.

LEI 04.1 Indicate and describe the type of screening you apply to your internally managed active listed equities.

- Negative/exclusionary screening
 - Product
 - Activity
 - Sector
 - Country/geographic region
 - Environmental and social practices and performance
 - Corporate governance

Description
Our exclusions apply to all our direct investments and to some extent also to indirect investments when applicable (for example ESG ETF's). For ethical reasons, Varma has excluded the following from its direct investments: • tobacco companies • companies manufacturing controversial weapons, such as nuclear weapons, anti-personnel mines, cluster bombs, and chemical and biological weapons. We require our investees to operate responsibly, and especially to take climate change into account in their operations. In the name of mitigating climate change, we have excluded the following: • companies that rely on coal- or lignite-based operations for more than 30% of their net sales We also screen companies for norms based violations, ie. Global Compact, Ilo, etc.

- Positive/best-in-class screening

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Sustainability themed portfolio invests in best positioned companies in relation to sustainability themes.

Norms-based screening

- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Description

We screen our direct equity and corporate bond investments as well as external equity funds by a detailed list of norms and conventions. The list includes in addition to the ones mentioned above for example several environmental conventions.

Varma requires that its investees comply with international standards and agreements, the most important of which are:

- The UN's Global Compact initiative
- The OECD guidelines for multinational enterprises
- The ILO labour conventions Compliance

with these standards is monitored by screening our portfolios on a regular basis. If a company breaches any of the above-mentioned standards, our priority is to engage with the company to change their operating methods. If our efforts to engage with the company produce no are unsuccessful in the long run, our option is to exclude the company from our portfolio.

LEI 04.2	Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.
----------	--------------------------------------------------------------------------------------------------------

We publicly state in our webpage our stance towards screening criteria. We also do public announcements everytime there are significant changes to our ESG-policies.

<https://www.varma.fi/globalassets/muut-sivut/yhtiötietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf>

LEI 05	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

LEI 05.1	Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.
----------	------------------------------------------------------------------------------------------------------

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list.
- A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- A periodic review of internal research is carried out.
- Review and evaluation of external research providers.
- Other; specify
- None of the above

LEI 05.2	Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.
----------	-------------------------------------------------------------------------------------------------------------------------------------------------------------

- <10%
- 10-50%
- 51-90%
- >90%

LEI 05.3	Indicate how frequently third party ESG ratings are updated for screening purposes.
----------	-------------------------------------------------------------------------------------

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.4	Indicate how frequently you review internal research that builds your ESG screens.
----------	------------------------------------------------------------------------------------

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.5 Additional information. [Optional]

Starting 2018 we have in addition to biannual screening and reviewing process also in place for the portfolio managers screening tools in their portfolio management system. The ESG ratings data is available at all times from the portal. The datafeed to Bloomberg, and ESG-tool is updated quarterly. Norms based datafeed is automated and updates automatically. The blacklist is automatically provided to portfolio managers each day. Portfolio managers have access to the 3rd party database that provide us with the screening information. Climate based data is updated daily, and the information is directly linked to our risk management.

LEI 06	Voluntary	Additional Assessed	PRI 1
Private			

LEI 07 Mandatory Descriptive PRI 1

LEI 07.1 Indicate the type of sustainability thematic funds or mandates your organisation manages.

- Environmentally themed funds
- Socially themed funds
- Combination of themes

LEI 07.2 Describe your organisation's processes relating to sustainability themed funds. [Optional]

In 2016, we established a new portfolio under the theme of the climate change. The portfolio consists of companies whose operations benefit from climate change mitigation in different fields, such as technology and renewable energy production, or aren't exposed to climate change risks. Portfolio can also invest in companies which have set meaningful targets to cut their own carbon footprint to by 2030. The investment universe of the portfolio is developed markets, excluding oil and gas companies. The investment strategy of the portfolio is to use sustainability to 1) minimise risks regarding portfolio companies, 2) analyze costs benefits sustainable business model gives and 3) find possible business opportunities from which companies could benefit from.

LEI 08 Mandatory Core Assessed PRI 1

LEI 08.1 Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis										
Environmental	<table border="1"> <tr> <td></td> <td>Environmental</td> </tr> <tr> <td><input type="radio"/> <10%</td> <td></td> </tr> <tr> <td><input type="radio"/> 10-50%</td> <td></td> </tr> <tr> <td><input type="radio"/> 51-90%</td> <td></td> </tr> <tr> <td><input checked="" type="radio"/> >90%</td> <td></td> </tr> </table>		Environmental	<input type="radio"/> <10%		<input type="radio"/> 10-50%		<input type="radio"/> 51-90%		<input checked="" type="radio"/> >90%	
		Environmental									
<input type="radio"/> <10%											
<input type="radio"/> 10-50%											
<input type="radio"/> 51-90%											
<input checked="" type="radio"/> >90%											
Social	<table border="1"> <tr> <td></td> <td>Social</td> </tr> <tr> <td><input type="radio"/> <10%</td> <td></td> </tr> <tr> <td><input type="radio"/> 10-50%</td> <td></td> </tr> <tr> <td><input type="radio"/> 51-90%</td> <td></td> </tr> <tr> <td><input checked="" type="radio"/> >90%</td> <td></td> </tr> </table>		Social	<input type="radio"/> <10%		<input type="radio"/> 10-50%		<input type="radio"/> 51-90%		<input checked="" type="radio"/> >90%	
		Social									
<input type="radio"/> <10%											
<input type="radio"/> 10-50%											
<input type="radio"/> 51-90%											
<input checked="" type="radio"/> >90%											
Corporate Governance	<table border="1"> <tr> <td></td> <td>Corporate Governance</td> </tr> <tr> <td><input type="radio"/> <10%</td> <td></td> </tr> <tr> <td><input type="radio"/> 10-50%</td> <td></td> </tr> <tr> <td><input type="radio"/> 51-90%</td> <td></td> </tr> <tr> <td><input checked="" type="radio"/> >90%</td> <td></td> </tr> </table>		Corporate Governance	<input type="radio"/> <10%		<input type="radio"/> 10-50%		<input type="radio"/> 51-90%		<input checked="" type="radio"/> >90%	
		Corporate Governance									
<input type="radio"/> <10%											
<input type="radio"/> 10-50%											
<input type="radio"/> 51-90%											
<input checked="" type="radio"/> >90%											

LEI 08.2	Additional information. [Optional]
<p>ESG is an integral part of Varma's investment decision making process, and we use multiple different methods in order to accomplish this.</p> <p>Varma published its climate policy for investments in 2016. Since then we made also a climate change impact assessments and a systematic review of climate change issues within sectors. We reported the carbon footprint for listed equities based on year end 2015 and followed up on the calculations during 2016, 2017, 2018 and 2019. The carbon footprint of Varma's investments has fallen substantially over the past three years.</p> <p>Varma launched its new climate policy in 2019, which outlines our long term targets also for our equity investments. These targets can be found here: https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments-11-2019.pdf</p> <p>Varma's approach is to utilize different sources of ESG-information and synthesize this to the investment decision making process. The information includes, internal research, 3rd party ratings, sell-side research, etc.</p>	

LEI 09	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

LEI 09.1	Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Comprehensive ESG research is undertaken or sourced to determine companies' activities and products <input checked="" type="checkbox"/> Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies <input checked="" type="checkbox"/> Third-party ESG ratings are updated regularly <input type="checkbox"/> A periodic review of the internal research is carried out <input checked="" type="checkbox"/> Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team <input checked="" type="checkbox"/> ESG risk profile of a portfolio against benchmark <input checked="" type="checkbox"/> Analysis of the impact of ESG factors on investment risk and return performance <input checked="" type="checkbox"/> Other; specify <div style="margin-left: 20px;">Our portfolio managers assess relevant ESG issues on sector, company or portfolio basis. This is followed up in different ways.</div> <input type="checkbox"/> None of the above 	

LEI 09.2	Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.
<ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% 	

LEI 09.3	Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.
<ul style="list-style-type: none"> <input type="radio"/> Quarterly or more frequently <input type="radio"/> Bi-Annually <input checked="" type="radio"/> Annually <input type="radio"/> Less frequently than annually 	

LEI 09.5	Describe how ESG information is held and used by your portfolio managers.
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG information is held within centralised databases or tools, and it is accessible by all relevant staff <input type="checkbox"/> ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff <input checked="" type="checkbox"/> Systematic records are kept that capture how ESG information and research were incorporated into investment decisions <input type="checkbox"/> Other; specify <input type="checkbox"/> None of the above 	

LEI 10	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 1
--------	--------------------------------------------	---------------	-------

Private

LEI Checks		Checks
------------	--	--------

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEA 01.1	Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).
----------	--------------------------------------------------------------------------------------------------------

Yes

LEA 01.2	Attach or provide a URL to your active ownership policy.
----------	----------------------------------------------------------

Attachment provided:

URL provided:

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-ownership-policy.pdf>

LEA 01.3	Indicate what your active engagement policy covers:
----------	-----------------------------------------------------

	General approach to Active Ownership
--	--------------------------------------

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

	Engagement
--	------------

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other, (specify)

(Proxy) voting approach

	Voting
--	--------

- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision-making processes
- Securities lending processes
- Other, (specify)

Other

None of the above

No

LEA 01.4	Do you outsource any of your active ownership activities to service providers?
----------	--------------------------------------------------------------------------------

Yes

No

LEA 01.6	Additional information [optional]
----------	-----------------------------------

Varma's ownership policy outlines Varma's activities as a major shareholder. We regularly meet with the management and boards of directors of the companies in which we have a holding, especially those companies in which Varma is a large shareholder. We also participate in general meetings of shareholders and shareholders' nomination boards; in some cases, Varma is represented in the company's Board of Directors.

LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
----------	------------------------------------------------------------------------

Type of engagement	Reason for interaction
--------------------	------------------------

Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via service providers

LEA 02.2 Indicate whether your organisation plays a role in the engagement process that your service provider conducts.

Yes

LEA 02.3 Indicate the role(s) you play in engagements that your service provider conducts on your behalf.

- We discuss the topic of the engagement (or ESG issue(s)) of engagement
- We discuss the rationale for the engagement
- We discuss the objectives of the engagement
- We select the companies to be engaged with
- We discuss the frequency/intensity of interactions with companies
- We discuss the next steps for engagement activity
- We participate directly in certain engagements with our service provider
- Other; specify
- We play no role in engagements that our service provider conducts.

No

LEA 02.4 Additional information. [Optional]

Varma's process with engagement depends on the type of engagement and on the size of our holdings. We engage directly with companies where we are a significant shareholder.

The goal of our engagement is typically to improve ESG disclosure and discuss relevant ESG issues. Usually we do this in meetings with the companies. Varma also participates in several shareholders' nomination committees for listed companies where governance issues are very much on agenda.

Active ownership and engagement is one of the development areas in responsible investment at Varma. In 2019 we joined multiple collaborative engagements the focus being climate change and reporting on that and social issues.

We use external service providers to engage on our behalf with companies which have breached international norms and conventions.

We also discuss significant breaches with the companies. The goal of the discussions is to develop the company's operating methods and to ensure that such breaches are not repeated. We may divest our holdings in a company if we do not achieve the end result we had hoped for in the discussions over a longer period of time.

LEA 03 **Mandatory** **Core Assessed** **PRI 2**

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagements.

Yes

LEA 03.2 Indicate the criteria used to identify and prioritise engagements for each type of engagement.

Type of engagement	Criteria used to identify/prioritise engagements
--------------------	--------------------------------------------------

Individual / Internal staff engagements	<table border="1"> <thead> <tr> <th colspan="2" style="background-color: #0070C0; color: white;">Individual / Internal staff engagements</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td> <td>Geography/market of the companies</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Materiality of the ESG factors</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Exposure (size of holdings)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Responses to ESG impacts that have already occurred</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Responses to divestment pressure</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Consultation with clients/beneficiaries</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Follow-up from a voting decision</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Client request</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Breaches of international norms</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other; (specify)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>We do not outline engagement criteria for our individual engagements</td> </tr> </tbody> </table>	Individual / Internal staff engagements		<input checked="" type="checkbox"/>	Geography/market of the companies	<input checked="" type="checkbox"/>	Materiality of the ESG factors	<input checked="" type="checkbox"/>	Exposure (size of holdings)	<input type="checkbox"/>	Responses to ESG impacts that have already occurred	<input type="checkbox"/>	Responses to divestment pressure	<input type="checkbox"/>	Consultation with clients/beneficiaries	<input type="checkbox"/>	Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)	<input type="checkbox"/>	Follow-up from a voting decision	<input type="checkbox"/>	Client request	<input checked="" type="checkbox"/>	Breaches of international norms	<input type="checkbox"/>	Other; (specify)	<input type="checkbox"/>	We do not outline engagement criteria for our individual engagements				
Individual / Internal staff engagements																															
<input checked="" type="checkbox"/>	Geography/market of the companies																														
<input checked="" type="checkbox"/>	Materiality of the ESG factors																														
<input checked="" type="checkbox"/>	Exposure (size of holdings)																														
<input type="checkbox"/>	Responses to ESG impacts that have already occurred																														
<input type="checkbox"/>	Responses to divestment pressure																														
<input type="checkbox"/>	Consultation with clients/beneficiaries																														
<input type="checkbox"/>	Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)																														
<input type="checkbox"/>	Follow-up from a voting decision																														
<input type="checkbox"/>	Client request																														
<input checked="" type="checkbox"/>	Breaches of international norms																														
<input type="checkbox"/>	Other; (specify)																														
<input type="checkbox"/>	We do not outline engagement criteria for our individual engagements																														
Collaborative engagements	<table border="1"> <thead> <tr> <th colspan="2" style="background-color: #0070C0; color: white;">Collaborative engagements</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/></td> <td>Potential to enhance knowledge of ESG issues through other investors</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Ability to have greater impact on ESG issues</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Ability to add value to the collaboration</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Geography/market of the companies targeted by the collaboration</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Materiality of the ESG factors addressed by the collaboration</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Exposure (size of holdings) to companies targeted by the collaboration</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Responses to ESG impacts addressed by the collaboration that have already occurred</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Responses to divestment pressure</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Follow-up from a voting decision</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Alleviate the resource burden of engagement</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Consultation with clients/beneficiaries</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other; (specify)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>We do not outline engagement criteria for our collaborative engagement providers</td> </tr> </tbody> </table>	Collaborative engagements		<input type="checkbox"/>	Potential to enhance knowledge of ESG issues through other investors	<input checked="" type="checkbox"/>	Ability to have greater impact on ESG issues	<input checked="" type="checkbox"/>	Ability to add value to the collaboration	<input type="checkbox"/>	Geography/market of the companies targeted by the collaboration	<input type="checkbox"/>	Materiality of the ESG factors addressed by the collaboration	<input type="checkbox"/>	Exposure (size of holdings) to companies targeted by the collaboration	<input type="checkbox"/>	Responses to ESG impacts addressed by the collaboration that have already occurred	<input type="checkbox"/>	Responses to divestment pressure	<input type="checkbox"/>	Follow-up from a voting decision	<input checked="" type="checkbox"/>	Alleviate the resource burden of engagement	<input type="checkbox"/>	Consultation with clients/beneficiaries	<input type="checkbox"/>	Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)	<input type="checkbox"/>	Other; (specify)	<input type="checkbox"/>	We do not outline engagement criteria for our collaborative engagement providers
Collaborative engagements																															
<input type="checkbox"/>	Potential to enhance knowledge of ESG issues through other investors																														
<input checked="" type="checkbox"/>	Ability to have greater impact on ESG issues																														
<input checked="" type="checkbox"/>	Ability to add value to the collaboration																														
<input type="checkbox"/>	Geography/market of the companies targeted by the collaboration																														
<input type="checkbox"/>	Materiality of the ESG factors addressed by the collaboration																														
<input type="checkbox"/>	Exposure (size of holdings) to companies targeted by the collaboration																														
<input type="checkbox"/>	Responses to ESG impacts addressed by the collaboration that have already occurred																														
<input type="checkbox"/>	Responses to divestment pressure																														
<input type="checkbox"/>	Follow-up from a voting decision																														
<input checked="" type="checkbox"/>	Alleviate the resource burden of engagement																														
<input type="checkbox"/>	Consultation with clients/beneficiaries																														
<input type="checkbox"/>	Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)																														
<input type="checkbox"/>	Other; (specify)																														
<input type="checkbox"/>	We do not outline engagement criteria for our collaborative engagement providers																														
Service-provider engagements	<table border="1"> <thead> <tr> <th colspan="2" style="background-color: #0070C0; color: white;">Service-provider engagements</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td> <td>Geography/market of the companies</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Materiality of the ESG factors</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Exposure (size of holdings)</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Responses to ESG impacts that have already occurred</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Responses to divestment pressure</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Consultation with clients/beneficiaries</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Follow-up from a voting decision</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Client request</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Breaches of international norms</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other; (specify)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>We do not outline engagement criteria for our service providers</td> </tr> </tbody> </table>	Service-provider engagements		<input checked="" type="checkbox"/>	Geography/market of the companies	<input checked="" type="checkbox"/>	Materiality of the ESG factors	<input checked="" type="checkbox"/>	Exposure (size of holdings)	<input checked="" type="checkbox"/>	Responses to ESG impacts that have already occurred	<input type="checkbox"/>	Responses to divestment pressure	<input type="checkbox"/>	Consultation with clients/beneficiaries	<input type="checkbox"/>	Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)	<input type="checkbox"/>	Follow-up from a voting decision	<input type="checkbox"/>	Client request	<input checked="" type="checkbox"/>	Breaches of international norms	<input type="checkbox"/>	Other; (specify)	<input type="checkbox"/>	We do not outline engagement criteria for our service providers				
Service-provider engagements																															
<input checked="" type="checkbox"/>	Geography/market of the companies																														
<input checked="" type="checkbox"/>	Materiality of the ESG factors																														
<input checked="" type="checkbox"/>	Exposure (size of holdings)																														
<input checked="" type="checkbox"/>	Responses to ESG impacts that have already occurred																														
<input type="checkbox"/>	Responses to divestment pressure																														
<input type="checkbox"/>	Consultation with clients/beneficiaries																														
<input type="checkbox"/>	Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)																														
<input type="checkbox"/>	Follow-up from a voting decision																														
<input type="checkbox"/>	Client request																														
<input checked="" type="checkbox"/>	Breaches of international norms																														
<input type="checkbox"/>	Other; (specify)																														
<input type="checkbox"/>	We do not outline engagement criteria for our service providers																														

No

LEA 04	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 04.1	Indicate whether you define specific objectives for your organisation's engagement activities.
----------	------------------------------------------------------------------------------------------------

Individual / Internal staff engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff
-----------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Collaborative engagements	<input type="radio"/> All engagement activities <input checked="" type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration
Service-provider engagements	<input type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input checked="" type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by our service providers

LEA 04.2 Additional information. [Optional]

Internal engagements all have specific targets based on our ownership policy and climate policy. Targets are 1) Board of directors and board remunerations, 2) Capital structure, dividends and repurchase of own shares 3) Share issue authorizations, 4) Management's salaries and remuneration schemes, 5) Responsibility including a) compliance with international norms and agreement and b) Climate change.

Varma renewed climate policy targets November 2019 and there we state that some companies require enhanced monitoring due to their exposure to climate risks. Our plan is to engage these companies in order to accelerate the decommissioning of coal-based operations. Our goal is to have these companies decommission their coal plants by 2030. Otherwise, we will exit the investment.

Reasons to use collaborative engagements are 1) to save money and time 2) to influence with others 3) to engage with companies where Varma is not invested in. This includes for example Climate Action 100+ initiative since Varma has limited holdings in oil and gas sectors. Targets are based on majority of the cases in the climate policy of Varma.

Service provider engagements are for the norm breaches and based on normbased screening. Varma's listed equity and corporate bond holdings are screened twice a year for breaches of international corporate responsibility norms and conventions. In cases where our ownership stake in a company is small, we usually use an external service provider to engage with companies on basis of severe and long term breaches of international norms.

The rationale and objective of the engagement cases are quite clear. The goal is for the companies to change their behavior and comply with the relevant norms. We choose the companies to be engaged with and follow up with the cases when needed and at least twice a year. In case of norm-breaches we don't do additional investments. If we don't see any progress or improvement within 18 months we will exit the investment.

We discuss the engagement cases and decide on next steps twice a year in an internal meeting with the listed securities team. The portfolio managers are responsible for presenting the cases and suggesting next steps for the companies within their investment universe.

LEA 05 **Mandatory** **Core Assessed** **PRI 2**

LEA 05.1 Indicate whether you monitor and/or review engagement outcomes.

Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.
Service-provider engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our service providers.

LEA 05.2 Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
-----------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Collaborative engagements	<input type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
Service-provider engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify

LEA 06	Mandatory	Additional Assessed	PRI 2,4
--------	-----------	---------------------	---------

LEA 06.1 Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

Yes

LEA 06.2 Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- Collaborating with other investors
- Issuing a public statement
- Filing/submitting a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation
- Reducing exposure (size of holdings)
- Divestment
- Other; specify

No

LEA 06.3 Additional information. [Optional]

If our efforts to engage with the company are unsuccessful in the long run, our option is to exclude the company from our portfolio.

Some companies require enhanced monitoring due to their exposure to climate risks. Our plan is to engage these companies in order to accelerate the decommissioning of coal-based operations. Our goal is to have these companies decommission their coal plants by 2030. Otherwise, we will exit the investment.

In case the ETFs in the portfolios still include the companies which violate global compacts we will push the collaborative engagement more and also contact the index providers. 2019 to improve engagement processes overall and especially escalation process Varma joined Sustainability Committee of Foxberry (https://www.foxberry.com/about/sustainability_committee)

The Sustainability Committee handles issues around sustainability matters, including but not limited to:

- (i) environmental issues;
- (ii) governance issues;
- (iii) sustainability issues;
- (iv) UN sustainable development goals;
- (v) ongoing controversies;
- (vi) norms-based standards, which are minimum standards of business practice based on international norms;
- (vii) equality issues; and
- (viii) ethical considerations.

Sustainability Committee makes determinations including blacklists and whitelists of stocks and may issue public statements and opinions on current matters.

LEA 07	Voluntary	Additional Assessed	PRI 1,2
--------	-----------	---------------------	---------

LEA 07.1 Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Service-provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 07.2 Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing an engagement programme
- Holding investment team meetings and/or presentations
- Using IT platforms/systems that enable data sharing
- Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Other; specify
- None

LEA 07.3 Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Service-provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 08 Mandatory Gateway PRI 2

LEA 08.1 Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of collaborative engagements in full <input type="radio"/> Yes, we partially track the number of our collaborative engagements <input type="radio"/> We do not track
Service-provider engagements	<input checked="" type="radio"/> Yes, we track the number of service-provider engagements in full <input type="radio"/> Yes, we partially track the number of our service-provider engagements <input type="radio"/> We do not track

LEA 09 Mandatory to Report, Voluntary to Disclose Core Assessed PRI 2

Private

LEA 10 Voluntary Additional Assessed PRI 2

LEA 10.1 Indicate which of the following your engagement involved.

- Letters and emails to companies
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Meetings and/or calls with board/senior management
 - In a minority of cases

- In a majority of cases
- In all cases
- Meetings and/or calls with the CSR, IR or other management
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Visits to operations
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Visits to supplier(s) in supplier(s) from the company's supply chain
- Participation in roadshows
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Other

LEA 10.2	Additional information. [Optional]
In 2019 amount of companies met by Varma were around 300.	

LEA 11	Voluntary	Descriptive	PRI 2
Private			

LEA 12	Mandatory	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 12.1	Indicate how you typically make your (proxy) voting decisions.
----------	----------------------------------------------------------------

Approach

- We use our own research or voting team and make voting decisions without the use of service providers.

Based on

- Our own voting policy
- Our clients' requests or policies
- Other (explain)
- We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.
- We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- We hire service providers who make voting decisions on our behalf.

LEA 12.2	Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.
----------	------------------------------------------------------------------------------------------------------------------------------------------------------------------

Varma's ownership principles are implemented inhouse. The voting decisions are made within the investment department which ensures that the principles are correctly implemented. Exceptions are possible on the basis of the company's development phase or ownership structure.

LEA 14	Voluntary	Additional Assessed	PRI 2
Private			

LEA 15	Mandatory	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 15.1	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.
----------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2	Indicate the reasons for raising your concerns with these companies ahead of voting.
----------	--------------------------------------------------------------------------------------

- Vote(s) concerned selected markets
- Vote(s) concerned selected sectors
- Vote(s) concerned certain ESG issues
- Vote(s) concerned companies exposed to controversy on specific ESG issues

- Vote(s) concerned significant shareholdings
- Client request
- Other

Explain
Share issue authorisations

LEA 16	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 16.1 Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers did not abstain or vote against management recommendations

LEA 16.3 In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.

- Yes
- No

LEA 16.4 Additional information. [Optional]

In cases where we are opposed to proposals on the agenda, we will undertake to discuss the matter and reach a solution that is acceptable to all parties. If this is not possible, Varma's representative will participate in the general meeting and exercise his/her right to speak in order to clarify Varma's position. Demanding a vote depends on our estimate of the outcome.

LEA 17	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 17.1 For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information

Votes cast (to the nearest 1%)
31%

Specify the basis on which this percentage is calculated

- Of the total number of ballot items on which you could have issued instructions
- Of the total number of company meetings at which you could have voted
- Of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

LEA 17.2 Explain your reason(s) for not voting on certain holdings

- Shares were blocked
- Notice, ballots or materials not received on time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- Client request
- Other (explain)

LEA 17.3 Additional information. [Optional]

Beginning of 2018 we have implemented systematic process to track and collect this information. In Finland in the majority of the meetings decisions were made unanimously and hence not voted upon. We consider the items decided unanimously in the AGM as votes for management recommendations. We report the votes cast per company per item in our website (Finnish companies' AGMs only), and whether we voted for or against management recommendations or abstained from voting.

LEA 18	Voluntary	Additional Assessed	PRI 2
--------	-----------	---------------------	-------

LEA 18.1 Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

- Yes, we track this information

LEA 18.2	Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:		
	<p>Voting instructions Breakdown as percentage of votes cast</p> <p>For (supporting) management recommendations 99%</p> <p>Against (opposing) management recommendations 1%</p> <p>Abstentions 0%</p> <p><input type="radio"/> No, we do not track this information</p>		
LEA 18.3	In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.		
LEA 18.4	Additional information. [Optional]		
	We report the votes cast per company per item in our website (Finnish companies' AGMs only), and whether we voted for or against management recommendations or abstained from voting https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/suomalaisten-listattujen-yhtioiden-yhtiokokoukset-2019.pdf		
LEA 19	Mandatory	Core Assessed	PRI 2
LEA 19.1	Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.		
	<p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p>		
LEA 20	Voluntary	Descriptive	PRI 2
LEA 20.1	Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.		
	<p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p>		
LEA 21	Voluntary	Descriptive	PRI 2
	Private		
LEA Checks			Checks
	<input checked="" type="checkbox"/> If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.		

FI 01.1 Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

SSA	Screening alone	0
	Thematic alone	5
	Integration alone	0
	Screening + integration strategies	95
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
Corporate (financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	95
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	5
	No incorporation strategies applied	0
Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	95
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	5
	No incorporation strategies applied	0

FI 01.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

Our aim is to integrate financially relevant ESG criteria into our investment process to improve the risk-return ratio of our active investments. Our goal with norm based screening is to ensure that our investee companies fulfil our minimum criteria for corporate conduct. On a company level, Varma is excluding all tobacco and controversial weapon manufacturer-companies from the direct investment universe, alongside with utility companies that derive over 1/3 of their revenue from coal.

In SSA, we have made investments in Green bonds, in which the debt capital raised through the issuance is earmarked for environmentally friendly investments. In rest of our SSA investments, we are using raw ESG data along side sell-side research analysis, with a focus on the Social and Governance data, when making the investment decision. The bottom quartile of SDG-index is excluded from the investment universe.

In Corporate bonds, we use a 3rd party service that conducts norms- based screening. Corporations that have a confirmed violation of defined treaties such as Global compact, are excluded from our investment universe. We are also using 3rd party ESG-scores, which are available for all portfolio managers. We have also made investments in Green bonds.

FI 01.3 Additional information [Optional].

Varma has also set targets for reducing **Weighted Average Carbon Intensity** in fixed income investments. The targets are -30%, -40%, and -50% in 2023, 2025 and 2027 respectively compared to 2016. Fixed income is also a part of our cross asset climate allocation. Our target is to have 20% in climate friendly investments in 2025.

FI 14 Mandatory to Report, Voluntary to Disclose Core Assessed PRI 2

Private

FI 15 Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1,2

FI 15.1 Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)

Type of engagement	SSA	Corporate (financial)	Corporate (non-financial)
Individual/Internal staff engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Service provider engagements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

FI 15.2 Indicate how your organisation prioritises engagements with issuers.

	SSA	Corporate (financial)	Corporate (non-financial)
Size of holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Credit quality of the issuer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Duration of holdings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of transparency on ESG	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Specific markets and/or sectors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Specific ESG themes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Issuers in the lowest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Issuers in the highest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specific issues considered priorities for the investor based on input from clients and beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 15.3 Indicate when your organisation conducts engagements with issuers.

	SSA	Corporate (financial)	Corporate (non-financial)
We engage pre-investment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage post-investment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We engage in reaction to ESG issues that have already affected the issuer.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

We engage prior to ESG-related divestments.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If 'other' has been selected, please give a description

In SSA space this varies - sometimes we engage with issuers prior to investing (e.g during roadshows), sometimes during the lifetime of the investment (we are exposed to some SSA issuers continuously) and for some issuers face to face engagement with e.g government representatives from the debt management office are rare.

FI 15.4 Indicate what your organisation conducts engagements with issuers on.

	SSA	Corporate (financial)	Corporate (non-financial)
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on specific ESG themes across issuers and industries (e.g., human rights).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 15.5 Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

	SSA	Corporate (financial)	Corporate (non-financial)
Ensuring regular cross-team meetings and presentations.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sharing engagement data across platforms that is accessible to ESG and investment teams.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Encouraging ESG and investment teams to join engagement meetings and roadshows.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Delegating some engagement dialogue to portfolio managers/credit analysts.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Considering active ownership as a mechanism to assess potential future investments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 16 Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1,2

FI 16.1 Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

- Yes
 No

FI 17 Mandatory to Report, Voluntary to Disclose Additional Assessed General

FI 17.1 Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

	SSA	Corporate (financial)	Corporate (non-financial)
We measure whether incorporating ESG impacts portfolio risk.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts portfolio returns.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We measure the ESG performance/profile of portfolios (relative to the benchmark).	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 17.2 Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]

Varma is actively decreasing the carbon risk of fixed income portfolios by setting internal targets of decreasing the weighted average carbon intensity, which for us serves as a proxy for carbon risk. The portfolios are analyzed regularly for both norms based issues and carbon emission intensity.

Norms based data is updated automatically to our data portal, but findings about the portfolio companies are reviewed biannually in cross asset meetings, where decisions to divest, or decrease exposure are made.

Carbon emissions of Varma's portfolios are also analyzed regularly. The contribution of individual industries and assets are analyzed, and in order to meet the ambitious emission targets, divestments and reweightings need to be made.

FI 18	Voluntary	Descriptive	PRI 1,2
<i>Private</i>			

PE 01	Voluntary	Descriptive	PRI 1-6
PE 01.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.		
<p>Varma Private Equity Team manages PE and infrastructure funds and also co-investments. Evaluation and assessment of the fund managers' RI principles has been incorporated into our investment and portfolio management processes. Varma requires its PE managers to have RI principles either as a separate policy or part of other policies. Varma actively encourages our current PE managers to sign up to PRI. We also require managers to report on ESG issues, preferably as a part of regular fund reporting. As a large investor, Varma has often the opportunity to be represented in the Advisory Board or Investor Committees of the funds. We use this channel actively to promote ESG issues and opportunities.</p> <p>Varma's direct private equity is executed through co-investments with funds where Varma is an existing investor. Thus, the manager's/ majority owner's ESG policies and processes have already been validated during fund selection and monitoring. During co-investment due diligence Varma requires the manager to report on ESG findings and incorporates this into investment decision making. In addition to minimum requirements, direct co-investments allow for an additional layer of selection to be applied; e.g. climate policy / strategy directing portfolio construction.</p> <p>In 2019, Varma launched its updated climate policy that also outlines objectives for private equity investments. These objectives are 1) To increase the share of renewable energy investments in both Private Equity and Infrastructure to account at least 50% of all utility investments by 2030. 2) Actively seek low carbon investments that are suitable for Varma's climate allocation.</p>			
PE 02	Mandatory	Core Assessed	PRI 2
PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.		
<input checked="" type="checkbox"/> Our investment activities are guided by a responsible investment policy			
PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.		
<p>In short, we evaluate, does the manager's responsible investment policy reflect our values and does the manager integrate its RI policy with the portfolio companies in the case of co-investments.</p> <input type="checkbox"/> Our investment activities are not guided by a responsible investment policy <input type="checkbox"/> We do not have a responsible investment policy			
PE 05	Mandatory	Gateway	PRI 1
PE 05.1	During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.		
<input checked="" type="checkbox"/> Yes			
PE 05.2	Describe your organisation's approach to incorporating ESG issues in private equity investment selection.		
<p>Managers that have passed Varma's fund selection criteria fulfill minimum requirements. Managers report on ESG findings and evaluation during co-investment due diligence and Varma makes its own assessment when selecting co-investments. In special cases, where the ESG-impact is unclear, ESG-personnel are consulted and the decision is documented.</p> <input type="checkbox"/> No			
PE 06	Mandatory	Core Assessed	PRI 1,3
PE 06.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.		
<input type="checkbox"/> Raw data from target company <input type="checkbox"/> Benchmarks against other companies <input type="checkbox"/> Sector level data/benchmarks <input type="checkbox"/> Country level data/benchmarks <input type="checkbox"/> Reporting standards, industry codes and certifications <input type="checkbox"/> International initiatives, declarations or standards <input type="checkbox"/> Engagements with stakeholders (e.g. customers and suppliers) <input checked="" type="checkbox"/> Advice from external resources <input checked="" type="checkbox"/> Other, specify Manager's ESG evaluation <input type="checkbox"/> We do not track this information			
PE 06.2	Describe how this information is reported to, considered and documented by the Investment Committee or similar.		
<p>Varma receives manager's ESG evaluation and often 3rd party ESG reporting. These considerations are summarized and a recommendation is included in Varma's IC proposals.</p>			
PE 07	Voluntary	Additional Assessed	PRI 1,2
<i>Private</i>			
PE 08	Voluntary	Additional Assessed	PRI 1
<i>Private</i>			
PE 09	Mandatory	Gateway/Core Assessed	PRI 2
PE 09.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.		
<input checked="" type="checkbox"/> Yes			

PE 09.2 Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

PE 09.3 Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

- Environmental
- Social
- Governance
- We do not set and/or monitor against targets

No

PE 09.4 Additional information. [Optional]

The managers are expected to set targets, monitor, and report on those.

PE 10 Mandatory Core Assessed PRI 2

PE 10.1 Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

Yes

PE 10.2 Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

No

PE 10.3 Additional information. [Optional]

An adequate ESG-policy is a requirement for an investment

PE 11 Voluntary Additional Assessed PRI 2

Private

PE 12 Voluntary Descriptive PRI 2,3

Private

PE 13 Voluntary Additional Assessed PRI 2

PE 13.1 Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments.

- We included ESG issues in pre-exit information
- We did not include ESG issues in pre-exit information
- N/A, we did not have any exits in the reporting year

PE 13.2 Apart from disclosure, describe how your organisation considers ESG issues at exit.

Co-investment exit is managed by the main sponsor.

PE 14 Voluntary Additional Assessed PRI 1,2

Private

PE 15 Mandatory to Report, Voluntary to Disclose Descriptive PRI 1,2

Private

PR 01	Mandatory	Core Assessed	PRI 1-6
PR 01.1	Indicate if your organisation has a Responsible Property Investment (RPI) policy.		
<input checked="" type="radio"/> Yes			
PR 01.2	Provide a URL or attach the document		
<input checked="" type="checkbox"/> URL https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varman-vastuullisen-sijoittamisen-kaytannot.pdf			
<input type="checkbox"/> Attach Document			
<input type="radio"/> No			
PR 01.3	Provide a brief overview of your organisation's approach to responsible investment in property, and how you link responsible investment in property to your business strategy. [Optional]		
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varmas-responsible-investment-policy.pdf			

PR 04	Mandatory	Gateway/Core Assessed	PRI 1
PR 04.1	Indicate if your organisation typically incorporates ESG issues when selecting property investments.		
<input checked="" type="radio"/> Yes			
PR 04.2	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.		
<p>The location of the property is one of most important criteria in our property selection. The property should be located so that it is easily reached even by public transportation and close to services. Good location has a positive effect on environment if the property is reached by public transportation but also lowers the risk of high vacancy of the building in the long run.</p> <p>We conduct a due diligence process (DD) before buying a property. The DD includes technical, environmental, financial/tax and legal aspects. For example, in environmental DD we inspect the risk that the site might be contaminated. In technical DD we check the condition of the building and consider the risk of for example indoor air quality problems which might have harmful effects on occupiers. Also energy-efficiency of the building is inspected.</p>			
PR 04.3	Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.		
<input checked="" type="checkbox"/> Environmental Contamination Energy efficiency Indoor environmental quality			
<input checked="" type="checkbox"/> Social Health, safety and wellbeing Accessibility Occupier Satisfaction			
<input checked="" type="checkbox"/> Governance Regulatory			
<input type="radio"/> No			

PR 05	Voluntary	Additional Assessed	PRI 1,3
PR 05.1	Indicate what type of ESG information your organisation typically considers during your property investment selection process.		
<input checked="" type="checkbox"/> Raw data from the target property asset/company <input checked="" type="checkbox"/> Appraisals/audits <input checked="" type="checkbox"/> Benchmarks/ratings against similar property asset <input type="checkbox"/> Country level data/benchmarks <input type="checkbox"/> Data aligned with established property reporting standards, industry codes and certifications <input type="checkbox"/> International initiatives, declarations or standards <input checked="" type="checkbox"/> Data from engagements with stakeholders (e.g. tenants and local community surveys) <input checked="" type="checkbox"/> Information from external advisers <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not track this information			
PR 05.2	Provide a brief description of how this ESG information was incorporated into your investment selection process.		
<p>We use external environmental reports as well as reports of the condition of the building and the legal issues of the property. We benchmark the maintenance costs and check the energy efficiency rate of the property. We check the satisfaction of the tenant (if possible) and the basic information of the tenant's financial background.</p>			

PR 06	Mandatory	Core Assessed	PRI 1
PR 06.1	Indicate if ESG issues impacted your property investment selection process during the reporting year.		
<input type="checkbox"/> ESG issues helped identify risks and/or opportunities for value creation <input type="checkbox"/> ESG issues led to the abandonment of potential investments			

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 06.2 Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 07 **Mandatory** **Core Assessed** **PRI 4**

PR 07.1 Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.

Yes

PR 07.2 Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.

Selection process of property managers incorporated ESG issues

Types of actions

- Request explanation of how ESG is effectively integrated, including inquiries about governance and processes
- Request track records and examples of how the manager implements ESG in their asset and property management
- Discuss property level out-performance opportunities through greater integration of ESG criteria
- Request explanation of engaging stakeholders on ESG issues
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- <50%

Contractual requirements when appointing property managers includes ESG issues

Types of actions

- Include clear and detailed expectations for incorporating ESG
- Require dedicated ESG procedures in all relevant asset and property management phases
- Clear ESG reporting requirements
- Clear ESG performance targets
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- <50%

Monitoring of property managers covers ESG responsibilities and implementation

Types of actions

- Performance against quantitative and material environmental / resource targets over specified timeframe.
- Performance against quantitative and material environmental / resource targets against relevant benchmarks
- Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment.
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- <50%

No

PR 07.3 Provide a brief description of your organisations selection, appointment and monitoring of third party property managers and how they contribute to the management of ESG issues for your property investments.

We choose property managers either via tendering process or through negotiation. We favour candidates which are well known and reputable companies. We expect managers to have special knowledge in energy efficiency matters. We also set targets and indicators for tenant satisfaction, energy efficiency and consumption of water, electricity and heating for managers.

We meet third party property managers regularly and follow their work. Managers are obligated to report for example on consumption of water, heating and electricity as well as carbon footprint.

PR 08 **Mandatory** **Gateway** **PRI 2**

PR 08.1 Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

Yes

PR 08.2 Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- We consider ESG issues in property monitoring and management
- We consider ESG issues in property developments and major renovations.
- We consider ESG issues in property occupier engagements
- We consider ESG issues in community engagements related to our properties
- We consider ESG issues in other post-investment activities, specify

PR 08.3 Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets.

Our practices of responsible investments are explained in our responsible investment policy and in Varma's climate policy for investments. Our climate policy was published in May 2016 /updated year 2019 and the practices in 2014 /updated year 2019.

We participate in the energy efficiency agreement for the Finnish property sector. The program has a target to reduce the energy consumption by 7,5 per cent from 2017 to 2025. About 100 of our commercial and residential properties participate the program. Progress of the program is monitored on an annual basis. Third-party technical managers and a consultant support us in implementing the program. The consultant suggests actions to reduce the properties' energy consumption, follows up and reports the results. We keep close contact with the third party consultant and technical managers and we have several meetings during the year to keep us updated on the progress.

Our third party technical managers measure and follow regularly the consumption of water, heating and electricity of our properties. They should both react on possible abnormalities and try to reduce the consumption according to the target set together by manager and Varma. Our goal is to seek energy efficient ways in day-to-day actions. Our technical managers calculate annually the carbon footprint of Varma's properties.

We have done scenario analyses in line with the TCFD in order to find out our physical risk and transition risk exposure of our real-estate investments. Floodmaps were utilized in order to find out the most exposed real-estate in our portfolio. The transition risk analysis resulted in large investments in heat pumps in order to greatly reduce the carbon emissions from heating.

We consider energy efficient solutions when repairing and refurbishing existing properties and constructing new buildings.

We pay attention to creating and maintaining lively environment around some of our larger core holdings that often combine offices, residential, retail and leisure premises. A successful achievement on enhancing the quality of community has been a contemporary art event Finlayson Art Area sponsored by us in Tampere. The event is free to public and art works and activities have now occupied parts of the vacant indoor spaces and outdoor areas during four consecutive summers. The City of Tampere has granted the event an award for the best cultural achievement of year 2016. The event increases the popularity of the area and enhances the business of our retail and leisure tenants and makes the area more appealing for our office occupiers.

No

PR 09 **Mandatory** **Core Assessed** **PRI 2,3**

PR 09.1 Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

- >90% of property assets
- 51-90% of property assets
- 10-50% of property assets
- <10% of property assets

PR 09.2 Indicate which ESG targets your organisation and/or property managers typically set and monitor

Environmental

Target/KPI	Progress Achieved
Reduction of carbon footprint by 15 % by year 2020, comparison year is 2015 / residential and commercial properties	Cumulative reduction of 27% was achieved during years 2016-19.
Reduction of energy consumption by 10 % during years 2017-2025, measured according to energy-saving actions made, comparison year is 2015 / commercial and residential.	Cumulative reduction of about 6 % in commercial properties and 12 % in residential properties was achieved during years 2017-19.

Social

Target/KPI	Progress Achieved
------------	-------------------

Tenant satisfaction benchmark / commercial and residential properties.	The target Varma had set to tenant satisfaction was achieved in commercial and residential properties.
------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------

- Governance
- We do not set and/or monitor against targets

PR 09.3 Additional information. [Optional]

The property technical managers monitor the consumption of water, heating and electricity monthly. The property managers' responsibility is to react on increased consumption and also reduce the consumption. We participate in the energy efficiency agreement for the Finnish property sector. The target of the agreement is to reduce the energy consumption by 7,5 per cent from 2017 to 2025 though we have set a 10 % reduction target. The carbon footprint reduction target has been set as well as. Targets are monitored on a yearly basis.

PR 10 Voluntary Descriptive **PRI 2**

PR 10.1 Indicate whether your property assets are assessed against certification schemes, ratings and/or benchmarks

Yes

PR 10.2 List the certification schemes, ratings and/or benchmarks your property assets are assessed against and what proportion of your property assets they apply to.

Add certification scheme, rating and benchmark 1

Specify	BREEAM in-use certification
Proportion of property assets these apply to	<input type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input checked="" type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets (in terms of number of property assets)

Add certification scheme, rating and benchmark 2

Specify	GRESB ESG-benchmark
Proportion of property assets these apply to	<input checked="" type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets (in terms of number of property assets)

Add certification scheme, rating and benchmark 3

No

PR 10.3 Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.

- Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)
- Other property reporting standards, specify
- No property specific reporting standards are used

PR 10.4 Additional information.

11 buildings Varma own were BREEAM (In-Use) -certified during year 2019. Asset Performance was assessed. All properties got grade Good or Very Good. All together 48 Varma's buildings are BREEAM -certified.

We participated in GRESB ESG-benchmark first time in year 2019 with almost the whole property portfolio.

PR 11 Mandatory Core Assessed **PRI 2**

PR 11.1 Indicate the proportion of active property developments and major renovations where ESG issues have been considered.

- >90% of active developments and major renovations
- 51-90% of active developments and major renovations
- 10-50% of active developments and major renovations
- <10% of active developments and major renovations
- N/A, no developments and major renovations of property assets are active

PR 11.2 Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.

- Environmental site selection requirements
- Environmental site development requirements

- Sustainable construction materials
- Water efficiency requirements
- Energy efficiency requirements
- Energy generation from on-site renewable sources
- Waste management plans at sites
- Health and safety management systems at sites
- Health and wellbeing of residents
- Construction contractors comply with sustainability guidelines
- Resilient building design and orientation
- Other, specify

PR 11.3 Additional information. [Optional]

When we do property developments and refurbishments we consider for example the following issues concerning the construction work and site:

- The construction waste is mainly recycled in construction sites.
- We demand a plan of safety systems on site at least in bigger construction sites.
- The energy and water efficient construction materials and systems are considered and also used if good solution is found. Also the possible on-site renewable sources are considered.
- The biggest construction companies we usually use, have sustainability guidelines

We have internal professionals whose responsibility is to monitor the construction work and site. They keep close contact with construction companies and consultants working with the development and refurbishment projects.

PR 12 Mandatory Core Assessed PRI 2

PR 12.1 Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.

- >90% of occupiers
- 50-90% of occupiers
- 10-50% of occupiers
- <10% of occupiers

PR 12.2 Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.

- Distribute a sustainability guide to occupiers
- Organise occupier events focused on increasing sustainability awareness
- Deliver training on energy and water efficiency
- Deliver training on waste minimisation
- Provide feedback on energy and water consumption and/or waste generation
- Provide feedback on waste generation
- Carry out occupier satisfaction surveys
- Health and wellbeing of residents
- Offer green leases
- Other, specify

Email news are send to our tenants. The guide how to recycle and reduce energy can be found from our website,

PR 12.3 Additional information. [Optional]

Tenant satisfaction survey is done annually to both residential and commercial tenants. Survey is part of tenant satisfaction benchmark and we have possibility to compare our results to the results of similar property investors. Both the survey and benchmark are carried out by the consultant.

We also inform our tenants about Varma's responsible property investment -issues via Varma's neesfeed and emails.

PR 13 Voluntary Additional Assessed PRI 2

PR 13.1 Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.

- >90% of leases or MoUs
- 50-90% of leases or MoUs
- 10-50% of leases or MoUs
- <10% of leases or MoUs
- 0% of leases or MoUs
- N/A, no leases or MoUs were signed during the reporting year

PR 14 Voluntary Additional Assessed PRI 2

PR 14.1 Indicate what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.

- >90% of property assets
- 50-90% of property assets

10-50% of property assets

<10% of property assets

PR 14.2 Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement.

- ESG education programmes for the community
- ESG enhancement programmes for public spaces
- Research and networking activities focusing on ESG issues
- Employment creation in communities
- Supporting charities and community groups
- Other, specify

Varma has been supporting an art event in one of its largest property. Art event was free of charge for everyone.

PR 14.3 Additional information.

Varma has been supporting KTI Finland, an independent research organisation in Finland, to produce a report about responsible real estate business which is published yearly.

PR 15 Voluntary Additional Assessed PRI 1,2

PR 15.1 Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.

- We measure whether our approach to ESG issues impacts funds' financial performance
- We measure whether our approach to ESG issues impacts funds' ESG performance

PR 15.2b Describe the impact on the following.

Describe the impact on:	Impact
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

None of the above

PR 15.3 Describe how you are able to determine these outcomes.

Water, heating and electricity consumption of the properties is measured and followed by third party manager. The level of carbon footprint is also calculated and followed. These results are reported to us on a yearly basis.

PR 16 Voluntary Descriptive PRI 1,3

PR 16.1 Provide examples of ESG issues that affected your property investments during the reporting year.

Add Example 1

ESG issue	CO2 emissions
Types of properties affected	Residential
Impact (or potential impact) on investment	Reduction of CO2 emissions
Activities undertaken to influence the investment and the outcomes	Varma is using green energy in almost all of residential properties. Only few residential properties are not using green energy.

Add Example 2

ESG issue	Social and CO2 emissions
Types of properties affected	Commercial
Impact (or potential impact) on investment	Offering tenants possibility to reduce CO2 -emissions and also better services of the property they have leased their permises from.
Activities undertaken to influence the investment and the outcomes	Varma installed new loading places for hybrid and electric cars.

Add Example 3

ESG issue	Education of Varma's employees
Types of properties affected	Commercial and residential
Impact (or potential impact) on investment	Employees' better understanding in ESG-issues and readiness to take ESG-actions into account

Activities undertaken to influence the investment and the outcomes	ESG-training day has been organized to Varma's employees working with property investments as well as third-party managers. Training gives new ideas on how to take ESG-issues into account in property investments and keeps employees also updated on Varma's ESG-issues.
--------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Add Example 4

ESG issue	CO2 emissions
Types of properties affected	Commercial
Impact (or potential impact) on investment	Reduction of CO2 emissions
Activities undertaken to influence the investment and the outcomes	Varma has been investing in several energy efficiency actions of its commercial property portfolio. One example was the utilization of waste heat of data centre located in the building which reduced emissions of about 250 tonnes of CO2.

Add Example 5

ESG issue
Types of properties affected
Impact (or potential impact) on investment
Activities undertaken to influence the investment and the outcomes

INF 01	Voluntary	Descriptive	PRI 1-6
INF 01.1	Provide a brief overview of your organisation's approach to responsible investment in infrastructure where you have equity stakes.		
Our approach to infrastructure investments in regards to responsibility and sustainability, is the same as in private equity.			
INF 02	Mandatory	Core Assessed	PRI 1-6
INF 02.1	Indicate if your organisation has a responsible investment policy for infrastructure.		
<input checked="" type="checkbox"/> Yes			
INF 02.2	Provide a URL if your policy is publicly available.		
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varmas-responsible-investment-policy.pdf			
<input type="checkbox"/> No			
INF 05	Mandatory	Gateway	PRI 1
INF 05.1	Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.		
<input checked="" type="checkbox"/> Yes			
INF 05.2	Describe your organisation's approach to incorporating ESG issues in infrastructure investment selection.		
We have similar approach in infrastructure investment selection than we have in private equity. We evaluate does the manager's investment policy reflect our values and does the manager integrate its RI policy with the portfolio companies.			
<input type="checkbox"/> No			
INF 06	Voluntary	Descriptive	PRI 1,4
INF 06.1	Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the infrastructure investment selection process.		
<input checked="" type="checkbox"/> Internal staff			
<input checked="" type="checkbox"/> Specify role			
Varma's ESG Team			
<input type="checkbox"/> Specify role			
<input type="checkbox"/> Specify role			
<input type="checkbox"/> External resources			
<input type="checkbox"/> No use of internal or external advice on ESG issues			
INF 06.2	Additional information. [Optional]		
Each Portfolio Manager takes care of the ESG issues with the help and guidance of ESG Team.			
INF 07	Mandatory	Core Assessed	PRI 1,3
INF 07.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.		
<input checked="" type="checkbox"/> Environmental			
Does the investment enable emission reductions and does it take progression of climate change in to account in its operations			
Does the business benefit from actions to mitigate climate change and does it have a clear strategic and science base target to reduce emissions			
We abstain from investing in coal mining companies and in utility companies where more than 30 % of revenue is derived from thermal coal			
<input checked="" type="checkbox"/> Social			
We require that the investments comply with the international standeards that Varma follows, especially the sector specific ESG emphasis			
Working conditions and work safety			
ESG training programmes for the staff			
<input checked="" type="checkbox"/> Governance			
Rights and responsibilities of the infrastructure fund manager			
Managr's representing the fund as an active owner in the portfolio companies			
sufficient flow of informaiton and reporting			
INF 08	Voluntary	Additional Assessed	PRI 1,3
INF 08.1	Indicate what type of ESG information your organisation typically considers during your infrastructure investment selection process.		
<input type="checkbox"/> Raw data from the target infrastructure asset/company			
<input type="checkbox"/> Benchmarks/ratings against similar infrastructure asset			
<input type="checkbox"/> Sector level data/benchmarks			
<input type="checkbox"/> Country level data/benchmarks			

- Reporting standards, infrastructure sector codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. contractors and suppliers)
- Advice from external sources
- Other, specify
manager's ESG evaluation
- We do not track this information

INF 08.2 Additional information.
Varma receives manager's ESG evaluations and often 3rd party ESG reporting. These considerations are summarized and recommendation is included in varma's IC proposals.

INF 09 Voluntary Additional Assessed **PRI 1**

INF 09.1 Indicate if ESG issues impacted your infrastructure investment selection processes during the reporting year.

- ESG issues helped identify risks and/or opportunities for value creation.
- ESG issues led to the abandonment of potential investments.
- ESG issues impacted the investment in terms of price offered and/or paid.
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants.
- ESG issues were considered but did not have an impact on the investment selection process.
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year.
- We do not track this potential impact

INF 09.2 Indicate how ESG issues impacted your infrastructure investment deal structuring processes during the reporting year.

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
the manager takes care of teh deal structuring
- Not applicable, our organisation did not select any investments in the reporting year.
- We do not track this potential impact

INF 11 Mandatory Gateway **PRI 2**

INF 11.1 Indicate whether your organisation and/or operators consider ESG issues in post-investment activities relating to your infrastructure assets.

Yes

INF 11.2 Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.

- We consider ESG issues in the monitoring and operation of infrastructure
 - We consider ESG issues in infrastructure maintenance
 - We consider ESG issues in stakeholder engagements related to our infrastructure
 - We consider ESG issues in other post-investment activities, specify
- No

INF 12 Mandatory Core Assessed **PRI 2**

INF 12.1 Indicate the proportion of infrastructure assets for which your organisation and/or operators included ESG performance in investment monitoring during the reporting year.

- >90% of infrastructure assets
- 51-90% of infrastructure assets
- 10-50% of infrastructure assets
- <10% of infrastructure assets

INF 12.2 Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

- Environmental
- Social
- Governance
- We do not set and/or monitor against targets

INF 13 Mandatory Additional Assessed **PRI 2**

INF 13.1	Indicate whether you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).
----------	----------------------------------------------------------------------------------------------------------------------------------------------------

Yes

INF 13.2	Indicate the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).
----------	----------------------------------------------------------------------------------------------------------------------------------

- >90% of infrastructure investees
- 51-90% of infrastructure investees
- 10-50% of infrastructure investees
- >0% and <10% of infrastructure investees
- 0% of infrastructure investees

No

INF 14	Voluntary	Descriptive	PRI 2,3
--------	-----------	-------------	---------

INF 14.1	Indicate the type and frequency of reports you request and/or receive from infrastructure investees covering ESG issues.
----------	--------------------------------------------------------------------------------------------------------------------------

Overarching portfolio asset/company reports or similar where management disclosure, financial and ESG data are integrated

	Typical reporting frequency
--	-----------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

- Standalone reports highlighting targets and/or KPIs covering ESG issues
- Other, specify
- No reporting on ESG issues requested and/or provided by infrastructure investees

INF 17	Voluntary	Additional Assessed	PRI 1,2
--------	-----------	---------------------	---------

INF 17.1	Indicate whether your organisation measures how your approach to responsible investment in Infrastructure investments has affected financial and/or ESG performance.
----------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------

- We measure whether our approach to ESG issues impacts funds' financial performance
- We measure whether our approach to ESG issues impacts funds' ESG performance
- None of the above

INF 18	Voluntary	Descriptive	PRI 1-3
--------	-----------	-------------	---------

Private

CM1 01	Mandatory	Additional Assessed	General		
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:				
<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified <input type="checkbox"/> Selected data has been internally verified <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above					
CM1 02	Mandatory	Descriptive	General		
CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report				
<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input checked="" type="radio"/> We did not assure last year's PRI Transparency report <input type="radio"/> None of the above, we were in our preparation year and did not report last year.					
CM1 03	Mandatory	Descriptive	General		
CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:				
<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input type="checkbox"/> ESG audit of holdings <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> None of the above					
CM1 04	Mandatory	Descriptive	General		
CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?				
<input type="radio"/> Whole PRI Transparency Report will be assured <input type="radio"/> Selected data will be assured <input checked="" type="radio"/> We do not plan to assure this year's PRI Transparency report					
CM1 07	Mandatory	Descriptive	General		
CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed				
<input checked="" type="checkbox"/> CEO or other Chief-Level staff <table border="1" style="margin-left: 20px;"> <tr> <td>Sign-off or review of responses</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Sign-off <input type="checkbox"/> Review of responses </td> </tr> </table> <input type="checkbox"/> The Board <input type="checkbox"/> Investment Committee <input type="checkbox"/> Compliance Function <input checked="" type="checkbox"/> RI/ESG Team <input type="checkbox"/> Investment Teams <input type="checkbox"/> Legal Department <input type="checkbox"/> Other (specify)				Sign-off or review of responses	<input checked="" type="checkbox"/> Sign-off <input type="checkbox"/> Review of responses
Sign-off or review of responses					
<input checked="" type="checkbox"/> Sign-off <input type="checkbox"/> Review of responses					