



PUBLIC RI REPORT

2021 PILOT

Varma Mutual Pension Insurance Company

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About this report

The PRI Reporting Framework helps to build a common language and industry standard for reporting responsible investment activities. **Public RI Reports** provide accountability and transparency on signatories' responsible investment activities and support dialogue within signatories' organisations, as well as with their clients, beneficiaries and other stakeholders.

This **Public RI Report** is an export of the signatory's responses to the PRI Reporting Framework during the 2021 reporting period. It includes the signatory's responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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Senior Leadership Statement (SLS)

Senior leadership statement

Our commitment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S1	CORE	N/A	N/A	PUBLIC	Our commitment	GENERAL

- o **Why does your organisation engage in responsible investment?**
- o **What is your organisation's overall approach to responsible investment?**
- o **What are the main differences between your organisation's approach to responsible investment in its ESG practice and in other practices, across asset classes?**

Varma is as a pension fund and a long term investor and therefore acknowledges that ESG issues will 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, Ownership policy and Active Ownership and Engagement principles for Investments are also incorporated into the investment policy. The policies cover all of Varma's AUM. RI roles and responsibilities are defined in the practices. We require that our investees comply with international agreements and standards, the most important of which are: The UN Global Compact 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 30% of their revenue from coal or lignite, or have generation or generation capacity over 30% from coal or lignite. Varma has a socially significant role in determining the future direction of the companies it invests in. We influence the operations of our portfolio companies, and we encourage them to make more sustainable choices. We demand climate reporting from companies, and we require them to take sustainability into account in their strategic decision-making. We may also exit from an investment if our sustainability requirements are not met. 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. 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 to incorporate the 1.5-degree target into our investment processes and reach a carbon neutral investment portfolio by 2035. 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 engage managers and encourage integration of ESG by the asset managers. ESG is not currently integrated to cash deposits.

Annual overview

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S2	CORE	N/A	N/A	PUBLIC	Annual overview	GENERAL

- o Discuss your organisation’s progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- o Reflect on your performance with respect to your organisation’s responsible investment objectives and targets during the reporting year. This might involve e.g. outlining your single most important achievement, or describing your general progress, on topics such as the following:
 - o refinement of ESG analysis and incorporation
 - o stewardship activities with investees and/or with policy makers
 - o collaborative engagements
 - o attainment of responsible investment certifications and/or awards

Varma updated its Climate Policy in late 2019, and 2020 Varma started to implement the policy. Varma began to track its climate allocation which is a cross-asset allocation that only includes companies and investments that positively contribute to climate change mitigation. This can be anything from green bonds and governments that have committed to 2040 carbon neutrality target, to companies that derive a significant portion of their revenue from clean tech and buildings that are operating 100% with emission free electricity and heating. Varma's target is to reach a 20% climate allocation by 2025. As of 2020 the allocation was 12% of Varma's total portfolio. Varma's goal is to reduce the weighted average carbon intensity of its listed equity and corporate bond portfolio by 30%, 40% and 50% by 2023, 2025 and 2027 respectively. The corporate bond portfolio is currently in line to achieve the targets, but in listed equity there needs to be more work done in order to achieve these. Varma also plans to have 35% of passive index investments in low-carbon versions by 2025. By the end of 2020 the share was 24%. Varma's target for infrastructure investments is to have 50% of all utility investments in renewable electricity by 2030. The share is currently 45% at the end of 2020.

Varma launched its Active Ownership and Engagement principles that outlines Varma's approach to Stewardship. Based on the Active Ownership and Engagement Principles Varma had all together 6 engagement processes ongoing year end 2020. Two of these were pharmaceutical companies, two were energy and utility companies, and two were companies in the automobile and logistics industries. More than half of the violation assessments included in the engagement process related to social issues, such as limitation of the freedom of association and human rights violations. These companies are located in North and South America. Violations related to business ethics and corruption in emerging markets appeared in the violation assessments concerning the pharmaceutical companies.

Equitable access to Covid-19 vaccines emerged as a major global theme during the reporting year. According to the UN, access to vaccines is a part of the implementation of human rights, and it is an important theme in Varma's responsible investment. Varma joined a group of investors in an international appeal to pharmaceutical companies, urging them to develop a coronavirus vaccine and cooperate.

June 2020, Varma joined Net Zero Carbon Buildings Commitment, which advocates for carbon-neutral buildings. In October, we also joined the Science Based Targets initiative with around 140 major investors. The investors who signed the initiative ask companies with the highest greenhouse gas emissions to set science-based targets to reduce their carbon dioxide emissions.

In 2020, Varma was recognized for its work to combat climate change by the Activist Grannies, a movement that rewards deeds that demonstrate a dedication to taking climate change seriously. Varma also received recognition for its first TCFD report, having been ranked number one in the Climate Change category of the sustainability reporting competition in 2019.

In an international assessment, the UN-supported Principles for Responsible Investment (PRI) included Varma in the PRI Leaders' Group for the second time for its responsible investment work. In its assessment, which was conducted for the second time, the PRI compared investors' climate reporting performance. According to the assessment, Varma has excellent climate reporting practices.

Next steps

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S3	CORE	N/A	N/A	PUBLIC	Next steps	GENERAL

What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

Varma will continue pursue the targets set by our climate policy. This means that we need to reduce the carbon intensity of our investments on an annual basis, while shifting out allocation to investments that are positively contributing to climate change mitigation in all asset classes. Varma will also develop Stewardship operations to be more systematic as outlined in our engagement principles. Expanding to other environmental topics other than Climate Change, such as biodiversity is a priority. We will also focus develop collaboration in the financial markets in order to mitigate human rights violations.

Endorsement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S4	CORE	N/A	N/A	PUBLIC	Endorsement	GENERAL

The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment.

Name

Reima Rytsölä

Position

Deputy CEO, Investments

Organisation's name

Varma Mutual Pension Insurance Company

● **This endorsement is for the Senior Leadership Statement only and is not an endorsement of the information reported by Varma Mutual Pension Insurance Company in the various modules of the Reporting Framework. The Senior Leadership Statement is simply provided as a general overview of Varma Mutual Pension Insurance Company's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such, and is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions.**

Organisational Overview (OO)

Organisational information

Categorisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	Signatory category	Multiple, see guidance	PUBLIC	Categorisation	GENERAL

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

(A) Non-corporate pension or superannuation or retirement or provident fund or plan

(1) This is our only (or primary) type

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1.1	CORE	OO 1	N/A	PUBLIC	Categorisation	GENERAL

Select which pensions you offer.

(A) Defined benefit

(1) This is our only (or primary) type

Subsidiary information

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries that are also PRI signatories in their own right?

- (A) Yes
 (B) No

Reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 3	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

Indicate the year-end date for your reporting year.

	Month	Day	Year
Reporting year end date:	December	31	2020

Assets under management

All asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 4.1, OO 4.2	N/A	PUBLIC	All asset classes	GENERAL

What were your total assets under management (AUM) at the end of the indicated reporting year? Provide the amount in USD.

(A) AUM of your organisation, including subsidiaries US\$ 61,206,430,380.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only US\$ 0.00

Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total assets under management at the end of your indicated reporting year.

Percentage of AUM

(A) Listed equity – internal 10-50%

(B) Listed equity – external 10-50%

(C) Fixed income – internal 10-50%

(D) Fixed income – external	0-10%
(E) Private equity – internal	0-10%
(F) Private equity – external	0-10%
(G) Real estate – internal	0-10%
(H) Real estate – external	0-10%
(I) Infrastructure – internal	0-10%
(J) Infrastructure – external	0-10%
(K) Hedge funds – internal	0.0%
(L) Hedge funds – external	10-50%
(M) Forestry – internal	0.0%
(N) Forestry – external	0.0%
(O) Farmland – internal	0.0%
(P) Farmland – external	0.0%
(Q) Other – internal, please specify:	0.0%
(R) Other – external, please specify:	0.0%
(S) Off-balance sheet – internal	0-10%
(T) Off-balance sheet – external	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure	(6) Hedge funds
(A) Segregated mandate(s)	0.0%	10-50%	0.0%	0.0%	0.0%	10-50%
(B) Pooled fund(s) or pooled investment(s)	>75%	>75%	>75%	>75%	>75%	50-75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 LE	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your listed equity assets.

	(A) Internal allocation	(C) External allocation – pooled
(1) Passive equity	0-10%	>75%
(2) Active – quantitative	0.0%	0.0%
(3) Active – fundamental	>75%	0-10%
(4) Investment trusts (REITs and similar publicly quoted vehicles)	0.0%	0.0%
(5) Other, please specify:	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 FI	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your fixed income assets.

	(A) Internal allocation	(B) External allocation – segregated	(C) External allocation – pooled
(1) Passive – SSA	0.0%	0.0%	10-50%
(2) Passive – corporate	0.0%	0.0%	10-50%
(3) Passive – securitised	0.0%	0.0%	0.0%
(4) Active – SSA	10-50%	0.0%	10-50%
(5) Active – corporate	10-50%	0.0%	10-50%
(6) Active – securitised	0.0%	0.0%	0.0%
(7) Private debt	10-50%	>75%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 PE	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your private equity assets.

	(A) Internal allocation	(C) External allocation – pooled
(1) Venture capital	0.0%	0-10%
(2) Growth capital	10-50%	10-50%
(3) (Leveraged) buyout	>75%	50-75%

(4) Distressed, turnaround or special situations	0.0%	10-50%
(5) Secondaries	0.0%	0.0%
(6) Other, please specify:	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 RE	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your real estate assets.

	(A) Internal allocation	(C) External allocation – pooled
(1) Retail	10-50%	10-50%
(2) Office	10-50%	50-75%
(3) Industrial	0-10%	0.0%
(4) Residential	10-50%	10-50%
(5) Hotel	0-10%	0.0%
(6) Lodging, leisure and recreation	0.0%	0.0%
(7) Education	0.0%	0.0%
(8) Technology/science	0.0%	0.0%
(9) Healthcare	0.0%	0.0%
(10) Mixed use	0-10%	0.0%
(11) Other, please specify:	0-10%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 INF	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your infrastructure assets.

	(A) Internal allocation	(C) External allocation – pooled
(1) Data infrastructure	0.0%	0.0%
(2) Energy and water resources	0.0%	0.0%
(3) Environmental services	0.0%	0.0%
(4) Network utilities	50-75%	50-75%
(5) Power generation (excl. renewables)	10-50%	10-50%
(6) Renewable power	10-50%	10-50%
(7) Social infrastructure	0.0%	0.0%
(8) Transport	0.0%	0.0%
(9) Other, please specify:	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 HF	CORE	OO 5, OO 5.1	OO 9 HF, OO 10	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your hedge fund assets.

	(B) External allocation – segregated	(C) External allocation – pooled
(1) Multi strategy	0-10%	10-50%
(2) Long/short equity	0.0%	0-10%

(3) Long/short credit	0.0%	0-10%
(4) Distressed, special situations and event-driven fundamental	0.0%	0-10%
(5) Structured credit	10-50%	0-10%
(6) Global macro	0.0%	0-10%
(7) Commodity trading advisor	0.0%	0.0%
(8) Other, please specify:	>75%	50-75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 OBS	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your off-balance sheet assets.

	(2) Derivatives	(3) Cash, cash equivalents or overlays
(A) Internal allocation	10-50%	>75%

ESG strategies

Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 LE	CORE	OO 5.2 LE	OO 6.1 LE, LE 13	PUBLIC	Listed equity	1

Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity:

(A) Screening alone	0.0%
(B) Thematic alone	0.0%
(C) Integration alone	0.0%
(D) Screening and integration	>75%
(E) Thematic and integration	0.0%
(F) Screening and thematic	0.0%
(G) All three strategies combined	0-25%
(H) None	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 LE	CORE	OO 6 LE	LE 8	PUBLIC	Listed equity	1

What type of screening is applied to your internally managed active listed equity assets?

Percentage coverage out of your total listed equities where screening strategy is applied

(A) Positive/best-in-class screening only	0.0%
(B) Negative screening only	0.0%
(C) A combination of positive/best-in-class and negative screening	>75%

Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 FI	CORE	OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active fixed income?

	(1) Fixed income – SSA	(2) Fixed income – corporate
(A) Screening alone	>75%	0.0%
(B) Thematic alone	0.0%	0.0%
(C) Integration alone	0.0%	0.0%
(D) Screening and integration	0.0%	>75%
(E) Thematic and integration	0.0%	0.0%
(F) Screening and thematic	0-25%	0.0%
(G) All three strategies combined	0.0%	0-25%
(H) None	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 FI	CORE	OO 6 FI	N/A	PUBLIC	Fixed income	1

What type of screening is applied to your internally managed active fixed income?

	(1) Fixed income – SSA	(2) Fixed income – corporate
(A) Positive/best-in-class screening only	0.0%	0.0%
(B) Negative screening only	0.0%	0.0%
(C) A combination of positive/best-in-class and negative screening	>75%	>75%

Externally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 SAM	CORE	OO 5.2 LE, OO 5.2 FI	OO 6.1 SAM	PUBLIC	Externally managed assets	1

Which ESG incorporation strategy and/or combination of strategies apply to your externally managed active listed equity and fixed income?

	(1) Listed equity - external	(2) Fixed income – SSA - external	(3) Fixed income – corporate - external
(A) Screening alone	0.0%	0.0%	0.0%
(B) Thematic alone	0.0%	0.0%	0-25%
(C) Integration alone	0.0%	>75%	50-75%
(D) Screening and integration	0.0%	0.0%	25-50%
(E) Thematic and integration	0.0%	0.0%	0.0%

(F) Screening and thematic	0-25%	0.0%	0.0%
(G) All three strategies combined	50-75%	0.0%	0.0%
(H) None	0-25%	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 SAM	CORE	OO 6 SAM	N/A	PUBLIC	Externally managed assets	1

What type of screening is applied to your externally managed active listed equity and fixed income?

	(1) Listed equity - external	(3) Fixed income – corporate - external
(A) Positive/best-in-class screening only	0.0%	0.0%
(B) Negative screening only	>75%	>75%
(C) A combination of positive/best-in-class and negative screening	0-25%	0.0%

Externally managed assets

Captive relationships

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	OO 5	Multiple, see guidance	PUBLIC	Captive relationships	GENERAL

Does your organisation have a captive relationship with some or all of its external investment managers?

- (A) Yes
- (B) No

Investment consultants

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	OO 5	SAM 1	PUBLIC	Investment consultants	GENERAL

Does your organisation engage investment consultants in the selection, appointment or monitoring of your external investment managers?

- (A) Yes
- (B) No

Stewardship

Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 LE	CORE	OO 5, OO 5.2 LE	Multiple, see guidance	PUBLIC	Listed equity	2

Does your organisation conduct stewardship activities for your listed equity assets?

	(1) Engagement on listed equity – active	(2) Engagement on listed equity – passive	(3) (Proxy) voting on listed equity – active	(4) (Proxy) voting on listed equity – passive
(A) Through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 FI	CORE	OO 5, OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	2

Does your organisation conduct stewardship activities for your fixed income assets?

	(1) Passive – SSA	(2) Passive – corporate	(4) Active – SSA	(5) Active – corporate	(7) Private debt
(A) Through service providers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>				
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity for this strategy/asset type	<input type="checkbox"/>				

Private equity, real estate and infrastructure

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 ALT	CORE	OO 5	Multiple, see guidance	PUBLIC	Private equity, real estate and infrastructure	2

Does your organisation conduct stewardship activities in the following asset classes?

	(1) Private equity	(2) Real estate	(3) Infrastructure
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct stewardship activities for this asset class	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Hedge funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5, OO 5.2 HF	Multiple, see guidance	PUBLIC	Hedge funds	2

Does your organisation conduct stewardship activities for your hedge fund assets?

	(1) Engagement	(2) (Proxy) voting
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

Internally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Internally managed assets	1

For each internally managed asset class, select whether or not you incorporate ESG into your investment decisions.

	(1) ESG incorporated into investment decisions	(2) ESG not incorporated into investment decisions
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income – SSA	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income – corporate	<input checked="" type="radio"/>	<input type="radio"/>
(I) Fixed income – private debt	<input checked="" type="radio"/>	<input type="radio"/>
(J) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(K) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(L) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(X) Off-balance sheet	<input checked="" type="radio"/>	<input type="radio"/>

External manager selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager selection	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager selection. Your response should refer to the selection of the external managers who managed the relevant asset classes during the reporting year, regardless of when such selection took place.

	(1) ESG incorporated into external manager selection	(2) ESG not incorporated into external manager selection
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income – passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

External manager appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager appointment	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager appointment. Your response should refer to the appointment of the external managers who managed the relevant asset classes during the reporting year, regardless of when their appointment took place.

	(1) ESG incorporated into external manager appointment	(2) ESG not incorporated into external manager appointment
(C) Fixed income – passive	<input type="radio"/>	<input checked="" type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

The following externally managed asset classes are reported in OO 5.1 as 100% pooled funds or pooled investments and, therefore, ESG incorporation into external manager appointment is not applicable.

	(3) ESG incorporation into external manager appointment is not applicable as we only invest in pooled funds
(A) Listed equity – passive	<input checked="" type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>
(E) Private equity	<input checked="" type="radio"/>
(F) Real estate	<input checked="" type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>

External manager monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager monitoring	1

For each externally managed asset class, select whether or not you incorporated ESG into external manager monitoring during the reporting year.

	(1) ESG incorporated into external manager monitoring	(2) ESG not incorporated into external manager monitoring
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income – passive	<input type="radio"/>	<input checked="" type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

Voluntary reporting

Voluntary modules

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Voluntary modules	GENERAL

The following modules are voluntary to report on in the separate PRI asset class modules as they account for less than 10% of your total AUM and are under USD 10 billion. Please select if you wish to voluntarily report on the module.

	(1) Yes, report on the module	(2) No, opt out of reporting on the module
(F) Private equity	<input type="radio"/>	<input checked="" type="radio"/>
(G) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(H) Infrastructure	<input type="radio"/>	<input checked="" type="radio"/>
(K) External manager selection, appointment and monitoring (SAM) – fixed income	<input type="radio"/>	<input checked="" type="radio"/>
(L) External manager selection, appointment and monitoring (SAM) – private equity	<input checked="" type="radio"/>	<input type="radio"/>
(M) External manager selection, appointment and monitoring (SAM) – real estate	<input checked="" type="radio"/>	<input type="radio"/>
(N) External manager selection, appointment and monitoring (SAM) – infrastructure	<input type="radio"/>	<input checked="" type="radio"/>

The following modules are mandatory to report on as they account for 10% or more of your total AUM or are over USD 10 billion. The ISP (Investment and Stewardship Policy) module is always applicable for reporting.

(1) Yes, report on the module

ISP: Investment and Stewardship Policy	<input checked="" type="radio"/>
(A) Listed equity	<input checked="" type="radio"/>
(B) Fixed income – SSA	<input checked="" type="radio"/>
(C) Fixed income – corporate	<input checked="" type="radio"/>
(E) Fixed income – private debt	<input checked="" type="radio"/>
(J) External manager selection, appointment and monitoring (SAM) – listed equity	<input checked="" type="radio"/>
(O) External manager selection, appointment and monitoring (SAM) – hedge funds	<input checked="" type="radio"/>

Pooled funds governance: Appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 15	CORE	OO 5.1	SAM 12	PUBLIC	Pooled funds governance: Appointment	GENERAL

Would you like to voluntarily report on ESG incorporation in the appointment of your external managers for pooled funds?

- (A) Yes
- (B) No

ESG/sustainability funds and products

Labelling and marketing

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Labelling and marketing	GENERAL

What percentage of your assets under management in each asset class are ESG/sustainability marketed funds or products, and/or ESG/RI certified or labelled assets? Percentage figures can be rounded to the nearest 5% and should combine internally and externally managed assets.

	Percentage
(A) Listed equity – passive	0-25%
(B) Listed equity – active	0-25%
(C) Fixed income – passive	0.0%
(D) Fixed income – active	0-25%
(E) Private equity	0.0%
(F) Real estate	50-75%
(G) Infrastructure	0.0%
(H) Hedge funds	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16.1	CORE	OO 16	ISP 52	PUBLIC	Labelling and marketing	GENERAL

What percentage of your total assets (per asset class) carry a formal ESG/RI certification or label? Percentage figures can be rounded to the nearest 5%.

Coverage of ESG/RI certification or label:

(A) Listed equity 0-25%

(B) Fixed income 0-25%

(D) Real estate 50-75%

Climate investments

Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17	CORE	N/A	N/A	PUBLIC	Asset breakdown	GENERAL

What percentage of your assets under management is in targeted low-carbon or climate-resilient investments?

0-25%

Other asset breakdowns

Geographical breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

What is the geographical breakdown of your organisation's assets under management by investment destination (i.e. where the investments are located)?

	(1) Listed equity	(2) Fixed income – SSA	(3) Fixed income – corporate	(5) Fixed income – private debt
(A) Developed	>75%	50-75%	>75%	>75%
(B) Emerging	0-25%	25-50%	0.0%	0.0%
(C) Frontier	0-25%	0.0%	0.0%	0.0%
(D) Other	0.0%	0.0%	0.0%	0.0%
	(6) Private equity	(7) Real estate	(8) Infrastructure	(9) Hedge funds
(A) Developed	>75%	>75%	>75%	>75%
(B) Emerging	0-25%	0.0%	0-25%	0-25%
(C) Frontier	0-25%	0.0%	0-25%	0-25%
(D) Other	0.0%	0.0%	0.0%	0.0%

Management by PRI signatories

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 19	CORE	OO 5	N/A	PUBLIC	Management by PRI signatories	GENERAL

What approximate percentage (+/-5%) of your externally managed assets are managed by PRI signatories?

50-75%

Fixed income constraints

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20	CORE	OO 5.2 FI	OO 20.1	PUBLIC	Fixed income constraints	GENERAL

What percentage of your fixed income assets are subject to constraints? The constraints may be regulatory requirements, credit quality restrictions, currency constraints or similar.

Internal and external fixed income assets subject to constraints

(A) Fixed income – SSA 0.0%

(B) Fixed income – corporate 0.0%

(D) Fixed income – private debt 0-25%

Private equity: Sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	OO 5	N/A	PUBLIC	Private equity: Sectors	GENERAL

What is the percentage breakdown of your organisation's internally managed private equity investments by sector?

Percentage of total internally managed private equity AUM

(A) Energy 0-25%

(B) Materials 0-25%

(C) Industrials 0-25%

(D) Consumer discretionary 0-25%

(E) Consumer staples 0-25%

(F) Health care 0-25%

(G) Financials 0-25%

(H) Information technology 0-25%

(I) Communication services 0-25%

(J) Utilities 0.0%

(K) Real estate 0.0%

Real estate: Building type

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 24	CORE	OO 5	RE 1, RE 9, RE 10	PUBLIC	Real estate: Building type	GENERAL

What is the percentage breakdown of your direct physical real estate assets by strategy?

Percentage total of direct physical real estate AUM

(A) Standing investments >75%

(B) New construction 0-25%

(C) Major renovation 0-25%

Infrastructure: Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 30	CORE	OO 5	N/A	PUBLIC	Infrastructure: Strategy	GENERAL

What is the percentage breakdown of your organisation's internally managed infrastructure assets by investment strategy?

Percentage of total internally managed infrastructure AUM

(A) Core 0-25%

(B) Value added >75%

(C) Opportunistic 0.0%

Infrastructure: Type of asset

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 31	CORE	OO 5	INF 1	PUBLIC	Infrastructure: Type of asset	GENERAL

What is the percentage breakdown of your infrastructure assets by strategy?

Percentage of total internally managed infrastructure AUM

(A) Standing investments/operating assets >75%

(B) New construction 0-25%

(C) Major renovation 0.0%

Context and explanation

Appointment: Pooled funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 33	CORE	OO 5.1	N/A	PUBLIC	Appointment: Pooled funds	GENERAL

For your externally managed pooled funds, please describe any other mechanisms in place to set expectations as part of the appointment or commitment process.

Varma has developed a hand-out that is distributed to the fund manager. The hand-out outlines expectations and commitments Varma has made, and explains the differences in approach when it comes to direct investment and investing through a manager.

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.

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.

ESG not incorporated

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 35	CORE	Multiple, see guidance	N/A	PUBLIC	ESG not incorporated	1, 2

Describe why you currently do not incorporate ESG into your assets and/or why you currently do not conduct stewardship.

Description

(P) Externally managed: Fixed income – passive

Appointment isn't relevant for passive fixed income, but we still need to answer it because OO 5.1 doesn't differentiate between active and passive fixed income segregated mandates, even though this question does. All in all, we have a mandate in active fixed income but not in passive.

Investment and Stewardship Policy (ISP)

Responsible investment policy & governance

Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1	CORE	N/A	ISP 1.1, ISP 1.2	PUBLIC	Responsible investment policy	1

Does your organisation have a formal policy or policies covering your approach to responsible investment? Your approach to responsible investment may be set out in a standalone guideline, covered in multiple standalone guidelines or be part of a broader investment policy. Your policy may cover various responsible investment elements such as stewardship, ESG guidelines, sustainability outcomes, specific climate-related guidelines, RI governance and similar.

- (A) Yes, we do have a policy covering our approach to responsible investment
- (B) No, we do not have a policy covering our approach to responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.1	CORE	ISP 1	Multiple, see guidance	PUBLIC	Responsible investment policy	1

What elements does your responsible investment policy cover? The responsible investment elements may be set out in one or multiple standalone guidelines, or they may be part of a broader investment policy.

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Approach to stewardship
- (F) Approach to sustainability outcomes
- (G) Approach to exclusions
- (H) Asset class-specific guidelines that describe how ESG incorporation is implemented
- (I) Definition of responsible investment and how it relates to our fiduciary duty
- (J) Definition of responsible investment and how it relates to our investment objectives
- (K) Responsible investment governance structure

- (L) Internal reporting and verification related to responsible investment
- (M) External reporting related to responsible investment
- (N) Managing conflicts of interest related to responsible investment
- (O) Other responsible investment aspects not listed here, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.2	PLUS	ISP 1	N/A	PUBLIC	Responsible investment policy	1

What mechanisms do you have in place to ensure that your policies are implemented in an aligned and consistent way across the organisation?

The Principles for Responsible Investment, Climate Policy of Investments, Active Ownership and Engagement Policy, Share ownership principles as well as the tax policy are all approved by Varma's Board of Directors. The Investment Committee deals with major investment issues that are submitted to the CEO for decision. The Committee has the CEO and the executives responsible for investment operations as its members. The Committee prepares the investment proposals for the Board of Directors and makes decisions on matters in which it is authorised under the investment plan approved each year by the Board of Directors, and which have not been delegated to a lower level. The Committee also monitors investment risks, also ESG related risks. In order to ensure our different RI policies are implemented CIO is in charge of monitoring the responsibility of investments. The head of each asset class is in charge of the day-to-day application of the Principles of Responsible Investment. Additionally, Varma's director of responsible investment develops and co-ordinates, together with his/her team, responsible investment in different asset classes. The Investment Operations management team regularly addresses matters related to responsible investments. 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. Part of the variable pay is attributed to development of ESG within the organization. An internal audit has been made on the PRI Report, while an external audit has been made to our GRI/TCFD-reports which also include the same information what is stated here.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 2	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	6

Indicate which of your responsible investment policy elements are publicly available and provide links.

(A) Overall approach to responsible investment. Add link(s):

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf>,
<https://www.varma.fi/en/other/about-varma/responsible-investment/>

(B) Guidelines on environmental factors. Add link(s):

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments-11-2019.pdf>,
<https://www.varma.fi/en/other/about-varma/responsible-investment/>

(C) Guidelines on social factors. Add link(s):

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf>,
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varma_active_ownership_and_engagement_principles_2020.pdf

(D) Guidelines on governance factors. Add link(s):

<https://www.varma.fi/en/other/about-varma/corporate-governance/>, https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varma_active_ownership_and_engagement_principles_2020.pdf

(E) Approach to stewardship. Add link(s):

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf>,
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varma_active_ownership_and_engagement_principles_2020.pdf

(F) Approach to sustainability outcomes. Add link(s):

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments-11-2019.pdf>,
https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varma_active_ownership_and_engagement_principles_2020.pdf,
<https://www.varma.fi/en/other/about-varma/responsible-investment/>

(G) Approach to exclusions. Add link(s):

<https://www.varma.fi/en/other/about-varma/responsible-investment/>, <https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf>, https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varma_active_ownership_and_engagement_principles_2020.pdf

(H) Asset class-specific guidelines that describe how ESG incorporation is implemented. Add link(s):

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varmas-responsible-investment-policy.pdf>

(I) Definition of responsible investment and how it relates to our fiduciary duty. Add link(s):

<https://www.varma.fi/en/other/about-varma/responsible-investment/>

(J) Definition of responsible investment and how it relates to our investment objectives. Add link(s):

<https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2020.pdf>,
<https://www.varma.fi/en/other/about-varma/responsible-investment/>, <https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varmas-principles-for-responsible-investment.pdf>

(K) Responsible investment governance structure. Add link(s):

<https://www.varma.fi/en/other/about-varma/corporate-governance/>; <https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2020.pdf>

(L) Internal reporting and verification related to responsible investment. Add link(s):

<https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2020.pdf>

(M) External reporting related to responsible investment. Add link(s):

<https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2020.pdf>

(N) Managing conflicts of interest related to responsible investment. Add link(s):

<https://www.varma.fi/en/other/about-varma/corporate-governance/>

(P) Our responsible investment policy elements are not publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 3	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your policy elements on overall approach to responsible investment and/or guidelines on environmental, social and governance factors?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors

AUM coverage of all policy elements in total:

>75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 4	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

Which elements does your exclusion policy include?

- (A) Legally required exclusions (e.g. those required by domestic/international law, bans, treaties or embargoes)
- (B) Exclusions based on our organisation's values or beliefs (e.g. regarding weapons, alcohol, tobacco and/or avoiding other particular sectors, products, services or regions)
- (C) Exclusions based on screening against minimum standards of business practice based on international norms (e.g. OECD guidelines, the UN Human Rights Declaration, Security Council sanctions or the UN Global Compact)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 5	CORE	Multiple, see guidance	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your asset class-specific guidelines that describe how ESG incorporation is implemented?

AUM Coverage:

(A) Listed Equity >75%

(B) Fixed Income >75%

(C) Private Equity >75%

(D) Real Estate >75%

(E) Infrastructure >75%

(F) Hedge Funds >75%

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 6	CORE	N/A	ISP 8	PUBLIC	Governance	1

Do your organisation's board, chief-level staff, investment committee and/or head of department have formal oversight and accountability for responsible investment?

(A) Board and/or trustees

(B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))

(C) Investment committee

(D) Other chief-level staff, please specify:

Head of asset classes

(E) Head of department, please specify department:

Head of Responsible Investment

(F) None of the above roles have oversight and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 7	CORE	N/A	ISP 8	PUBLIC	Governance	1

In your organisation, which internal or external roles have responsibility for implementing responsible investment?

- (A) Board and/or trustees
- (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- (C) Investment committee
- (D) Other chief-level staff [as specified]
- (E) Head of department [as specified]
- (F) Portfolio managers
- (G) Investment analysts
- (H) Dedicated responsible investment staff
- (I) Investor relations
- (J) External managers or service providers
- (K) Other role, please specify:
 - ▮ Communications
- (L) Other role, please specify:
- (M) We do not have roles with responsibility for implementing responsible investment.

People and capabilities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8	CORE	ISP 6, ISP 7	ISP 8.1, ISP 8.2	PUBLIC	People and capabilities	General

What formal objectives for responsible investment do the roles in your organisation have?

	(1) Board and/or trustees	(2) Chief-level staff	(3) Investment committee	(4) Other chief-level staff [as specified]	(5) Head of department [as specified]
(A) Objective for ESG incorporation in investment activities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>				
(G) No formal objectives for responsible investment exist for this role	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	(6) Portfolio managers	(7) Investment analysts	(8) Dedicated responsible investment staff	(10) External managers or service providers	(11) Other role
(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Objective for ESG performance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(E) Other objective related to responsible investment [as specified]

(F) Other objective related to responsible investment [as specified]

(G) No formal objectives for responsible investment exist for this role

Please specify for "(E) Other objective related to responsible investment".

ESG reporting requirements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.2	CORE	ISP 8	N/A	PUBLIC	People and capabilities	General

Which responsible investment objectives are linked to variable compensation for roles in your organisation?

RI objectives linked to variable compensation for roles in your organisation:

(2) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))

(A) Objective for ESG incorporation in investment activities

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(3) Investment committee

(A) Objective for ESG incorporation in investment activities

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(4) Other chief-level staff

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(5) Head of department

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(6) Portfolio managers

(A) Objective on ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(7) Investment analysts

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(8) Dedicated responsible investment staff

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(10) External managers or service providers

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(11) Other role

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(G) We have not linked any RI objectives to variable compensation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 9	CORE	N/A	N/A	PUBLIC	People and capabilities	General

How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?

- (A) Quarterly or more frequently
- (B) Bi-annually
- (C) Annually
- (D) Less frequently than annually
- (E) On an ad hoc basis
- (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals

Strategic asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10	CORE	N/A	ISP 10.1	PUBLIC	Strategic asset allocation	1

Does your organisation incorporate ESG factors into your strategic asset allocation?

- (A) We incorporate ESG factors into calculations for expected risks and returns of asset classes
- (B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes
- (C) No, we do not incorporate ESG considerations into our strategic asset allocation
- (D) Not applicable, we do not have a strategic asset allocation process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10.1	CORE	ISP 10	N/A	PUBLIC	Strategic asset allocation	1

For what proportion of assets do you incorporate ESG factors into your strategic asset allocation process?

(A) We incorporate ESG factors into calculations for expected risks and returns of asset classes (2) for the majority of our assets

(B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes (2) for the majority of our assets

Stewardship

Stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 11	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship policy	2

What percentage of your assets under management does your stewardship policy cover?

(A) Listed equity >75%

(B) Fixed income >75%

(C) Private equity >75%

(D) Real estate >75%

(E) Infrastructure >75%

(F) Hedge funds >75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12	CORE	ISP 1.1	ISP 12.1	PUBLIC	Stewardship policy	2

Which elements does your organisation's stewardship policy cover? The policy may be a standalone guideline or part of a wider RI policy.

- (A) Key stewardship objectives
- (B) Prioritisation approach of ESG factors and their link to engagement issues and targets
- (C) Prioritisation approach depending on entity (e.g. company or government)
- (D) Specific approach to climate-related risks and opportunities
- (E) Stewardship tool usage across the organisation, including which, if any, tools are out of scope and when and how different tools are used and by whom (e.g. specialist teams, investment teams, service providers, external investment managers or similar)
- (F) Stewardship tool usage for specific internal teams (e.g. specialist teams, investment teams or similar)
- (G) Stewardship tool usage for specific external teams (e.g. service providers, external investment managers or similar)

- (H) Approach to collaboration on stewardship
- (I) Escalation strategies
- (J) Conflicts of interest
- (K) Details on how the stewardship policy is implemented and which elements are mandatory, including how and when the policy can be overruled
- (L) How stewardship efforts and results should be communicated across the organisation to feed into investment decision-making and vice versa
- (M) None of the above elements are captured in our stewardship policy

Stewardship policy implementation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 13	CORE	ISP 1.1	N/A	PUBLIC	Stewardship policy implementation	2

How is your stewardship policy primarily applied?

- (A) It requires our organisation to take certain actions
- (B) It describes default actions that can be overridden (e.g. by investment teams for certain portfolios)
- (C) It creates permission for taking certain measures that are otherwise exceptional
- (D) We have not developed a uniform approach to applying our stewardship policy

Stewardship objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 15	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship objectives	2

For the majority of assets within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure	(6) Hedge funds
(A) Maximise the risk–return profile of individual investments	<input type="radio"/>					
(B) Maximise overall returns across the portfolio	<input type="radio"/>					
(C) Maximise overall value to beneficiaries/clients	<input checked="" type="radio"/>					

(D) Contribute to shaping specific sustainability outcomes (i.e. deliver impact)

○ ○ ○ ○ ○ ○

Stewardship prioritisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 16	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship prioritisation	2

What key criteria does your organisation use to prioritise your engagement targets? For asset classes such as real estate, private equity and infrastructure, you may consider this as key criteria to prioritise actions taken on ESG factors for assets, portfolio companies and/or properties in your portfolio. Select up to 3 options per asset class from the list.

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure	(6) Hedge funds
(A) The size of our holdings in the entity or the size of the asset, portfolio company and/or property	<input checked="" type="checkbox"/>					
(B) The materiality of ESG factors on financial and/or operational performance	<input checked="" type="checkbox"/>					
(C) Specific ESG factors with systemic influence (e.g. climate or human rights)	<input checked="" type="checkbox"/>					
(D) The ESG rating of the entity	<input type="checkbox"/>					
(E) The adequacy of public disclosure on ESG factors/performance	<input type="checkbox"/>					
(F) Specific ESG factors based on input from clients	<input type="checkbox"/>					

(G) Specific ESG factors based on input from beneficiaries

(H) Other criteria to prioritise engagement targets, please specify:

(I) We do not prioritise our engagement targets

Collaborative stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18	CORE	Multiple, see guidance	ISP 18.1	PUBLIC	Collaborative stewardship	2

Which of the following best describes your organisation's default position, or the position of the service providers/external managers acting on your behalf, with regards to collaborative stewardship efforts such as collaborative engagements?

- (A) We recognise that stewardship suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual stewardship efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis
- (E) We generally do not join collaborative stewardship efforts

Escalation strategies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 20	CORE	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

If initial stewardship approaches were deemed unsuccessful, which of the following measures are excluded from the potential escalation actions of your organisation or those of the service providers/external managers acting on your behalf?

(1) Listed equity

(2) Fixed income

(3) Hedge funds

(A) Collaboratively engaging the entity with other investors

(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Voting against the chair of the board of directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Voting against the annual financial report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(H) We do not have any restrictions on the escalation measures we can use	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Alignment and effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 21	PLUS	Multiple, see guidance	N/A	PUBLIC	Alignment and effectiveness	2

Describe how you coordinate stewardship across your organisation to ensure that stewardship progress and results feed into investment decision-making and vice versa.

Stewardship is guided by our responsible investment policies. We have

1) Ownership policy which outlines Varma's activities as a major shareholder. Share ownership policy Varma requires good governance of the companies it owns; this includes, for instance, compliance with international good governance recommendations and existing corporate governance codes. The ownership policy is approved by Varma's board of directors. At Varma, the share ownership management group is responsible for more detailed guidelines. The group is made up of Varma's CEO, CIO and the persons participating in shareholder nomination boards as Varma's representatives. The group decides on the practical application of the ownership policy, and discusses current topics and future themes.

2) Active ownership and engagement principles describe Varma's engagement goals, focus areas and methods, as well as how engagement reporting takes. Varma's engagement goals are twofold. Firstly, Varma engages with companies in an effort to rectify the situation if the investee company has violated local laws or international agreements. In addition to local legislation, we expect investees to comply with international norms and agreements. This means compliance with, among others, the principles of the UN Global Compact initiative on sustainability and social responsibility. The principles of the Global Compact initiative cover the UN Declaration of Human Rights and Convention against Corruption, ILO labour conventions and the Rio Declaration on Environment and Development. Secondly, through its engagement Varma also strives to promote sustainability and sustainability reporting to investors. Our aim is to promote the implementation of the UN's Sustainable Development Goals, both directly and indirectly. A violation of international norms can be either a single event that exceeds the threshold in terms of its severity or numerous separate and less severe events that indicate an overall deficiency in operations. Varma classifies violations in direct equity and bond investments into one of three categories:

- blacklisted investments, i.e. companies that are not invested in
- investees that are involved in an engagement process
- investees that are on an observation list.

A process specified in our active ownership and engagement outlines that certain steps are needed in engagement if a portfolio managers wants to increase exposure to the company. This means that the investments case needs to go through an acceptance via investment committee and CEO.

In engagements done internally or via external service provider, the engagement cases and progress are monitored in cross asset class meetings regularly. Asset class specific targets to improve stewardship are generated by the responsible investment team. Varma did not have direct investments in blacklisted companies in 2020. Violations in the second most severe category are included in Varma's engagement process. Further investments cannot be made in an investee company that is in an engagement process without a decision by the investment committee. At year-end, direct investments included 6 companies where Varma's own engagement process was ongoing. Varma's own norms-based screening covered 62

per cent of Varma's listed investments. The normsbased screening of funds is outsourced to a fund management company.

3) Climate Policy: In environmental matters, Varma's engagement is guided by both the climate policy for investments and compliance with international agreements and conventions. The Paris Agreement and local environmental laws are key elements in screening the investment portfolio for violations. In addition to the Paris Agreement's emission reductions, biodiversity is one of the engagement themes in environmental matters. Varma uses the data provided by a 3rd party to monitor violations of environment-related norms by its investees. . 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 coalplants by 2030. Otherwise, we will exit the investment. We see no future for coal-based electricity generation. In 2020, Varma joined a joint initiative by Nordic investors that aims to phase out coal-based operations. The investors jointly contacted companies that are involved in the construction of the Vietnamese Vung Ang 2 coal-fired power plant and urged them to withdraw from the project.

Overall, Varma's responsible investment is coordinated by the and the Responsible Investment team. Head of Responsible Investment also sits in the investment committee as well as in share ownership management group.

Engaging policymakers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23	CORE	N/A	Multiple, see guidance	PUBLIC	Engaging policymakers	2

How does your organisation, or the external investment managers or service providers acting on your behalf, engage with policymakers for a more sustainable financial system?

- (A) We engage with policymakers directly
- (B) We provide financial support, are members of and/or are in another way affiliated with third-party organisations, including trade associations and non-profit organisations, that engage with policymakers
- (C) We do not engage with policymakers directly or indirectly

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.1	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

What methods do you, or the external investment managers or service providers acting on your behalf, use to engage with policymakers for a more sustainable financial system?

(A) We participate in "sign-on" letters on ESG policy topics. Describe:

In accordance with our climate policy, we promote collaboration within the financial markets in order to mitigate and adapt to the effects of climate change, while also taking part in the public debate on the impacts of climate change at events and through collaborative initiatives.

In order to advance the financial market's joint efforts to mitigate climate change, Varma engaged in co-operation with the Nordic Climate Investment Coalition (CIC) in 2020. The CIC is a public and private sector coalition. One of the CIC's initiatives was a declaration made at the Nordic Prime Ministers Meeting 2020 calling for attending to climate change in investments. At the meeting, Varma's President and CEO encouraged other investors to take climate change into account in their activities.

(B) We respond to policy consultations on ESG policy topics. Describe:

Varma is a member of Climate Leadership Coalition, CEO of Varma acts as board member of CLC and a representative of Varma sits on several sub-groups that provide input on topics such as ESG Policies.

(C) We provide technical input on ESG policy change. Describe:

Varma is member of Finance Finland's Sustainability Committee. Committee provides technical input about sustainable finance regulation with EU.

Varma is a member of Climate Leadership Coalition, CEO of Varma acts as board member of CLC, head of responsible investment sits in the finance group of CLC and a representative of Varma sits on several sub-groups that provide input on topics such as ESG Policies.

(D) We proactively engage financial regulators on financial regulatory topics regarding ESG integration, stewardship, disclosure or similar. Describe:

- (E) We proactively engage regulators and policymakers on other policy topics. Describe:
- (F) Other methods used to engage with policymakers. Describe:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.2	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

Do you have governance processes in place (e.g. board accountability and oversight, regular monitoring and review of relationships) that ensure your policy activities, including those through third parties, are aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

(A) **Yes, we have governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to the 6 Principles of the PRI. Describe your governance processes:**

Our governance processes include that all the responsible investment policies are approved by Varma’s board of directors. On a company-wide level, the CIO is in charge of monitoring the responsibility of investments. CIO reports to CEO and CEO is reporting to the board of directors of Varma. The Investment Committee deals with major investment issues that are submitted to the CEO for decision. The Committee has the CEO and the executives responsible for investment operations as its members. The Committee prepares the investment proposals for the Board of Directors and makes decisions on matters in which it is authorised under the investment plan approved each year by the Board of Directors, and which have not been delegated to a lower level. The Committee also monitors investment risks, also ESG risks.

The head of each asset class is in charge of the day-to-day application of the all the responsible investment policies they report to CIO as well as does head of responsible investment.

Varma’s director of responsible investment develops and co-ordinates, together with his/her team, responsible investment in different asset classes. Head of asset classes as well as director of responsible investment sit in the Investment Operations management team. The Investment Operations management team regularly addresses matters related to responsible investments as well as review annual ESG objectives by asset classes.

Board of directors review responsible investment at least bi-annually.

Confidence building measures include that internal audit reviews PRI report and that Varma's sustainability report as well as TCFD-report are assured.

(B) No, we do not have these governance processes in place. Please explain why not:

Engaging policymakers – Policies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24	CORE	ISP 23	ISP 24.1	PUBLIC	Engaging policymakers – Policies	2

Do you have policies in place that ensure that your political influence as an organisation is aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

● (A) Yes, we have a policy(ies) in place. Describe your policy(ies):

Varma's governance is based on the Finnish Act on Employment Pension Insurance Companies. Varma also complies with the applicable provisions of the Finnish Corporate Governance Code. The Finnish Corporate Governance Code is available on the Securities Market Association's website.

Varma's Code of Conduct states that Varma is politically and religiously independent but it also states that Varma has signed the UN Principles for Responsible Investment (UN PRI). The Principles for Responsible Investment cover the company's investment assets in their entirety. Key criteria for selecting investees are, in addition to expected returns, compliance with legislation, respect for human dignity, assumption of social responsibility and responsibility related to working conditions, and consideration of climate change and environmental protection matters. <https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varma-code-of-conduct-eng.pdf>

Varma's Anti-Bribery Policy also discusses inappropriate influencing. Varma employees are prohibited from seeking personal gain by making use of their position or Varma's property, information or services. Varma employees must avoid transactions and situations with the company's stakeholders which could lead to a conflict between Varma's interests and personal interests. Varma employees must avoid conflicts of interest in everything they do. <https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varmas-anti-bribery-policy-eng.pdf>

○ (B) No, we do not a policy(ies) in place. Please explain why not:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24.1	CORE	ISP 24	N/A	PUBLIC	Engaging policymakers – Policies	2

Is your policy that ensures alignment between your political influence and your position on sustainable finance publicly disclosed?

● (A) Yes. Add link(s):

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varma-code-of-conduct-eng.pdf>;
<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/varmas-anti-bribery-policy-eng.pdf>

○ (B) No, we do not publicly disclose this policy(ies)

Engaging policymakers – Transparency

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 25	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers – Transparency	2

During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?

- (A) We publicly disclosed details of our policy engagement activities. Add link(s):
- (B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement. Add link(s):
<https://www.varma.fi/en/other/about-varma/corporate-responsibility/>
- (C) No, we did not publicly disclose our policy engagements activities during the reporting year. Explain why:
- (D) Not applicable, we did not conduct policy engagement activities

Climate change

Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Paris Agreement?

- (A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:
<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/vastuullisuus/climate-policy-for-varmas-investments-11-2019.pdf>
- (B) No, we currently do not publicly support the Paris Agreement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?

(A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

<https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2020.pdf>

(B) No, we currently do not publicly support the TCFD

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?

(A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:

Our investment plan defines that progress in ESG needs to be reported to the Board at least bi annually. All changes in Varma's ESG policies and principles need to be accepted by the Board.

(B) By articulating internal/external roles and responsibilities related to climate. Specify:

Internal roles regarding climate related risk and opportunities include portfolio managers within different asset classes taking climate related aspects into their investment decision (for example carbon-intensity, emission reduction targets) but also ESG reporting data development by ESG team

(C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:

(D) By incorporating climate change into investment beliefs and policies. Specify:

Climate Policy of Varma's Investments describes how climate change is incorporated into investment beliefs and policies.

(E) By monitoring progress on climate-related metrics and targets. Specify:

There are various ways we monitor this. We monitor climate-related metrics and targets internally within our daily reports and quarterly reports. Our investment plan defines that progress in ESG needs to be reported to the Board at least bi annually. Publicly we disclose climate-related metrics and targets and their progress in the Sustainability /TCFD Report.

(F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:

(G) Other measures to exercise oversight, please specify:

(H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

What is the role of management in assessing and managing climate-related risks and opportunities?

(A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:

Director of Responsible Investment reports to the Board bi annually about the progress in ESG, including climate related risks and opportunities.

(B) Management implements the agreed-upon risk management measures. Specify:

Climate Policy risk management measures are implemented various ways within different asset classes. Varma's Director of Responsible Investment reports to CIO and is responsible for implementing adequate measures to be able to manage Climate related risks.

(C) Management monitors and reports on climate-related risks and opportunities. Specify:

Director of Responsible Investment reports to the Board bi annually about the progress in ESG, including climate related risks and opportunities.

(D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:

Varma's Director of Responsible Investment reports to CIO and is responsible for implementing adequate measures to be able to monitor Climate related risks and opportunities.

(E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:

(F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?

(A) Specific financial risks in different asset classes. Specify:

We analyze financial risks based TCFD framework as well as different scenario frameworks. Within listed equities and bonds we mitigate climate change related risks for example by analyzing carbon risk and transition risks. Varma also invests in green and sustainability linked bonds to mitigate carbon risks. A low-carbon road map, which takes in to account the longer investment horizon, is utilized in Private Equity and Infrastructure investments. The basis for the roadmap is the IPCC's 1.5 Degree Pathway, IEA Energy Technology Perspectives and UN PRI: Forecast Policy Scenario. A key indicator in the management of climate risks is the carbon footprint, which is measured for direct equity investments, listed corporate bonds and direct real estate investments. The goal stated in our climate policy for investments, which was published in 2016, is to reduce by 2020 the carbon footprint of our equity investments by 25 per cent, that of our corporate bond investments by 15 per cent, and that of our direct real estate investments by 15 per cent from the 2015 level. We also compare our carbon footprint to the benchmark index. Our longterm goal is to align our investments with the targets of the Paris Agreement, aimed at limiting globalwarming to 1.5°C.

(B) Specific sectors and/or assets that are at risk of being stranded. Specify:

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, where acute and chronic physical risks were also assessed.

Varma has committed to exit coal investments by 2025, and oil exploration by 2030 due to the stranded asset risk.

For example, equities in the oil exploration industry accounted for a minor share, 0.51 per cent, of our direct equity investments and ETFs.

(C) Assets with exposure to direct physical climate risk. Specify:

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.

(D) Assets with exposure to indirect physical climate risk. Specify:

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.

(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:

Varma uses a climate allocation framework to identify companies and investments that benefit from the transition to a low carbon economy, and actively mitigate the effects of climate change. Varma also invests in green/sustainability linked bonds. Varma's Climate policy also defines that all new active external investments in listed equity need to be ESG-themed, and low-carbon index funds should account for 35% of all passive investments by 2025.

(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

Varma tracks the carbon intensity of equity and bond portfolio on a daily basis and the contribution of different sectors and industries. Reducing carbon intensity is one of Varma's target, and identifying companies that are less carbon intensive are instrumental in order to achieve our climate goals.

(G) Other climate-related risks and opportunities identified. Specify:

(H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	(5) 11–20 years	(6) 21–30 years	(7) >30 years	
(A) Specific financial risks in different asset classes [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?

- (A) Specific financial risks in different asset classes. Specify:**
Varma invests in green bonds, where we analyse the opportunity side of climate related risks and opportunities.
- (B) Specific sectors and/or assets that are at risk of being stranded. Specify:**
We are phasing our coal investments by 2025 and oil exploration by 2030 as we want to minimize risks related to these assets. Stranded assets is a part of our analysis of excluding certain investments from our investment universe and phasing our others.
- (C) Assets with exposure to direct physical climate risk. Specify:**
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.
- (D) Assets with exposure to indirect physical climate risk. Specify:**
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.
- (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

We use the transition industry framework to identify industries that are more exposed to climate related risks and opportunities. In 2020 we started to track our climate allocation, which includes companies that benefit from the transition to a low carbon economy.

(F) **Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

Transition industry framework/Climate Allocation help us on achieving our carbon intensity reduction targets, and our carbon neutral investment portfolio by 2035.

(G) Other climate-related risks and opportunities identified, please specify:

(H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon

Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

(A) **An orderly transition to a 2°C or lower scenario**

(B) **An abrupt transition consistent with the Inevitable Policy Response**

(C) **A failure to transition, based on a 4°C or higher scenario**

(D) **Other climate scenario, specify:**

BNEF ETS

(E) We do not use scenario analysis to assess climate-related investment risks and opportunities

Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 34	PLUS	ISP 30	N/A	PUBLIC	Risk management	General

Which risk management processes do you have in place to identify and assess climate-related risks?

(A) Internal carbon pricing. Describe:

(B) **Hot spot analysis. Describe:**

Varma has used floodmaps in real estate to identify investments with increased exposure to climate related risks.

(C) **Sensitivity analysis. Describe:**

Scenario analysis of the development of Varma’s direct real estate investments’ emissions in relation to the target of limiting global warming to 1.5°C. We have carried out various scenario analyses based on global climate models in order to determine how well our investments are aligned with the targets of the Paris Agreement. The results were used, for example, to establish the targets for our renewed climate policy. Sensitivity was analysed using SBT curves according to 2 degrees, SBT target curves according to 1,5 degrees (both general average as well as sector average).

(D) TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:

(E) TCFD reporting requirements on companies. Describe:

(F) **Other risk management processes in place, please describe:**

Varma uses a transition risk industry framework to identify our exposure to carbon intensive industries. Carbon Intensity is monitored on a daily basis. Several asset class specific targets has been set in order to reduce climate related risks.

(G) We do not have any risk management processes in place to identify and assess climate-related risks

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 35	PLUS	Multiple, see guidance	N/A	PUBLIC	Risk management	General

In which investment processes do you track and manage climate-related risks?

(A) **In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:**

We engage companies and fund managers in order to improve climate related financial disclosure, and recommend them to adopt TCFD reporting.

(B) In (proxy) voting conducted by us, and/or on our behalf by service providers and/or external managers. Describe:

(C) **In our external investment manager selection process. Describe:**

The fund's compatibility with Varma's climate policy is assessed in the selection phase. Varma's values are communicated to the manager.

(D) **In our external investment manager monitoring process. Describe:**

Any updates in Varma's climate policy is communicated to the fund manager. Carbon footprinting is expected in asset classes that allow it. In 2020, an analysis was done in order to assess the funds' underlying investments' compatibility with Varma's climate allocation methodology.

(E) **In the asset class benchmark selection process. Describe:**

Climate related issues and how they are taken into account is analyzed in the benchmark decision making process. The benchmarks need to be in line with Varma's policies.

(F) **In our financial analysis process. Describe:**

Portfolio managers have integrated ESG to their investment decision making process. This includes taking environmental issues, including climate change in to account.

(G) Other investment process(es). Describe:

(H) We are not tracking and managing climate-related risks in specific investment processes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 36	PLUS	N/A	N/A	PUBLIC	Risk management	General

How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?

(A) The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks. Describe:

(B) **Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk).**

Describe:

In certain investments, and for some portfolio managers, climate risks are incorporated in traditional risk analysis. For example in direct fixed income and listed equity investments, climate risks are a core part of company analysis

(C) **Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis.**

Describe:

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.

(D) Executive remuneration is linked to climate-related KPIs. Describe:

(E) Management remuneration is linked to climate-related KPIs. Describe:

(F) **Climate risks are included in the enterprise risk management system. Describe:**

Varma uses Barra that includes both holdings information of our assets, but also ESG data, including carbon specific information about companies. Middle office manages the data along side conventional risk data.

(G) **Other methods for incorporating climate risks into overall risk management, please describe:**

Asset class specific climate targets are part of overall climate risk mitigation.

(H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

Metrics and targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37	PLUS	N/A	ISP 37.1	PUBLIC	Metrics and targets	General

Have you set any organisation-wide targets on climate change?

- (A) Reducing carbon intensity of portfolios
- (B) Reducing exposure to assets with significant climate transition risks
- (C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes
- (D) Aligning entire group-wide portfolio with net zero
- (E) Other target, please specify:
 - Certifying all Real Estate investments with BREEAM environmental rating with Good or Very Good at minimum by 2025
- (F) No, we have not set any climate-related targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37.1	PLUS	ISP 37	N/A	PUBLIC	Metrics and targets	General

Provide more details about your climate change target(s).

	(1) Absolute- or intensity-based	(2) The timeframe over which the target applies: Years [Enter a value between 1 and 100]	(3) Baseline year [between 1900–2020]
(A) Reducing carbon intensity of portfolios	(2) Intensity-based	11	2016
(B) Reducing exposure to assets with significant climate transition risks	(1) Absolute-Based	14	2016
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	(1) Absolute-Based	6	2019
(D) Aligning entire group-wide portfolio with net zero	(1) Absolute-Based	16	2019

	(5) Target date dd/mm/yyyy	(6) Target value/amount
(A) Reducing carbon intensity of portfolios	31/12/2027	-50%
(B) Reducing exposure to assets with significant climate transition risks	31/12/2030	0%
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	31/12/2025	20%
(D) Aligning entire group-wide portfolio with net zero	31/12/2035	100%
	(7) Interim targets or KPIs used to assess progress against the target	(8) Other details
(A) Reducing carbon intensity of portfolios	2023/2025	The goal is to reduce the carbon intensity of listed equity and corporate bond investments, i.e. greenhouse gas emissions in relation to revenue, from the 2016 level as follows: 30% by 2023, 40% by 2025, 50% by 2027
(B) Reducing exposure to assets with significant climate transition risks	2020	Exiting companies with coal- or lignite-based operations accounting for more than 30% of their net sales, production or production capacity. Exit from oil exploration by 2030
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes		We are building a climate allocation, according to which by 2025, 20% of our investments will be in various asset classes whose business benefits from actions to mitigate climate change whose operations are low emission who have a clear strategic and science-based target of reducing greenhouse gas emissions whose operations offer carbon sinks.
(D) Aligning entire group-wide portfolio with net zero		Developing portfolio toward zero emissions by various, asset class specific measures

Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38	PLUS	N/A	ISP 38.1	PUBLIC	Metrics and targets: Transition risk	General

What climate-related metric(s) has your organisation identified for transition risk monitoring and management?

- (A) Total carbon emissions
- (B) Carbon footprint
- (C) Carbon intensity
- (D) Weighted average carbon intensity
- (E) Implied temperature warming
- (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)
- (G) Avoided emissions metrics (real assets)
- (H) Other metrics, please specify:

Real Estate specific metrics: - Replacing district heating with geothermal heating in properties. - Waste monitoring - Environmental certification <https://www.varma.fi/globalassets/vuosikertomus/varmas-annual-and-sustainability-report-2020.pdf>

- (I) No, we have not identified any climate-related metrics for transition risk monitoring

Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39	PLUS	N/A	ISP 39.1	PUBLIC	Metrics and targets: Physical risk	General

What climate-related metric(s) has your organisation identified for physical risk monitoring and management?

- (A) Weather-related operational losses for real assets or the insurance business unit
- (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress
- (C) Other metrics, please specify:
- (D) Other metrics, please specify:
- (E) We have not identified any metrics for physical risk monitoring

Sustainability outcomes

Set policies on sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 40	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Where is your approach to sustainability outcomes set out? Your policy/guideline may be a standalone document or part of a wider responsible investment policy.

- (A) Our approach to sustainability outcomes is set out in our responsible investment policy
- (B) Our approach to sustainability outcomes is set out in our exclusion policy
- (C) Our approach to sustainability outcomes is set out in our stewardship policy
- (D) Our approach to sustainability outcomes is set out in asset class-specific investment guidelines
- (E) Our approach to sustainability outcomes is set out in separate guidelines on specific outcomes (e.g. the SDGs, climate or human rights)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 41	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Which global or regionally recognised frameworks do your policies and guidelines on sustainability outcomes refer to?

- (A) The SDG goals and targets
- (B) The Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights
- (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
- (E) Other frameworks, please specify:
- (F) Other frameworks, please specify:

Identify sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43	CORE	N/A	Multiple, see guidance	PUBLIC	Identify sustainability outcomes	1

Has your organisation identified the intended and unintended sustainability outcomes from any of its activities?

- (A) No, we have not identified the sustainability outcomes from our activities
- (B) Yes, we have identified one or more sustainability outcomes from some or all of our activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44	CORE	ISP 43	ISP 44.1	PUBLIC	Identify sustainability outcomes	1

What frameworks/tools did your organisation use to identify the sustainability outcomes from its activities? Indicate the tools or frameworks you have used to identify and map some or all of your sustainability outcomes.

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other taxonomies (e.g. similar to the EU Taxonomy), please specify:
 - Internal transition industry framework to identify companies in industries exposed to climate risks
- (G) Other framework/tool, please specify:
- (H) Other framework/tool, please specify:
- (I) Other framework/tool, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44.1	CORE	ISP 44	N/A	PUBLIC	Identify sustainability outcomes	1

At what level(s) did your organisation identify the sustainability outcomes from its activities?

- (A) At the asset level
- (B) At the economic activity level
- (C) At the company level
- (D) At the sector level
- (E) At the country/region level
- (F) At the global level
- (G) Other level(s), please specify:
- (H) We do not track at what level(s) our sustainability outcomes were identified

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 45	CORE	ISP 43	SO 1	PUBLIC	Identify sustainability outcomes	1

How has your organisation determined your most important sustainability outcome objectives?

- (A) Identifying sustainability outcomes that are closely linked to our core investment activities
- (B) Consulting with key clients and/or beneficiaries to align with their priorities
- (C) Assessing the potential severity (e.g. probability and amplitude) of specific negative outcomes over different timeframes
- (D) Focusing on the potential for systemic impacts (e.g. due to high level of interconnectedness with other global challenges)
- (E) Evaluating the potential for certain outcome objectives to act as a catalyst/enabler to achieve a broad range of goals (e.g. gender or education)
- (F) Analysing the input from different stakeholders (e.g. affected communities, civil society or similar)
- (G) Understanding the geographical relevance of specific sustainability outcome objectives
- (H) Other method, please specify:
- (I) We have not yet determined our most important sustainability outcome objectives

Transparency & Confidence-Building Measures

Information disclosed – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 46	CORE	OO 16	N/A	PUBLIC	Information disclosed – ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets, what information about your ESG approach do you (or the external investment managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- (D) A description of our investment process and how ESG is considered
- (E) ESG objectives of individual funds
- (F) Information about the ESG benchmark(s) that we use to measure fund performance
- (G) Our stewardship approach
- (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- (J) A list of our main investments and holdings
- (K) ESG case study/example from existing fund(s)
- (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

Information disclosed – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 49	CORE	N/A	N/A	PUBLIC	Information disclosed – All assets	6

For the majority of your total assets under management, what information about your ESG approach do you (or the external managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- (D) A description of our investment process and how ESG is considered
- (E) ESG objectives of individual funds
- (F) Information about the ESG benchmark(s) that we use to measure fund performance
- (G) Our stewardship approach
- (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- (J) A list of our main investments and holdings
- (K) ESG case study/example from existing fund(s)
- (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our assets under management

Confidence-building measures

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 52	CORE	OO 16.1	Multiple, see guidance	PUBLIC	Confidence-building measures	6

What verification has your organisation had regarding the information you have provided in your PRI Transparency Report this year?

- (A) We received third-party independent assurance of selected processes and/or data related to our responsible investment processes, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls/governance or processes to be able to conduct an external assurance next year
- (C) The internal audit function team performed an independent audit of selected processes/and or data related to our responsible investment processes reported in this PRI report

- (D) Our board, CEO, other C-level equivalent and/or investment committee has signed off on our PRI report
- (E) Some or all of our funds have been audited as part of the certification process against a sustainable investment/RI label
- (F) We conducted an external ESG audit of our ESG/sustainability marketed funds or products (excluding ESG/RI certified or labelled assets)
- (G) We conducted an external ESG audit of our holdings to check that our funds comply with our RI policy (e.g. exclusion list or investee companies in portfolio above certain ESG rating)
- (H) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (I) Responses related to our RI practices documented in this report have been internally reviewed before submission to the PRI
- (J) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 53	CORE	ISP 52, OO 14	N/A	PUBLIC	Confidence-building measures	6

Which responsible investment processes and/or data did your organisation have third-party external assurance on?

- | | |
|---|--|
| (A) Investment and stewardship policy | (3) Processes and related data assured |
| <hr/> | |
| (B) Manager selection, appointment and monitoring | (4) Neither process nor data assured |
| <hr/> | |
| (C) Listed equity | (3) Processes and related data assured |
| <hr/> | |
| (D) Fixed income | (3) Processes and related data assured |
| <hr/> | |
| (F) Real estate | (3) Processes and related data assured |
| <hr/> | |

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 54	CORE	ISP 52	ISP 54.1	PUBLIC	Confidence-building measures	6

What standard did your third-party external assurance provider use?

- (A) PAS 7341:2020
- (B) ISAE 3000 and national standards based on this
- (C) Dutch Standard 3810N (Assurance engagements regarding sustainability reports)
- (D) RevR6 (Assurance of Sustainability)
- (E) IDW AsS 821 (Assurance Standard for the Audit or Review of Reports on Sustainability Issues)
- (F) Accountability AA1000 Assurance Standard (AA1000AS)
- (G) IFC performance standards
- (H) SSAE 18 and SOC 1
- (I) Other national auditing/assurance standard with guidance on sustainability, please specify:
- (J) Invest Europe Handbook of Professional Standards
- (K) ISAE 3402
- (L) AAF 01/06
- (M) AAF 01/06 Stewardship Supplement
- (N) ISO 26000 Social Responsibility
- (O) ASAE 3410 Assurance Engagements on Greenhouse Gas Statements
- (P) PCAF
- (Q) NGRS audit framework (National Greenhouse and Energy Reporting)
- (R) Auditor's proprietary assurance framework for assuring RI-related information
- (S) Other greenhouse gas emissions assurance standard, please specify:
- (T) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 56	CORE	OO 14, ISP 52	N/A	PUBLIC	Confidence-building measures	6

What responsible investment processes and/or data were audited by internal auditors/outsourced internal auditors?

- | | |
|---|--|
| (A) Investment and stewardship policy | (3) Processes and related data assured |
| (B) Manager selection, appointment and monitoring | (3) Processes and related data assured |
| (C) Listed equity | (3) Processes and related data assured |

(D) Fixed income

(3) Processes and related data assured

(F) Real estate

(3) Processes and related data assured

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 57	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Provide details about the internal audit process regarding the information provided in your PRI Transparency Report.

The aim of the internal audit was to assess and ensure that the PRI principles are implemented in a proper manner, the reliability of the PRI reporting and the consistency of the PRI reporting with other responsible investment reporting. The conducted internal audit was part of the annual risk based internal audit plan. Internal audit function was responsible independently for determining the scope and limitations of the conducted audit. The conducted internal audit was performed via staff interviews and testing the functionality of the key internal controls. The audit was conducted according to the Internal Standards for the Professional Practice of Internal Auditing (Standards).

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 58	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Who has reviewed/verified the entirety of or selected data from your PRI report?

(A) Board and/or trustees

(4) report not reviewed

(B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))

(1) the entire report

(C) Investment committee

(1) the entire report

(D) Other chief-level staff, please specify:

-

(4) report not reviewed

(E) Head of department, please specify:

Director, Responsible Investment

(1) the entire report

(F) Compliance/risk management team

(4) report not reviewed

(G) Legal team

(4) report not reviewed

(H) RI/ ESG team

(1) the entire report

(I) Investment teams

(3) parts of the report

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 59	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Which of the following ESG/RI certifications or labels do you hold?

- (A) Commodity type label (e.g. BCI)
- (B) **GRESB**
- (C) Austrian Ecolabel (UZ49)
- (D) B Corporation
- (E) **BREEAM**
- (F) **CBI Climate Bonds Standard**
- (G) EU Ecolabel
- (H) EU Green Bond Standard
- (I) Febelfin label (Belgium)
- (J) **FNG-Siegel Ecolabel (Germany, Austria and Switzerland)**
- (K) Greenfin label (France)
- (L) **ICMA Green Bond Principles**
- (M) Le label ISR (French government SRI label)
- (N) Luxflag Climate Finance
- (O) Luxflag Environment
- (P) **Luxflag ESG**
- (Q) Luxflag Green Bond
- (R) Luxflag Microfinance
- (S) National stewardship code (e.g. UK or Japan), please specify:
- (T) Nordic Swan Ecolabel
- (U) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic), please specify:
- (V) People's Bank of China green bond guidelines
- (W) RIAA (Australia)
- (X) **Towards Sustainability label (Belgium)**
- (Y) **Other, please specify:**

Manager Selection, Appointment and Monitoring (SAM)

Selection

Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2	CORE	OO 11	SAM 2.1	PUBLIC	Responsible investment policy	1, 4

During the reporting year, did your organisation include compliance with your responsible investment policy as a pre-requisite when selecting external managers? (If you did not select any external managers during the reporting year, refer to the last reporting year in which you did select external managers.)

	(1) Yes, only when selecting external managers of ESG/sustainability funds	(2) Yes, when selecting external managers of ESG/sustainability funds and mainstream funds (This option also applies to signatories who may not hold ESG/sustainability funds)	(3) We did not include compliance with our responsible investment policy as a pre-requisite when selecting external managers
(A) Listed equity (active)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity (passive)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2.1	CORE	SAM 2	N/A	PUBLIC	Responsible investment policy	1,4

In what proportion of cases did your organisation include compliance with your responsible investment policy as a pre-requisite when selecting external managers?

(1) Listed equity (active)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(2) Listed equity (passive)

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (1) in all cases

(5) Private equity

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (2) in the majority of cases

(6) Real estate

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (2) in the majority of cases

(8) Hedge funds

(B) When selecting external managers of ESG/sustainability funds and mainstream funds (2) in the majority of cases

Research and screening

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 3	CORE	OO 11	N/A	PUBLIC	Research and screening	1

When selecting external managers, which aspects of their organisation do you, or the investment consultant acting on your behalf, assess against responsible investment criteria? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Firm culture	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(G) Other, please specify:	<p>█ NA</p> <p>(4) for none of our externally managed AUM</p>	<p>█ NA</p> <p>(4) for none of our externally managed AUM</p>

(5) Private equity**(6) Real estate**

(A) Firm culture	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) Investment strategy and fund structure	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) Other, please specify:	█ NA (4) for none of our externally managed AUM	█ NA (4) for none of our externally managed AUM

(8) Hedge Funds

(A) Firm culture	(1) for all of our externally managed AUM
(B) Investment approach, objectives and philosophy	(1) for all of our externally managed AUM
(C) Investment policy or guidelines	(1) for all of our externally managed AUM
(D) Governance structure and management oversight, including diversity	(1) for all of our externally managed AUM

(E) Investment strategy and fund structure	(1) for all of our externally managed AUM
(F) Investment team competencies	(1) for all of our externally managed AUM
(G) Other, please specify:	<p>■ We use Blackstone operational due diligence report</p> <p>(2) for the majority of our externally managed AUM</p>

Investment practices

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 4	CORE	OO 11	N/A	PUBLIC	Investment practices	1

Which responsible investment practices does your organisation, or the investment consultants acting on your behalf, require as part of your external manager selection criteria? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.) As part of the selection criteria, we require that external managers:

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Incorporate material ESG factors in all of their investment analyses and decisions	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(B) Incorporate their own responsible investment policy into their asset allocation decisions	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(C) Have adequate resources and processes to analyse ESG factors	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM

(D) Incorporate material ESG factors throughout their portfolio construction	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(F) Comply with their own exclusions policy	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(G) Embed ESG considerations in contractual documentation	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(H) Implement adequate disclosure and accountability mechanisms	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(J) Track the positive and negative sustainability outcomes of their activities	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	<p>■ NA</p> <p>(4) for none of our externally managed AUM</p>	<p>■ N/A</p> <p>(4) for none of our externally managed AUM</p>

(5) Private equity**(6) Real estate**

(A) Incorporate material ESG factors in all of their investment analyses and decisions

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(B) Incorporate their own responsible investment policy into their asset allocation decisions

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(C) Have adequate resources and processes to analyse ESG factors

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(D) Incorporate material ESG factors throughout their portfolio construction

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(E) Engage with underlying portfolio assets to address ESG risks and opportunities

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(F) Comply with their own exclusions policy

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(G) Embed ESG considerations in contractual documentation

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(H) Implement adequate disclosure and accountability mechanisms

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
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(J) Track the positive and negative sustainability outcomes of their activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
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(K) Other, please specify:	█ NA (4) for none of our externally managed AUM	█ NA (4) for none of our externally managed AUM
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(8) Hedge funds

(A) Incorporate material ESG factors in all of their investment analyses and decisions	(2) for the majority of our externally managed AUM
--	--

(B) Incorporate their own responsible investment policy into their asset allocation decisions	(2) for the majority of our externally managed AUM
---	--

(C) Have adequate resources and processes to analyse ESG factors	(3) for a minority of our externally managed AUM
--	--

(D) Incorporate material ESG factors throughout their portfolio construction	(3) for a minority of our externally managed AUM
--	--

(E) Engage with underlying portfolio assets to address ESG risks and opportunities	(2) for the majority of our externally managed AUM
--	--

(F) Comply with their own exclusions policy	(1) for all of our externally managed AUM
(G) Embed ESG considerations in contractual documentation	(2) for the majority of our externally managed AUM
(H) Implement adequate disclosure and accountability mechanisms	(2) for the majority of our externally managed AUM
(I) Are willing to work in partnership with our organisation to develop their responsible investment approach	(1) for all of our externally managed AUM
(J) Track the positive and negative sustainability outcomes of their activities	(2) for the majority of our externally managed AUM
(K) Other, please specify:	na (4) for none of our externally managed AUM

Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 6	CORE	OO	N/A	PUBLIC	Stewardship	2

How does your organisation, or the investment consultants acting on your behalf, assess the stewardship policies of investment managers during the selection process? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We assess the degree to which their stewardship policy aligns with ours	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(B) We require that their stewardship policy prioritises systemic issues	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(G) Other, please specify:	<p>█ NA</p> <p>(4) for none of our externally managed AUM</p>	<p>█ NA</p> <p>(4) for none of our externally managed AUM</p>

(5) Private equity**(6) Real estate**

(A) We assess the degree to which their stewardship policy aligns with ours

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(B) We require that their stewardship policy prioritises systemic issues

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools

(1) for all of our externally managed AUM

(1) for all of our externally managed AUM

(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives

(4) for none of our externally managed AUM

(1) for all of our externally managed AUM

(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful

(4) for none of our externally managed AUM

(4) for none of our externally managed AUM

(G) Other, please specify:

Stewardship belongs to the responsible investment process that we require our external private equity managers to have in place.

(1) for all of our externally managed AUM

Varma recommends its managers to have a diverse and comprehensive ESG policy with concrete ESG objectives, e.g. energy consumption, green certificates.

(1) for all of our externally managed AUM

(8) Hedge funds

(A) We assess the degree to which their stewardship policy aligns with ours (1) for all of our externally managed AUM

(B) We require that their stewardship policy prioritises systemic issues (4) for none of our externally managed AUM

(C) We require that their stewardship policy prioritises ESG factors beyond corporate governance (4) for none of our externally managed AUM

(D) We require that their stewardship policy allows for and encourages the use of a variety of stewardship tools (4) for none of our externally managed AUM

(E) We require that their stewardship policy allows for and encourages participation in collaborative initiatives (4) for none of our externally managed AUM

(F) We require that their stewardship policy includes adequate escalation strategies for instances where initial efforts are unsuccessful (4) for none of our externally managed AUM

(G) Other, please specify: Varma's hedge fund's ESG stewardship has been so far focused on encouraging all managers to adopt ESG and RI policies, sign UNPRI and become active members in SBAI. We have been focused on numbers not type of ESG policy in place. (1) for all of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 7	CORE	OO	N/A	PUBLIC	Stewardship	2

How does your organisation, or the investment consultants acting on your behalf, assess the stewardship practices of external managers as part of the selection process? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We assess whether they allocate sufficient resources to stewardship overall	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(B) We assess whether they allocate sufficient resources for systemic stewardship	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(C) We assess the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(D) We assess whether their investment team is involved in stewardship activities	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM

(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(H) We assess whether they participate in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(J) Other, please specify:	<p>■ NA</p> <p>(4) for none of our externally managed AUM</p> <p>(5) Private equity</p>	<p>■ na</p> <p>(4) for none of our externally managed AUM</p> <p>(6) Real estate</p>
(A) We assess whether they allocate sufficient resources to stewardship overall	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We assess whether they allocate sufficient resources for systemic stewardship	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(C) We assess the degree of implementation of their stewardship policy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(D) We assess whether their investment team is involved in stewardship activities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(E) We assess whether stewardship actions and results are fed back into the investment process and decisions	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful	(1) for all of our externally managed AUM	(4) for none of our externally managed AUM
(H) We assess whether they participate in collaborative stewardship initiatives	(3) for a minority of our externally managed AUM	(1) for all of our externally managed AUM
(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives	(3) for a minority of our externally managed AUM	(2) for the majority of our externally managed AUM

(J) Other, please specify:

In externally managed funds, our aim is to develop collaboration between investors as a tool for mitigating the effects of climate change. Our goal is to influence, together with other investors, how fund managers take climate perspectives into account in their operations as part of their responsible investment practices. We encourage funds to report on the potential financial risks and opportunities of climate change in their portfolio in accordance with the TCFD reporting framework.

na

(4) for none of our externally managed AUM

(1) for all of our externally managed AUM

(8) Hedge funds

(A) We assess whether they allocate sufficient resources to stewardship overall

(2) for the majority of our externally managed AUM

(B) We assess whether they allocate sufficient resources for systemic stewardship

(3) for a minority of our externally managed AUM

(C) We assess the degree of implementation of their stewardship policy

(4) for none of our externally managed AUM

(D) We assess whether their investment team is involved in stewardship activities

(4) for none of our externally managed AUM

(E) We assess whether stewardship actions and results are fed back into the investment process and decisions

(4) for none of our externally managed AUM

(F) We assess whether they make full use of a variety of tools to advance their stewardship priorities

(4) for none of our externally managed AUM

(G) We assess whether they deploy their escalation process to advance their stewardship priorities where initial efforts are unsuccessful (4) for none of our externally managed AUM

(H) We assess whether they participate in collaborative stewardship initiatives (2) for the majority of our externally managed AUM

(I) We assess whether they take an active role in their participation in collaborative stewardship initiatives (2) for the majority of our externally managed AUM

(J) Other, please specify: Varma's hedge fund's ESG stewardship has been focused on encouraging all our managers to adopt ESG and IR policies, sign UNPRI and become active members in SBAI. We hold at least yearly calls to evaluate the priority and urgency that ESG questions have with the top management, and what internal or external resources the manager is using to progress with ESG and IR implementation and stewardship. (1) for all of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 8	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	2

Which voting policies and practices does your organisation, or the investment consultants acting on your behalf, assess when selecting external managers? (Per asset class, indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Hedge funds
(A) We assess whether voting rights would sit with us or with the external managers	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM	(1) for all of our externally managed AUM
(B) We assess the degree to which their (proxy) voting policy aligns with ours	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(C) We assess whether their (proxy) voting track record demonstrates that they prioritise their stewardship priorities over other factors (e.g. maintaining access to the company)	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(D) We assess whether their (proxy) voting track record is aligned with our stewardship approach and expectations, including whether it demonstrates the prioritisation of systemic issues	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(E) We assess whether they have a security lending and borrowing policy and, if so, whether it aligns with our expectations and policies regarding security lending	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) Other, please specify:	na (4) for none of our externally managed AUM	na (4) for none of our externally managed AUM	N/A (4) for none of our externally managed AUM

Documentation and track record

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 11	CORE	OO 11	N/A	PUBLIC	Documentation and track record	1

As part of your selection process, which documents does your organisation, or the investment consultants acting on your behalf, review to gain confidence in external managers' responsible investment practices? (Indicate the proportion of your AUM to which each of these selection practices applies, regardless of when you selected your different external managers.)

(A) Standard client reporting, responsible investment reports or impact reports	(1) for all of our externally managed AUM
(B) Responsible investment methodology and its influence on past investment decisions	(1) for all of our externally managed AUM
(C) Historical voting and engagement activities with investees	(3) for a minority of our externally managed AUM
(D) Historical engagement activities with policymakers	(4) for none of our externally managed AUM
(E) Compliance manuals and portfolios to ensure universal construction rules are applied (e.g. exclusions, thematic, best-in-class definitions and thresholds)	(1) for all of our externally managed AUM
(F) Controversies and incidence reports	(1) for all of our externally managed AUM
(G) Code of conduct or codes of ethics	(1) for all of our externally managed AUM
(H) Other, please specify: na	(4) for none of our externally managed AUM

Appointment

Pooled funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 12, OO 5.1, OO 15	N/A	PUBLIC	Pooled funds	4

How did your organisation, or the investment consultants acting on your behalf, include responsible investment requirements for pooled funds in your current contracts with external managers? (Indicate the proportion of your AUM invested in pooled funds to which each of these requirements applies, regardless of when you appointed your different external managers.)

(A) We amended or instituted side letters or equivalent legal documentation to include responsible investment requirements

(2) for the majority of our AUM invested in pooled funds

(B) We encouraged the external manager to include responsible investment requirements into the investment mandate, the investment management agreement or equivalent legal documentation

(2) for the majority of our AUM invested in pooled funds

Segregated mandates

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 13	CORE	OO 12, OO 5.1	N/A	PUBLIC	Segregated mandates	4

When setting up segregated mandates with external managers, which responsible investment clauses did your organisation, or the investment consultants acting on your behalf, include in your current contractual agreements? (Indicate the proportion of your AUM invested in segregated funds to which each of these requirements applies, regardless of when you appointed your different external managers.)

(A) The manager's commitment to follow our responsible investment strategy in the management of our assets

(4) for none of our AUM invested in segregated mandates

(B) The manager's commitment to incorporate material ESG factors into its investment and stewardship activities

(4) for none of our AUM invested in segregated mandates

(C) Exclusion list(s)

(4) for none of our AUM invested in segregated mandates

(D) Responsible investment communication and reporting obligations, including on stewardship activities and results	(4) for none of our AUM invested in segregated mandates
(E) Stewardship commitments in line with the PRI's guidance and focused on seeking sustainability outcomes and prioritising common goals and collaborative action	(4) for none of our AUM invested in segregated mandates
(F) Where applicable, commitment to fulfil a clear policy on security lending aligned with our own security lending policy or with the ICGN Securities Lending Code of Best Practice	(4) for none of our AUM invested in segregated mandates
(G) Incentives and controls to ensure alignment of interests	(4) for none of our AUM invested in segregated mandates
(H) Commitments on climate-related disclosure in line with internationally recognised frameworks such as the TCFD	(4) for none of our AUM invested in segregated mandates
(I) If applicable, commitment to disclose against the EU Taxonomy	(4) for none of our AUM invested in segregated mandates
(J) Commitment to respect human rights as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights	(4) for none of our AUM invested in segregated mandates
(K) The manager's acknowledgement that their appointment was conditional on their fulfilment of their responsible investment obligations	(1) for all of our AUM invested in segregated mandates
(L) Other, please specify: <ul style="list-style-type: none"> ■ (A) - (E) and (G) - (H) were implicitly imbedded in (K) during reporting year 2020. 	(1) for all of our AUM invested in segregated mandates

Monitoring

Investment practices

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 14	CORE	OO 13	N/A	PUBLIC	Investment practices	1

During the reporting year, which aspects of your external manager's responsible investment practices did you, or your investment consultant acting on your behalf, monitor?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We monitored their alignment with our organisation's responsible investment strategy	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(C) We monitored their use of ESG data, benchmarks, tools and certifications	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(F) We monitored any changes in ESG risk management processes	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(G) We monitored their response to material ESG incidents	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(H) Other, please specify:	na (4) for none of our externally managed AUM	na (4) for none of our externally managed AUM
	(5) Private equity	(6) Real estate
(A) We monitored their alignment with our organisation's responsible investment strategy	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(C) We monitored their use of ESG data, benchmarks, tools and certifications	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(D) We monitored how ESG incorporation affected investment decisions	(1) for all of our externally managed AUM	(2) for the majority of our externally managed AUM
(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(2) for the majority of our externally managed AUM	(3) for a minority of our externally managed AUM

(F) We monitored any changes in ESG risk management processes	(2) for the majority of our externally managed AUM	(4) for none of our externally managed AUM
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(G) We monitored their response to material ESG incidents	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
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(H) Other, please specify:	na (4) for none of our externally managed AUM	We monitored funds' GRESB scoring in case it was available. (1) for all of our externally managed AUM
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(8) Hedge funds

(A) We monitored their alignment with our organisation's responsible investment strategy	(4) for none of our externally managed AUM
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(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(3) for a minority of our externally managed AUM
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(C) We monitored their use of ESG data, benchmarks, tools and certifications	(4) for none of our externally managed AUM
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(D) We monitored how ESG incorporation affected investment decisions	(3) for a minority of our externally managed AUM
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(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(4) for none of our externally managed AUM
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(F) We monitored any changes in ESG risk management processes (4) for none of our externally managed AUM

(G) We monitored their response to material ESG incidents (3) for a minority of our externally managed AUM

(H) Other, please specify: na (4) for none of our externally managed AUM

Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	1, 2

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' stewardship activities?

(1) Listed equity (active)

(2) Listed equity (passive)

(A) We monitored any changes in stewardship policies and processes (1) for all of our externally managed AUM

(3) for a minority of our externally managed AUM

(B) We monitored the degree of implementation of their stewardship policy (1) for all of our externally managed AUM

(3) for a minority of our externally managed AUM

(C) We monitored their prioritisation of systemic issues (4) for none of our externally managed AUM

(2) for the majority of our externally managed AUM

(D) We monitored their prioritisation of ESG factors beyond corporate governance (1) for all of our externally managed AUM

(3) for a minority of our externally managed AUM

(E) We monitored their investment team's level of involvement in stewardship activities	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(K) Other, please specify:	na (4) for none of our externally managed AUM	na (4) for none of our externally managed AUM

(5) Private equity**(6) Real estate**

(A) We monitored any changes in stewardship policies and processes

(2) for the majority of our externally managed AUM

(2) for the majority of our externally managed AUM

(B) We monitored the degree of implementation of their stewardship policy

(2) for the majority of our externally managed AUM

(2) for the majority of our externally managed AUM

(C) We monitored their prioritisation of systemic issues

(4) for none of our externally managed AUM

(2) for the majority of our externally managed AUM

(D) We monitored their prioritisation of ESG factors beyond corporate governance

(2) for the majority of our externally managed AUM

(2) for the majority of our externally managed AUM

(E) We monitored their investment team's level of involvement in stewardship activities

(2) for the majority of our externally managed AUM

(2) for the majority of our externally managed AUM

(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions

(2) for the majority of our externally managed AUM

(2) for the majority of our externally managed AUM

(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities

(2) for the majority of our externally managed AUM

(2) for the majority of our externally managed AUM

(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful

(2) for the majority of our externally managed AUM

(2) for the majority of our externally managed AUM

(I) We monitored whether they had participated in collaborative stewardship initiatives	(3) for a minority of our externally managed AUM	(2) for the majority of our externally managed AUM
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(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM
--	--	--

(K) Other, please specify:	<p style="margin-left: 20px;">We participate actively to the funds advisory committees and we have required that ESG should be as a permanent item in the funds limited partner advisory committee agenda.</p>	<p style="margin-left: 20px;">We monitored GRESB reporting and scoring and green certificates in case available.</p>
	(2) for the majority of our externally managed AUM	(1) for all of our externally managed AUM

(8) Hedge funds

(A) We monitored any changes in stewardship policies and processes	(4) for none of our externally managed AUM
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(B) We monitored the degree of implementation of their stewardship policy	(4) for none of our externally managed AUM
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(C) We monitored their prioritisation of systemic issues	(4) for none of our externally managed AUM
--	--

(D) We monitored their prioritisation of ESG factors beyond corporate governance	(2) for the majority of our externally managed AUM
--	--

(E) We monitored their investment team's level of involvement in stewardship activities	(3) for a minority of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(4) for none of our externally managed AUM
(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(4) for none of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(4) for none of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(1) for all of our externally managed AUM
(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(2) for the majority of our externally managed AUM
(K) Other, please specify:	<p data-bbox="430 1610 1435 1665">We track on yearly basis who of our managers became SBAI members and signed UNPRI. We also actively encourage them to participate in SBAI events.</p> <p data-bbox="430 1686 881 1717">(1) for all of our externally managed AUM</p>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 18	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	1, 2

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' (proxy) voting activities?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Hedge funds
(A) We monitored any changes in (proxy) voting policies and processes	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(B) We monitored whether (proxy) voting decisions were consistent with the managers' stewardship priorities as stated in their policy	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(C) We monitored whether their (proxy) voting decisions prioritised advancement of stewardship priorities over other factors (e.g. maintaining access to the company)	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM
(D) We monitored whether their (proxy) voting track record was aligned with our stewardship approach and expectations, including whether it demonstrated the prioritisation of progress on systemic issues	(1) for all of our externally managed AUM	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM

(E) We monitored the application of their security lending policy (if applicable) and whether security lending affected voting	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
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(F) Other, please specify:	na (4) for none of our externally managed AUM	na (4) for none of our externally managed AUM	N/A (4) for none of our externally managed AUM
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Review

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 20	CORE	OO 13	N/A	PUBLIC	Review	1

During the reporting year, how often did your organisation, or the investment consultants acting on your behalf, require your external managers to report to you on their responsible investment practices?

(1) Listed equity (active)

(2) Listed equity (passive)

(A) Quarterly or more often	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM
(B) Every six months	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) Annually	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) Less than once a year	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)	(1) for all of our externally managed AUM	(1) for all of our externally managed AUM

(5) Private equity**(6) Real estate**

(A) Quarterly or more often

(4) for none of our externally managed AUM

(4) for none of our externally managed AUM

(B) Every six months

(4) for none of our externally managed AUM

(4) for none of our externally managed AUM

(C) Annually

(1) for all of our externally managed AUM

(2) for the majority of our externally managed AUM

(D) Less than once a year

(4) for none of our externally managed AUM

(4) for none of our externally managed AUM

(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)

(1) for all of our externally managed AUM

(2) for the majority of our externally managed AUM

(8) Hedge funds

(A) Quarterly or more often

(4) for none of our externally managed AUM

(B) Every six months

(4) for none of our externally managed AUM

(C) Annually

(1) for all of our externally managed AUM

(D) Less than once a year

(4) for none of our externally managed AUM

(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)

(3) for a minority of our externally managed AUM

Engagement and escalation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 22	CORE	OO 13	N/A	PUBLIC	Engagement and escalation	1

Which actions does your organisation, or the investment consultants acting on your behalf, include in its formal escalation process to address concerns raised during monitoring?

	(1) Listed equity (active)	(2) Listed equity (passive)	(5) Private equity	(6) Real estate	(8) Hedge funds
(A) We notify the external manager about their placement on a watch list	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) We engage the external manager's board or investment committee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) We reduce exposure with the external manager until any non-conformances have been rectified	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We terminate the contract with the external manager if failings persist over a (notified) period of time and explain the reasons for the termination	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other, please specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Our organisation does not have a formal escalation process to address concerns raised by monitoring	<input type="checkbox"/>				

Please specify for "(E) Other" above.

Hedge Funds: We have regular discussions with majority of our managers on ESG items, if there are questionable items we request the manager to follow up and provide a resolution.
 Real estate: Varma has open and regular discussions with its managers. Concerns are usually raised in discussions with relevant managers when issues need to be sorted out and the feedback needs to be given. Varma is also a member of many advisory boards that are good forums for impacting and engaging.

Listed Equity (LE)

Pre-investment phase

Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 10	LE 1.1	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify material ESG factors across listed equities?

	(1) Passive equity	(3) Active – fundamental
(A) Yes, we have a formal process to identify material ESG factors for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets	<input type="radio"/>	<input type="radio"/>
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their own discretion	<input type="radio"/>	<input type="radio"/>
(E) No, we do not have a formal process to identify material ESG factors	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1.1	CORE	LE 1	N/A	PUBLIC	Materiality analysis	1

How does your current investment process incorporate material ESG factors?

	(1) Passive equity	(3) Active - Fundamental
(A) The investment process incorporates material governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The investment process incorporates material environmental and social factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon	<input type="checkbox"/>	<input type="checkbox"/>
(D) The investment process incorporates the effect of material ESG factors on revenues and business operations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

Do you continuously monitor a list of identified long-term ESG trends related to your listed equity assets?

	(1) Passive equity	(3) Active – fundamental
(A) We monitor long-term ESG trends for all assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>

(B) We monitor long-term ESG trends for the majority of assets	<input type="radio"/>	<input type="radio"/>
(C) We monitor long-term ESG trends for a minority of assets	<input type="radio"/>	<input type="radio"/>
(D) We do not continuously monitor long-term ESG trends in our investment process	<input type="radio"/>	<input type="radio"/>

ESG incorporation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 10	LE 3.1	PUBLIC	ESG incorporation	1

How does your financial modelling and equity valuation process incorporate material ESG risks?

	(1) Passive equity	(3) Active – fundamental
(A) We incorporate governance-related risks into financial modelling and equity valuations	<input type="checkbox"/>	<input type="checkbox"/>
(B) We incorporate environmental and social risks into financial modelling and equity valuations	<input type="checkbox"/>	<input type="checkbox"/>
(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations	<input type="checkbox"/>	<input type="checkbox"/>
(D) ESG risk is incorporated into financial modelling and equity valuations at the discretion of individual investment decision-makers, and we do not track this process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(E) We do not incorporate ESG risks into our financial modelling and equity valuations

Assessing ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 10	LE 4.1	PUBLIC	Assessing ESG performance	1

What information do you incorporate when you assess the ESG performance of companies in your financial modelling and equity valuation process?

(1) Passive equity

(3) Active – fundamental

(A) We incorporate information on current performance across a range of ESG metrics

(B) We incorporate information on historical performance across a range of ESG metrics

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability

(E) We do not incorporate ESG factors when assessing the ESG performance of companies in our financial modelling or equity valuation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4.1	CORE	LE 4	N/A	PUBLIC	Assessing ESG performance	1

In what proportion of cases do you incorporate the following information when assessing the ESG performance of companies in your financial modelling and equity valuation process?

(1) Passive equity

(A) We incorporate information on current performance across a range of ESG metrics (1) in all cases

(B) We incorporate information on historical performance across a range of ESG metrics (1) in all cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (1) in all cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability (1) in all cases

(3) Active – fundamental

(A) We incorporate information on current performance across a range of ESG metrics (2) in the majority of cases

(B) We incorporate information on historical performance across a range of ESG metrics (2) in the majority of cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (2) in the majority of cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability (2) in the majority of cases

ESG incorporation in portfolio construction

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 10	LE 6.1	PUBLIC	ESG incorporation in portfolio construction	1

How do ESG factors influence your portfolio construction?

	(1) Passive equity	(3) Active – fundamental
(A) The selection of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The holding period of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other expressions of conviction (please specify below)	<input type="checkbox"/>	<input type="checkbox"/>
(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6.1	CORE	LE 6	N/A	PUBLIC	ESG incorporation in portfolio construction	1

In what proportion of cases did ESG factors influence your portfolio construction?

(1) Passive equity

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

(3) Active – fundamental

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 8	CORE	OO 6.1 LE	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have an independent committee that oversees the screening implementation process, but only for our ESG/sustainability labelled funds that are subject to negative exclusionary screening
- (B) We have an independent committee that oversees the screening implementation process for all of our listed equity assets that are subject to negative exclusionary screening
- (C) We have an independent committee that verifies that we have correctly implemented pre-trade checks in our internal systems to ensure no execution is possible without their pre-clearance
- (D) Other, please specify:
- (E) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Post-investment phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

Do your regular reviews incorporate ESG risks?

(1) Passive equity

(3) Active – fundamental

(A) Our regular reviews include quantitative information on material ESG risks specific to individual listed equities

(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level

(C) Our regular reviews only highlight fund holdings where ESG ratings have changed

(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency

(E) We do not conduct reviews

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

Do you regularly identify and incorporate ESG incidents into the investment process for your listed equity assets?

(1) Passive equity

(3) Active – fundamental

(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions

(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions

(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions

(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents

(E) Other

(F) We currently do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making

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Passive equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 10	N/A	PUBLIC	Passive equity	1

What percentage of your total passive listed equity assets utilise an ESG index or benchmark?

█ >75%

Reporting/Disclosure

Sharing ESG information with stakeholders

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 13	CORE	OO 6 LE	N/A	PUBLIC	Sharing ESG information with stakeholders	6

How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?

(1) for all of our listed equity assets subject to ESG screens

(2) for the majority of our listed equity assets subject to ESG screens

(3) for a minority of our listed equity assets subject to ESG screens

(4) for none of our assets subject to ESG screens

(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation

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(B) We publish any changes in ESG screens and share them on a publicly accessible platform such as a website or through fund documentation

(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 14	CORE	OO 10	N/A	PUBLIC	Sharing ESG information with stakeholders	6

What ESG information is covered in your regular reporting to stakeholders such as clients or beneficiaries?

(1) Passive equity

- (A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation 2) In the majority of our regular stakeholder reporting
- (B) Our regular stakeholder reporting includes quantitative ESG engagement data 1) In all of our regular stakeholder reporting
- (C) Our regular stakeholder reporting includes quantitative ESG incorporation data 1) In all of our regular stakeholder reporting

(3) Active – fundamental

- (A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation 1) In all of our regular stakeholder reporting
- (B) Our regular stakeholder reporting includes quantitative ESG engagement data 1) In all of our regular stakeholder reporting
- (C) Our regular stakeholder reporting includes quantitative ESG incorporation data 1) In all of our regular stakeholder reporting

Stewardship

Voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15	CORE	OO 9 LE	LE 15.1, LE 16	PUBLIC	Voting policy	2

Does your organisation have a publicly available (proxy) voting policy? (The policy may be a standalone policy, part of a stewardship policy or incorporated into a wider RI policy.)

(A) Yes, we have a publicly available (proxy) voting policy Add link(s):

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

(B) Yes, we have a (proxy) voting policy, but it is not publicly available

(C) No, we do not have a (proxy) voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15.1	CORE	OO 9 LE, LE 15	N/A	PUBLIC	Voting policy	2

What percentage of your listed equity assets does your (proxy) voting policy cover?

(A) Actively managed listed equity covered by our voting policy

(12) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 16	CORE	LE 15	N/A	PUBLIC	Voting policy	2

Does your organisation's policy on (proxy) voting cover specific ESG factors?

(A) Our policy includes voting guidelines on specific governance factors Describe:

Good governance is built on international guidelines on good governance practices and national corporate governance codes. Varma requires good governance of the companies it owns. Violations of good governance include violations related to money laundering or corruption. Share issue authorisations

We require that share issue authorizations which are significant in terms of size and are sought for general use do not, as a general rule, include authorization for a directed share issue without more precise specification of the intended use of the directed share issue. The share issue authorization is significant if it covers more than 20% of the company's share capital. Varma's stance is that a share issue authorization should not exceed 20% without justifiable grounds.

In addition, Varma requires that the general meeting decide on the renewal of share issue authorizations annually and that the duration of a share issue authorization does not exceed 18 months, unless there is a particular reason. This ensures that the authorization given to the board is based on the most current information possible.

Varma requires that, where old authorizations are not cancelled, the extent of the valid share issue authorizations must be indicated in full.

(B) Our policy includes voting guidelines on specific environmental factors Describe:

In Varma's climate policy for investments, we are committed to developing our investment operations such that our investments and investment processes comply with the 2-degree target set in the Paris Agreement. We have also set targets for reducing the carbon footprint in our direct investments. For Varma, the ownership policy is a key means of achieving the set targets, especially when it comes to large and otherwise significant investments.

We expect clear assessments and reporting transparency from companies on the current and future impacts climate change will have on the company's operations and growth potential. The reporting should cover how climate change is included in the company's governance, strategy and risk management, especially in emissions-intensive industries. By reporting on the targets and indicators set by the company, it is possible to monitor the company's progress.

Varma analyses the financial risks and opportunities brought by climate change. We additionally report climate-related risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and we encourage our investees to do the same.

(C) Our policy includes voting guidelines on specific social factors Describe:

We require that our investee companies comply with international norms and agreements in their operations. The most important of these are the UN declarations on human rights, the environment and anti-corruption, which form the basis for the UN Global Compact initiative on corporate responsibility, as well as the ILO labour conventions. We monitor norm breaches by regularly screening our portfolio. If a company breaches any of the above-mentioned norms, our priority is to engage, also by voting depending on the engagement timeline, with the company in order to change their operating methods. If our efforts to engage with the company are unsuccessful in the long run, we will exclude the company from our portfolio.

(D) Our policy is high-level and does not cover specific ESG factors Describe:

Security lending policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18	CORE	OO 9 LE	LE 18.1, LE 18.2	PUBLIC	Security lending policy	2

Does your organisation have a public policy that states how voting is addressed in your securities lending programme? (The policy may be a standalone guideline or part of a wider RI or stewardship policy.)

- (A) We have a public policy to address voting in our securities lending programme. Add link(s):
- (B) We have a policy to address voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our service provider(s)
- (D) We do not have a policy to address voting in our securities lending programme
- (E) Not applicable, we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18.1	CORE	LE 18	N/A	PUBLIC	Security lending policy	2

How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) We always recall all holdings in a company for voting on ballot items deemed important (e.g. in line with specific criteria)
- (C) We always recall some securities so that we can vote on their ballot items (e.g. in line with specific criteria)
- (D) We maintain some holdings so that we can vote at any time
- (E) We recall some securities on an ad hoc basis so that we can vote on their ballot items
- (F) We empower our securities lending agent to decide when to recall securities for voting purposes
- (G) Other, please specify:
- (H) We do not recall our securities for voting purposes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18.2	CORE	LE 18	N/A	PUBLIC	Security lending policy	2

What exclusions do you apply to your organisation's securities lending programme?

- (A) We do not lend out shares of companies that we are engaging with either individually or as a lead or support investor in collaborative engagements
- (B) We do not lend out shares of companies if we own more than a certain percentage of them
- (C) We do not lend out shares of companies in jurisdictions that do not ban naked short selling
- (D) We never lend out all our shares of a company to ensure that we always keep voting rights in-house
- (E) Other, please specify:
 - We only lend out share in few cases, but never for example of Finnish stocks.
- (F) We do not exclude any particular companies from our securities lending programme

Shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 19	CORE	OO 9 LE	N/A	PUBLIC	Shareholder resolutions	2

Which of the following best describes your decision-making approach regarding shareholder resolutions, or that of your service provider(s) if decision-making is delegated to them?

- (A) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors or on our stewardship priorities
- (B) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors but only if the investee company has not already committed publicly to the action requested in the proposal
- (C) In the majority of cases, we only support shareholder resolutions as an escalation tactic when other avenues for engagement with the investee company have not achieved sufficient progress
- (D) In the majority of cases, we support the recommendations of investee company management by default
- (E) In the majority of cases, we do not vote on shareholder resolutions

Pre-declaration of votes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 20	CORE	OO 9 LE	N/A	PUBLIC	Pre-declaration of votes	2

How did your organisation or your service provider(s) pre-declare votes prior to AGMs/EGMs?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system
- (B) We pre-declared our voting intentions publicly (e.g. through our own website) Link to public disclosure:
- (C) We pre-declared our voting intentions publicly through the PRI's vote declaration system, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain
- (D) We pre-declared our voting intentions publicly, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain Link to public disclosure:
- (E) Prior to the AGM/EGM, we privately communicated our voting decision to investee companies in cases where we planned to vote against management proposals or abstain
- (F) We did not privately or publicly communicate our voting intentions
- (G) We did not cast any (proxy) votes during the reporting year

Voting disclosure post AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21	CORE	OO 9 LE	LE 21.1	PUBLIC	Voting disclosure post AGM/EGM	2

Do you publicly report your (proxy) voting decisions, or those made on your behalf by your service provider(s), in a central source?

- (A) Yes, for >95% of (proxy) votes Link:
<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/suomalaisten-listattujen-yhtioiden-yhtiokokoukset-ja-aanestykset-2020.pdf>
- (B) Yes, for the majority of (proxy) votes Link:
- (C) Yes, for a minority of (proxy) votes 1) Add link and 2) Explain why you only publicly disclose a minority of (proxy) voting decisions:
- (D) No, we do not publicly report our (proxy) voting decisions Explain why you do not publicly report your (proxy) voting decisions:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21.1	CORE	LE 21	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

In the majority of cases, how soon after an investee's AGM/EGM do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22	CORE	OO 9 LE	LE 22.1	PUBLIC	Voting disclosure post AGM/EGM	2

Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions?

- (A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company
- (B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly
- (C) In cases where we voted against management recommendations or abstained, we did not communicate the rationale
- (D) We did not vote against management or abstain

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22.1	CORE	LE 22	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

Indicate the proportion of votes where you and/or the service provider(s) acting on your behalf communicated the rationale for your voting decisions.

(A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company (5) >95%

(B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly (5) >95%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 23	CORE	OO 9 LE	LE 23.1	PUBLIC	Voting disclosure post AGM/EGM	2, 5

Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions when voting against a shareholder resolution proposed/filed by a PRI signatory?

- (A) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was disclosed publicly
- (B) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was not disclosed publicly
- (C) We did not vote against any shareholder resolution proposed/filed by a PRI signatory

Fixed Income (FI)

Pre-investment phase

Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 10	FI 1.1	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify material ESG factors for its fixed income assets?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Yes, we have a formal process to identify material ESG factors for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their own discretion

(E) No, we do not have a formal process to identify material ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1.1	CORE	FI 1	N/A	PUBLIC	Materiality analysis	1

How does your current investment process incorporate material ESG factors?

(1) SSA

(2) Corporate

(4) Private debt

(A) The investment process incorporates material governance factors

(B) The investment process incorporates material environmental and social factors

(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon

(D) The investment process incorporates the effect of material ESG factors on revenues and business operations

ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 10	FI 2.1	PUBLIC	ESG risk management	1

How are material ESG factors incorporated into your portfolio risk management process?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Other method of incorporating ESG factors into risk management process, please specify below:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We do not have a process to incorporate ESG factors into our portfolio risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2.1	CORE	FI 2	N/A	PUBLIC	ESG risk management	1

For what proportion of your fixed income assets are material ESG factors incorporated into your portfolio risk management process?

(1) SSA

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits (1) for all of our assets

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors (1) for all of our assets

(2) Corporate

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits (1) for all of our assets

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors (1) for all of our assets

(4) Private debt

(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto (1) for all of our assets

ESG incorporation in asset valuation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 10	FI 3.1	PUBLIC	ESG incorporation in asset valuation	1

How do you incorporate the evolution of ESG factors into your fixed income asset valuation process?

	(1) SSA	(2) Corporate	(4) Private debt
(A) We incorporate it into the forecast of cash flow, revenues and profitability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We do not incorporate the evolution of ESG factors into our fixed income asset valuation process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3.1	CORE	FI 3	N/A	PUBLIC	ESG incorporation in asset valuation	1

In what proportion of cases do you incorporate the evolution of ESG factors into your fixed income asset valuation process?

(1) SSA

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (2) in the majority of cases

(2) Corporate

(A) We incorporate it into the forecast of cash flow, revenues and profitability (1) in all cases

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (1) in all cases

(4) Private debt

(A) We incorporate it into the forecast of cash flow, revenues and profitability (1) in all cases

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (1) in all cases

ESG incorporation in portfolio construction

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5	CORE	OO 10	FI 5.1	PUBLIC	ESG incorporation in portfolio construction	1

How do ESG factors influence your portfolio construction?

	(1) SSA	(2) Corporate	(4) Private debt
(A) The selection of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The holding period of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(E) Other expressions of conviction, please specify below:

(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors

Please specify "(E) Other expressions of conviction".

ESG factors influence sector allocation.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5.1	CORE	FI 5	N/A	PUBLIC	ESG incorporation in portfolio construction	1

In what proportion of cases do ESG factors influence your portfolio construction?

(1) SSA

(A) The selection of individual assets within our portfolio is influenced by ESG factors (2) in the majority of cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (2) in the majority of cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (2) in the majority of cases

(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process (2) in the majority of cases

(2) Corporate

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (2) in the majority of cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors	(1) in all cases
(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process	(2) in the majority of cases
(E) Other expressions of conviction	(1) in all cases
(4) Private debt	
(A) The selection of individual assets within our portfolio is influenced by ESG factors	(2) in the majority of cases
(B) The holding period of individual assets within our portfolio is influenced by ESG factors	(2) in the majority of cases
(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors	(2) in the majority of cases
(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process	(2) in the majority of cases

ESG incorporation in assessment of issuers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 7	CORE	OO 10	N/A	PUBLIC	ESG incorporation in assessment of issuers	1

When assessing issuers'/borrowers' credit quality, how does your organisation incorporate material ESG risks in the majority of cases?

	(1) SSA	(2) Corporate	(4) Private debt
(A) In the majority of cases, we incorporate material governance-related risks	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

(B) In addition to incorporating governance-related risks, in the majority of cases we also incorporate material environmental and social risks

(C) We do not incorporate material ESG risks for the majority of our credit quality assessments of issuers/borrowers

ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 10	N/A	PUBLIC	ESG performance	1

In the majority of cases, how do you assess the relative ESG performance of a borrower within a peer group as part of your investment process?

(1) SSA

(2) Corporate

(A) We use the relative ESG performance of a borrower to adjust the internal credit assessments of borrowers by modifying forecasted financials and future cash flow estimates

(B) We use the relative ESG performance of a borrower to make relative sizing decisions in portfolio construction

(C) We use the relative ESG performance of a borrower to screen for outliers when comparing credit spreads to ESG relative performance within a similar peer group

(D) We consider the ESG performance of a borrower only on a standalone basis and do not compare it within peer groups of other benchmarks

(E) We do not have an internal ESG performance assessment methodology

ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 9	CORE	OO 10	FI 9.1	PUBLIC	ESG risk management	1

For your corporate fixed income, does your organisation have a framework that differentiates ESG risks by issuer country and sector?

- (A) Yes, it differentiates ESG risks by country/region (for example, local governance and labour practices)
- (B) Yes, it differentiates ESG risks by sector
- (C) No, we do not have a framework that differentiates ESG risks by issuer country/region and sector

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 9.1	CORE	FI 9	N/A	PUBLIC	ESG risk management	1

For what proportion of your corporate fixed income assets do you apply your framework for differentiating ESG risks by issuer country/sector?

	(1) for all of our corporate fixed income assets	(2) for the majority of our corporate fixed income assets	(3) for a minority of our corporate fixed income assets
(A) We differentiate ESG risks by country/region (for example, local governance and labour practices)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) We differentiate ESG risks by sector	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Private debt

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 10	CORE	OO 10	FI 10.1	PUBLIC	Private debt	1

Indicate how your organisation incorporates ESG factors when selecting private debt investments during the due diligence phase.

- (A) We use a qualitative ESG checklist
- (B) We assess quantitative ESG data, such as energy consumption, carbon footprint and gender diversity
- (C) We require that the investment has its own ESG policy
- (D) We hire specialised third parties for additional ESG assessments
- (E) We require the review and sign-off of our ESG due diligence process by our investment committee or the equivalent function
- (F) Other method of incorporating ESG into the selection of private debt during due diligence (please specify below):
- (G) We do not incorporate ESG factors when selecting private debt during the due diligence phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 10.1	CORE	FI 10	N/A	PUBLIC	Private debt	1

In what proportion of cases do you incorporate ESG factors when selecting private debt investments during the due diligence phase?

	(1) in all cases	(2) in the majority of cases	(3) in a minority of cases
(A) We use a qualitative ESG checklist	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) We assess quantitative ESG data, such as energy consumption, carbon footprint and gender diversity	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(E) We require the review and sign off of our ESG due diligence process by our investment committee, or the equivalent function	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Post-investment phase

ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

Do your regular reviews incorporate ESG risks?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Our regular reviews include quantitative information on material ESG risks specific to individual fixed income assets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Our regular reviews only highlight fund holdings where ESG ratings have changed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We do not conduct reviews that incorporate ESG risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 13	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

Do you regularly identify and incorporate ESG incidents into the investment process for your fixed income assets?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(E) We do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Time horizons

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 14	CORE	OO 10	N/A	PUBLIC	Time horizons	1

In the majority of cases, how does your investment process account for differing time horizons of holdings and how they may affect ESG factors?

	(1) SSA	(2) Corporate
(A) We take into account current risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We take into account medium-term risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We take into account long-term risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not take into account differing time horizons of holdings and how they may affect ESG factors	<input type="checkbox"/>	<input type="checkbox"/>

Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 15	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

Do you continuously monitor a list of identified long-term ESG trends related to your fixed income assets?

	(1) SSA	(2) Corporate	(4) Private debt
(A) We monitor long-term ESG trends for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>

(B) We monitor long-term ESG trends for the majority of our assets

(C) We monitor long-term ESG trends for a minority of our assets

(D) We do not continuously monitor long-term ESG trends in our investment process

Thematic bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	PLUS	OO 6 FI	FI 18.1	PUBLIC	Thematic bonds	1

What proportion of your total thematic investments are labelled green bonds, social bonds and/or sustainability bonds by the issuers in accordance with the four ICMA Social/Green Bond Principles?

Proportion out of total thematic fixed income investments:

(A) Proportion of green/SDG bonds linked to environmental goals >75%

(B) Proportion of social/SDG bonds linked to social goals 0-25%

(C) Proportion of sustainability/SDG bonds (i.e. combination of green and social bonds linked to multiple SDG categories) 0-25%

(D) None of the above 0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 19	CORE	OO 6 FI	N/A	PUBLIC	Thematic bonds	1

How do you determine which non-labelled thematic bonds to invest in?

- (A) By reviewing the bond's use of proceeds
- (B) **By reviewing companies' ESG targets**
- (C) By reviewing companies' progress towards achieving ESG targets
- (D) We do not invest in non-labelled thematic bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 20	CORE	OO 6 FI	N/A	PUBLIC	Thematic bonds	1, 2, 6

What action do you take in the majority of cases where proceeds of a thematic bond issuer are not allocated to the original plan?

- (A) **We engage with the issuer**
- (B) We alert regulators
- (C) We alert thematic bond certification agencies
- (D) We sell the security
- (E) We publicly disclose the breach
- (F) We blacklist the issuer
- (G) Other action, please specify:
- (H) We do not take any specific actions when proceeds from bond issuers are not allocated in accordance with the original plan

Reporting/Disclosure

ESG screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 21	CORE	OO 6 FI	N/A	PUBLIC	ESG screens	6

How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?

(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to list of ESG screens:

<https://www.varma.fi/en/other/newsroom/news/2019-q1/varma-has-updated-its-investment-blacklist--industries-excluded-for-ethical-and-climate-reasons/>;
<https://www.varma.fi/en/other/about-varma/responsible-investment/>

(1) for all of our fixed income assets subject to ESG screens

(B) We publish any changes in ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to ESG screen changes:

<https://www.varma.fi/en/other/newsroom/news/2019-q1/varma-has-updated-its-investment-blacklist--industries-excluded-for-ethical-and-climate-reasons/>;
<https://www.varma.fi/en/other/about-varma/responsible-investment/>

(1) for all of our fixed income assets subject to ESG screens

(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries

(3) for a minority of our fixed income assets subject to ESG screens

Engagement

Engaging with issuers/borrowers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 22	CORE	OO 9 FI	FI 22.1	PUBLIC	Engaging with issuers/borrowers	2

At which stages does your organisation engage with issuers/borrowers?

	(1) SSA	(2) Corporate	(4) Private debt
(A) At the pre-issuance/pre-deal stage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) At the pre-investment stage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) During the holding period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) At the refinancing stage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) When issuers/borrowers default	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Sovereign bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 23	CORE	OO 9 FI	N/A	PUBLIC	Sovereign bonds	2

For the majority of your sovereign bond engagements, which non-issuer stakeholders do you engage with to promote your engagement objectives?

- (A) Non-ruling parties
- (B) Originators and primary dealers
- (C) Index and ESG data providers
- (D) Multinational companies/state-owned enterprises (SOEs)
- (E) Supranational organisations
- (F) Credit rating agencies (CRAs)
- (G) Business associations
- (H) Media

(I) NGOs, think tanks and academics

(J) **Other non-issuer stakeholders, please specify:**

In accordance with our climate policy, we promote collaboration within the financial markets in order to mitigate and adapt to the effects of climate change, while also taking part in the public debate on the impacts of climate change at events and through collaborative initiatives. In order to advance the financial market's joint efforts to mitigate climate change, Varma engaged in co-operation with the Nordic Climate Investment Coalition (CIC) in 2020. The CIC is a public and private sector coalition. One of the CIC's initiatives was a declaration made at the Nordic Prime Ministers Meeting 2020 calling for attending to climate change in investments. At the meeting, Varma's President and CEO encouraged other investors to take climate change into account in their activities.

(K) We do not engage with any of the above stakeholders for the majority of our sovereign bond engagements

Real Estate (RE)

Policy

Investment guidelines

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 1	CORE	OO 24, OO 26	N/A	PUBLIC	Investment guidelines	1 to 6

What real estate-specific ESG guidelines are currently covered in your organisation's responsible investment policies?

(A) Guidelines on our ESG approach to real estate depending on use (e.g. retail, education etc.)

(B) **Guidelines on our ESG approach to new construction**

(C) **Guidelines on our ESG approach to major renovations**

(D) **Guidelines on our ESG approach to standing real estate investments**

(E) **Guidelines on our engagement approach related to property managers**

(F) Guidelines on our engagement approach related to tenants

(G) **Guidelines on our engagement approach related to construction contractors**

(H) Guidelines on excluding certain tenants based on responsible investment considerations

(I) Our policies do not cover real estate-specific ESG guidelines

Fundraising

Commitments to investors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 2	CORE	N/A	N/A	PUBLIC	Commitments to investors	1, 4

For all of your funds that you closed during the reporting year, what type of formal responsible investment commitments did you make in Limited Partnership Agreements (LPAs) or side letters? (If you did not close any funds during this reporting year, refer to the last reporting year in which you did close funds.)

- (A) We incorporated responsible investment commitments in LPAs as a standard, default procedure
- (B) We added responsible investment commitments in LPAs upon client request
- (C) We added responsible investment commitments in side letters upon client request
- (D) We did not make any formal responsible investment commitments for the relevant reporting year
- (E) Not applicable as we have never raised funds
- (F) Not applicable as we have not raised funds in the last 5 years

Pre-investment phase

Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 3	CORE	N/A	RE 3.1	PUBLIC	Materiality analysis	1

During the reporting year, how did you conduct ESG materiality analysis for your potential real estate investments?

- (A) We assessed materiality at the asset level, as each case is unique (1) for all of our potential real estate investments

- (B) We performed a mix of property type and asset-level materiality analysis (4) for none of our potential real estate investments

- (C) We assessed materiality according to property type only (4) for none of our potential real estate investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 3.1	CORE	RE 3	N/A	PUBLIC	Materiality analysis	1

During the reporting year, what tools, standards and data did you use in your ESG materiality analysis of potential real estate investments?

- (A) We used GRI Standards to inform our real estate materiality analysis
- (B) We used SASB to inform our real estate materiality analysis
- (C) We used climate risk disclosures such as the TCFD recommendations (or other climate risk analysis tools) to inform our real estate materiality analysis
- (D) We used geopolitical and macro-economic considerations in our real estate materiality analysis
- (E) Other, please specify:
 We do not use any standards but we check for example location, condition of the building, environmental certificates, renewable energy sources of potential real estate investment

Due diligence

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 4	CORE	N/A	N/A	PUBLIC	Due diligence	1

During the reporting year, how did ESG factors affect the selection of your real estate investments?

- | | |
|---|---|
| (A) ESG factors helped identify risks | (2) for the majority of our potential real estate investments |
| (B) ESG factors were discussed by the investment committee (or equivalent) | (2) for the majority of our potential real estate investments |
| (C) ESG factors helped identify remedial actions for our 100-day plans (or equivalent) | (4) for none of our potential real estate investments |
| (D) ESG factors helped identify opportunities for value creation | (4) for none of our potential real estate investments |
| (E) ESG factors led to the abandonment of potential investments | (4) for none of our potential real estate investments |
| (F) ESG factors impacted investments in terms of price offered and/or paid by having an effect on revenue assumptions | (4) for none of our potential real estate investments |

(G) ESG factors impacted investments in terms of price offered and/or paid by having an effect on CAPEX assumptions	(2) for the majority of our potential real estate investments
(H) ESG factors impacted investments in terms of price offered and/or paid by having an effect on OPEX assumptions	(4) for none of our potential real estate investments
(I) ESG factors impacted investments in terms of price offered and/or paid by having an effect on the cost of capital or discount rate assumptions	(3) for a minority of our potential real estate investments
(J) Other, please specify: NA	(4) for none of our potential real estate investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 5	CORE	N/A	N/A	PUBLIC	Due diligence	1

Once material ESG factors have been identified, what processes do you use to conduct due diligence on these factors for potential investments?

(A) We do a high-level/desktop review against an ESG checklist for initial red flags	(4) for none of our potential real estate investments
(B) We send detailed ESG questionnaires to target properties	(4) for none of our potential real estate investments
(C) We hire third-party consultants to do technical due diligence on specific issues	(2) for the majority of our potential real estate investments
(D) We conduct site visits and in-depth interviews with management and personnel	(2) for the majority of our potential real estate investments
(E) We incorporate actions based on the risks and opportunities identified in the due diligence process into our post-investment plans	(2) for the majority of our potential real estate investments
(F) We incorporate ESG due diligence findings in all of our relevant investment process documentation in the same manner as for other key due diligence (e.g. commercial, accounting and legal)	(2) for the majority of our potential real estate investments
(G) Our investment committee (or an equivalent decision-making body) is ultimately responsible for ensuring all ESG due diligence is completed in the same manner as for other key due diligence (e.g. commercial, accounting and legal)	(1) for all of our potential real estate investments

(H) Other, please specify:

NA

(4) for none of our potential real estate investments

Selection, appointment and monitoring of third-party property managers

Selection process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 6	CORE	OO 26	N/A	PUBLIC	Selection process	1, 4

During the reporting year, how did you include ESG factors in all of your selections of external property managers? (If you did not select external property managers during the reporting year, report on the most recent year in which you selected external property managers.)

- (A) We requested information from potential managers on their overall approach to ESG
- (B) We requested track records and examples from potential managers on how they manage ESG factors
- (C) We requested information from potential managers on their engagement process(es) with stakeholders
- (D) We requested documentation from potential managers on their responsible procurement practices (including responsibilities, approach and incentives)
- (E) We requested the assessment of current and planned availability and aggregation of metering data from potential managers
- (F) Other, please specify:
- (G) We did not include ESG factors in our selection of external property managers

Appointment process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 7	CORE	OO 26	N/A	PUBLIC	Appointment process	1, 4

How did you include ESG factors in the appointment of your current external property managers?

- (A) We set dedicated ESG procedures in all relevant property management phases (4) for none of our external property managers
- (B) We set clear ESG reporting requirements (1) for all of our external property managers

(C) We set clear ESG performance targets	(1) for all of our external property managers
(D) We set incentives related to ESG targets	(2) for the majority of our external property managers
(E) We included responsible investment clauses in property management contracts	(2) for the majority of our external property managers
(F) Other, please specify: NA	(4) for none of our external property managers

Monitoring process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 8	CORE	OO 26	N/A	PUBLIC	Monitoring process	1, 4

How do you include ESG factors in the monitoring of external property managers?

(A) We monitor performance against quantitative and/or qualitative environmental targets	(1) for all of our external property managers
(B) We monitor performance against quantitative and/or qualitative social targets	(1) for all of our external property managers
(C) We monitor performance against quantitative and/or qualitative governance targets	(4) for none of our external property managers
(D) We monitor progress reports on engagement with tenants	(2) for the majority of our external property managers
(E) We require formal reporting on an annual basis as a minimum	(1) for all of our external property managers
(F) We have regular discussions about ESG factors with all relevant stakeholders	(2) for the majority of our external property managers
(G) We conduct a performance review of key staff based on ESG alignment linked to KPIs and a financial incentive structure	(2) for the majority of our external property managers

(H) We have internal/external parties conduct site visits at least once a year

(2) for the majority of our external property managers

(I) Other, please specify:

NA

(4) for none of our external property managers

Construction and development

Construction requirements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 9	CORE	OO 24	N/A	PUBLIC	Construction requirements	1

What sustainability requirements do you currently have in place for all development projects and major renovations?

- (A) We require the management of waste by diverting construction and demolition materials from disposal
- (B) We require the management of waste by diverting reusable vegetation, rocks and soil from disposal
- (C) We require the minimisation of light pollution to the surrounding community
- (D) We require the minimisation of noise pollution to the surrounding community
- (E) We require the performance of an environmental site assessment
- (F) We require the protection of the air quality during construction
- (G) We require the protection and restoration of the habitat and soils disturbed during construction and/or during previous development
- (H) We require the protection of surface and ground water and aquatic ecosystems by controlling and retaining construction pollutants
- (I) We require the constant monitoring of health and safety at the construction site
- (J) Other, please specify:
- (K) We do not have sustainability requirements in place for development projects and major renovations

Minimum building requirements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 10	CORE	OO 24	N/A	PUBLIC	Minimum building requirements	1

What minimum building requirements do you have in place for development projects and major renovations?

(A) We require the implementation of the latest available metering and IoT technology	(3) for a minority of our development projects and major renovations
(B) We require that the building be able to obtain a recognised green building certification for new buildings	(3) for a minority of our development projects and major renovations
(C) We require the use of certified (or labelled) sustainable building materials	(2) for the majority of our development projects and major renovations
(D) We require the installation of renewable energy technologies where feasible	(2) for the majority of our development projects and major renovations
(E) We require that development projects and major renovations become net-zero carbon emitters within five years of completion of the construction	(4) for none of our development projects and major renovations
(F) We require water conservation measures	(2) for the majority of our development projects and major renovations
(G) We require common occupant health and well-being measures	(1) for all development projects and major renovations
(H) Other, please specify: NA	(4) for none of our development projects and major renovations

Post-investment phase

Monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 11	CORE	N/A	N/A	PUBLIC	Monitoring	1

During the reporting year, what ESG building performance data did you collect for your real estate assets?

Through metering

(A) Electricity consumption	(2) for the majority of our real estate assets
(B) Water consumption	(2) for the majority of our real estate assets
(C) Waste production	(3) for the minority of our real estate assets

Through another method

(A) Electricity consumption	(3) for the minority of our real estate assets
(B) Water consumption	(4) for none of our real estate assets
(C) Waste production	(4) for none of our real estate assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 12	CORE	N/A	N/A	PUBLIC	Monitoring	1

For the majority of the core KPIs that you tracked, how did you set targets across your real estate investments?

- (A) We set targets to achieve incremental improvements based on past performance
- (B) We set targets using industry benchmarks/standards
- (C) We set targets against global benchmarks or thresholds (e.g. on climate change and/or the SDGs)
- (D) We did not set targets for the core ESG KPIs that we tracked
- (E) We did not set targets as we don't track core ESG KPIs

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 13	CORE	OO 26	RE 13.1	PUBLIC	Monitoring	1, 2

What processes do you have in place to support meeting your ESG targets for your real estate investments?

- | | |
|---|---|
| (A) We use operational-level benchmarks to assess and analyse the performance of assets against sector performance | (1) for all of our real estate investments |
| (B) We implement certified environmental and social management systems across our portfolio | (3) for a minority of our real estate investments |
| (C) We make sufficient budget available to ensure that the systems and procedures needed to achieve the target are put in place | (1) for all of our real estate investments |
| (D) We hire external verification services to audit performance, systems and procedures | (2) for the majority of our real estate investments |
| (E) We collaborate and engage with our external property managers to develop action plans to achieve targets | (2) for the majority of our real estate investments |
| (F) We develop minimum health and safety standards | (4) for none of our real estate investments |
| (G) Other, please specify:
N/A | (1) for all of our real estate investments |

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 14	CORE	N/A	N/A	PUBLIC	Monitoring	1, 2

Post-investment, how do you manage material ESG-related risks and opportunities to create value during the holding period of your investments?

- (A) We develop property-specific ESG action plans based on pre-investment research, due diligence and materiality findings (3) for a minority of our real estate investments
-
- (B) We adjust our ESG action plans regularly based on performance monitoring findings (4) for none of our real estate investments
-
- (C) We hire external advisors to provide support with specific ESG value creation opportunities (3) for a minority of our real estate investments
-
- (D) Other, please specify:
 NA (4) for none of our real estate investments
-

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 16	CORE	N/A	N/A	PUBLIC	Monitoring	1

What proportion of your real estate assets have obtained an ESG/RI certification or label?

- (A) All of our real estate assets have obtained an ESG/RI certification or label
- (B) The majority of our real estate assets have obtained an ESG/RI certification or label
- (C) A minority of our real estate assets have obtained an ESG/RI certification or label
- (D) None of our real estate assets have obtained an ESG/RI certification or label

Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 17	CORE	OO 26	N/A	PUBLIC	Stewardship	1, 2

How does your property manager engage with tenants? (If you are a property manager, please report on your direct tenant engagement.)

Tenants with operational control

(A) We engage with real estate tenants through organising tenant events focused on increasing sustainability awareness, ESG training and guidance	(4) for none of our buildings or properties
(B) We engage with real estate tenants on energy and water consumption and/or waste production	(4) for none of our buildings or properties
(C) We engage with real estate tenants by offering green leases	(4) for none of our buildings or properties
(D) We engage with real estate tenants through identifying collaboration opportunities that support net-zero targets	(3) for a minority of our buildings or properties
(E) We engage with real estate tenants by offering shared financial benefits from equipment upgrades	(3) for a minority of our buildings or properties
(F) Other, please specify: N/A	(4) for none of our buildings or properties

Tenants without operational control

(A) We engage with real estate tenants through organising tenant events focused on increasing sustainability awareness, ESG training and guidance	(3) for a minority of our buildings or properties
(B) We engage with real estate tenants on energy and water consumption and/or waste production	(4) for none of our buildings or properties
(C) We engage with real estate tenants by offering green leases	(4) for none of our buildings or properties

(D) We engage with real estate tenants through identifying collaboration opportunities that support net-zero targets	(3) for a minority of our buildings or properties
(E) We engage with real estate tenants by offering shared financial benefits from equipment upgrades	(3) for a minority of our buildings or properties
(F) Other, please specify: N/A	(4) for none of our buildings or properties

Exit

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 18	CORE	N/A	N/A	PUBLIC	Exit	4, 6

During the reporting year, what responsible investment information has your organisation shared with potential buyers of real estate investments?

(A) We shared our firm's high-level commitment to responsible investment (e.g. that we are a PRI signatory)	(2) for the majority of our real estate investments
(B) We shared a description of what industry and asset class standards our firm aligns with (e.g. TCFD, GRESB)	(2) for the majority of our real estate investments
(C) We shared our firm's responsible investment policy (at minimum, a summary of key aspects and firm-specific approach)	(2) for the majority of our real estate investments
(D) We shared our firm's ESG risk assessment methodology (topics covered, in-house and/or with external support)	(4) for none of our real estate investments
(E) We shared the outcome of our latest ESG risk assessment on the property(s)	(3) for a minority of our real estate investments
(F) We shared key ESG performance data on the property(s) being sold	(4) for none of our real estate investments
(G) Other, please specify: N/A	(4) for none of our real estate investments

Reporting/Disclosure

ESG portfolio information

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
RE 19	CORE	N/A	N/A	PUBLIC	ESG portfolio information	6

During the reporting year, how did you report on core ESG data and targets to your investors or beneficiaries?

- (A) We reported in aggregate through a publicly disclosed sustainability report
- (B) We reported in aggregate through formal reporting to investors or beneficiaries
- (C) We reported at the property level through formal reporting to investors or beneficiaries
- (D) We reported through a limited partners advisory committee (or equivalent)
- (E) We reported back at digital or physical events or meetings with investors or beneficiaries
- (F) We did ad hoc or informal reporting on serious ESG incidents
- (G) Other, please specify:
 - We reported ad hoc basis to different stakeholders
- (H) We did not report on core ESG data and targets to our investors or beneficiaries during the reporting year

Sustainability Outcomes (SO)

Set targets on sustainability outcomes

Outcome objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	ISP 45	SO 1.1, SO 2	PUBLIC	Outcome objectives	1

Has your organisation chosen to shape any specific sustainability outcomes?

- (A) Yes
 (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 3	PUBLIC	Outcome objectives	1

Please list up to 10 of the specific sustainability outcomes that your organisation has chosen to shape.

Sustainability outcomes

(A) Sustainability Outcome #1	Achieving a carbon neutral investment portfolio
(B) Sustainability Outcome #2	Increasing exposure to climate friendly investment
(C) Sustainability Outcome #3	Reducing carbon intensity
(D) Sustainability Outcome #4	Improving energy efficiency in Real Estate
(E) Sustainability Outcome #5	Minimizing exposure to stranded asset risks
(F) Sustainability Outcome #6	Engaging companies regarding human&labor rights
(G) Sustainability Outcome #7	Starting to analyze the impact of biodiversity
(H) Sustainability Outcome #8	Decreasing carbon footprint of real estate
(I) Sustainability Outcome #9	Engaging companies regarding corruption

Target-setting process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 2	SO 3.1	PUBLIC	Target-setting process	1

Have you set any targets for your sustainability outcomes? Indicate how many targets you have set for each sustainability outcome.

(A) Sustainability Outcome #1:	(2) One target
(B) Sustainability Outcome #2:	(2) One target
(C) Sustainability Outcome #3:	(2) One target
(D) Sustainability Outcome #4:	(2) One target
(E) Sustainability Outcome #5:	(3) Two or more targets
(F) Sustainability Outcome #6:	(3) Two or more targets
(G) Sustainability Outcome #7:	(2) One target
(H) Sustainability Outcome #8:	(3) Two or more targets
(I) Sustainability Outcome #9:	(2) One target
(J) Sustainability Outcome #10:	(3) Two or more targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3.1	PLUS	SO 3	Multiple, see guidance	PUBLIC	Target-setting process	1

For each sustainability outcome, name and provide a brief description of up to two of your targets and list the metrics or key performance indicators (KPIs) associated with them, the targets' deadlines and the percentage of your assets under management to which the targets apply.

	Target name	Target description
(A1) Sustainability Outcome #1: (Target 1)	Carbon neutral investment portfolio by 2035	Achieving a carbon neutral investment portfolio by 2035
(B1) Sustainability Outcome #2: (Target 1)	Climate allocation	20% of Varma's total investments to be in climate friendly investments by 2025
(C1) Sustainability Outcome #3: (Target 1)	Carbon intensity reduction	Reducing carbon intensity by 30%, 40%, and 50% by 2023, 2025, and 2027 respectively compared to 2016
(D1) Sustainability Outcome #4: (Target 1)	Energy savings target	10% Energy Savings in real estate by 2025 compared to 2017
(E1) Sustainability Outcome #5: (Target 1)	Excluding coal investments	Excluding coal investments by 2025
(E2) Sustainability Outcome #5: (Target 2)	Excluding oil exploration	Excluding oil exploration companies
(F1) Sustainability Outcome #6: (Target 1)	Engaging two companies regarding human rights	Varma's own engagement process with companies in the automotive and logistics industries, and energy and utility companies
(F2) Sustainability Outcome #6: (Target 2)	Engaging two companies regarding labor rights issues	Varma's own engagement process with companies in the automotive and logistics industries, and energy and utility companies

(G1) Sustainability Outcome #7: (Target 1)	Identifying the risks that biodiversity loss generates in different industries	One of Varma's responsible investment focus areas is to identify the risks that biodiversity loss generates in different industries, through, for example, loss of nature, changes in land use and endangerment of species. Varma will also explore what kind of measures taken by companies can reduce the loss of nature.
(H1) Sustainability Outcome #8: (Target 1)	Starting to use fossil-free heating and electricity in Varma's real estate	Varma's goal is to use fossil-free heating and electricity in its real estate by 2030 and 2025 respectively.
(H2) Sustainability Outcome #8: (Target 2)	Reduction in carbon footprint	Varma's goal was to reduce the carbon footprint of its real estate by 15 per cent between 2015 and 2020
(I1) Sustainability Outcome #9: (Target 1)	Engaging two companies regarding corruption issues	Varma's own engagement process with the pharmaceutical companies due to unethical business manners
(J1) Sustainability Outcome #10: (Target 1)	Implementing SDG's	In government bonds, Varma does not invest in countries that are ranked in the bottom 25 per cent of the UN's Sustainable Development Goals (SDG) index. In exceptional cases, an investment can be made if the country's SDG ranking is expected to clearly improve.
(J2) Sustainability Outcome #10: (Target 2)	Implementing SDG's	The sustainable equity portfolio promotes the UN's goals and Varma's own climate targets. The themes that we selected from among the UN's sustainable development goals for the investee companies are climate action, responsible consumption and circular economy, renewable energy, equal access to medicines and vaccines also in the emerging markets, research and development work, innovations and building a sustainable infrastructure

KPIs/metrics

Target deadline: Year

(A1) Sustainability Outcome #1: (Target 1)	Net Zero tCo2e by 2035	2035
(B1) Sustainability Outcome #2: (Target 1)	Companies/Investments that are deriving over 30% of their revenue from clean tech, GICS-Industry is Renewable Electricity, has set an ambitious carbon reduction target, or is a green bond/loan	2025
(C1) Sustainability Outcome #3: (Target 1)	tCo2e/M€	2025
(D1) Sustainability Outcome #4: (Target 1)	Kwh	2025
(E1) Sustainability Outcome #5: (Target 1)	Revenue/Capacity/Generation >5%	2025
(E2) Sustainability Outcome #5: (Target 2)	GICS-Industry oil exploration	2030
(F1) Sustainability Outcome #6: (Target 1)	Engagement process started in accordance with the new principles	2022
(F2) Sustainability Outcome #6: (Target 2)	Engagement process started in accordance with the new principles	2022
(G1) Sustainability Outcome #7: (Target 1)	Biodiversity included in forest industry companies' sustainability policies	2020
(H1) Sustainability Outcome #8: (Target 1)	Kwh	2030
(H2) Sustainability Outcome #8: (Target 2)	tCO2e/M€	2025
(I1) Sustainability Outcome #9: (Target 1)	Engagement process started in accordance with the new principles	2022
(J1) Sustainability Outcome #10: (Target 1)	SDG Index ranking	2020

(J2) Sustainability Outcome #10: (Target 2) The targeted size of the portfolio is 2021
 EUR 500– 1,000 million.

	Coverage: % of assets under management
(A1) Sustainability Outcome #1: (Target 1)	100
(B1) Sustainability Outcome #2: (Target 1)	100
(C1) Sustainability Outcome #3: (Target 1)	40
(D1) Sustainability Outcome #4: (Target 1)	6
(E1) Sustainability Outcome #5: (Target 1)	100
(E2) Sustainability Outcome #5: (Target 2)	100
(F1) Sustainability Outcome #6: (Target 1)	25
(F2) Sustainability Outcome #6: (Target 2)	25
(G1) Sustainability Outcome #7: (Target 1)	1
(H1) Sustainability Outcome #8: (Target 1)	6
(H2) Sustainability Outcome #8: (Target 2)	6
(I1) Sustainability Outcome #9: (Target 1)	25
(J1) Sustainability Outcome #10: (Target 1)	7
(J2) Sustainability Outcome #10: (Target 2)	1

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 3.1	N/A	PUBLIC	Target-setting process	1

Which global goals (or other references) did your organisation use to determine your sustainability outcomes targets? Explain whether you have derived your target from global goals, e.g. by translating a global goal into a target at the national, regional, sub-national, sectoral or sub-sectoral level. Alternatively, explain why you have set your target independently from global goals.

Global goals/references

(A1) Sustainability Outcome #1: (Target 1)	Paris agreement and national goal of reaching carbon neutrality by 2035 (Finland)
(B1) Sustainability Outcome #2: (Target 1)	Paris agreement and national goal of reaching carbon neutrality by 2035 (Finland)
(C1) Sustainability Outcome #3: (Target 1)	Paris agreement and national goal of reaching carbon neutrality by 2035 (Finland)
(D1) Sustainability Outcome #4: (Target 1)	Paris agreement and national goal of reaching carbon neutrality by 2035 (Finland)
(E1) Sustainability Outcome #5: (Target 1)	Various drivers such as Paris Agreement, carbon neutrality and managing climate change related risks.
(E2) Sustainability Outcome #5: (Target 2)	Various drivers such as Paris Agreement, carbon neutrality and managing climate change related risks.
(F1) Sustainability Outcome #6: (Target 1)	In addition to local legislation, we expect our investees to comply with international standards and agreements. This means compliance with the principles of the UN Global Compact initiative on sustainability and social responsibility. The principles of the Global Compact initiative cover the UN Declaration of Human Rights and Convention against Corruption, ILO labour conventions and the Rio Declaration on Environment and Development.

(F2) Sustainability Outcome #6: (Target 2)	In addition to local legislation, we expect our investees to comply with international standards and agreements. This means compliance with the principles of the UN Global Compact initiative on sustainability and social responsibility. The principles of the Global Compact initiative cover the UN Declaration of Human Rights and Convention against Corruption, ILO labour conventions and the Rio Declaration on Environment and Development.
(G1) Sustainability Outcome #7: (Target 1)	The IPBES Global Assessment on Biodiversity and Ecosystem Services has estimated that around 1 million animal and plant species globally are threatened with extinction, many within decades. On the other hand, more than half of the global gross domestic product is partly or largely dependent on nature and its resources, for example in terms of the availability of food and fuels. The depletion of biodiversity jeopardises this dependence. In its global risks landscape 2020, the World Economic Forum (WEF) ranked biodiversity loss among the five most impactful and most likely global risks within the next decade.
(H1) Sustainability Outcome #8: (Target 1)	Paris agreement and national goal of reaching carbon neutrality by 2035 (Finland)
(H2) Sustainability Outcome #8: (Target 2)	Paris agreement
(I1) Sustainability Outcome #9: (Target 1)	In addition to local legislation, we expect our investees to comply with international standards and agreements. This means compliance with the principles of the UN Global Compact initiative on sustainability and social responsibility. The principles of the Global Compact initiative cover the UN Declaration of Human Rights and Convention against Corruption, ILO labour conventions and the Rio Declaration on Environment and Development.
(J1) Sustainability Outcome #10: (Target 1)	Countries are committed to the SDG's.
(J2) Sustainability Outcome #10: (Target 2)	Companies have opportunity to tackle global sustainability issues and they can also contribute to the UN Sustainable Development Goals

Tracking progress

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 3.1	SO 5.1, SO 5.2	PUBLIC	Tracking progress	1

Does your organisation track intermediate performance and progress against your sustainability outcomes targets?

(A1) Sustainability Outcome #1: (Target 1) (1) Yes

(B1) Sustainability Outcome #2: (Target 1) (1) Yes

(C1) Sustainability Outcome #3: (Target 1) (1) Yes

(D1) Sustainability Outcome #4: (Target 1) (1) Yes

(E1) Sustainability Outcome #5: (Target 1) (1) Yes

(E2) Sustainability Outcome #5: (Target 2) (1) Yes

(F1) Sustainability Outcome #6: (Target 1) (1) Yes

(F2) Sustainability Outcome #6: (Target 2) (1) Yes

(G1) Sustainability Outcome #7: (Target 1) (1) Yes

(H1) Sustainability Outcome #8: (Target 1) (1) Yes

(H2) Sustainability Outcome #8: (Target 2) (1) Yes

(I1) Sustainability Outcome #9: (Target 1) (1) Yes

(J1) Sustainability Outcome #10: (Target 1) (1) Yes

(J2) Sustainability Outcome #10: (Target 2) (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5.2	PLUS	SO 5	N/A	PUBLIC	Tracking progress	1

Describe any qualitative or quantitative progress achieved during the reporting year against your sustainability outcomes targets.

(2) Quantitative progress

(A1) Sustainability Outcome #1: (Target 1)	Carbon intensities has been reduced in listed equity, fixed income and real estate investments by 29%, 23% and 47% respectively
(B1) Sustainability Outcome #2: (Target 1)	Climate allocation was approximately 12% of Varma's total investments
(C1) Sustainability Outcome #3: (Target 1)	Carbon intensities has been reduced in listed equity, fixed income and real estate investments by 29%, 23% and 47% respectively
(D1) Sustainability Outcome #4: (Target 1)	Energy savings targets were achieved in 80% of residential and in 60% of business premises as of 2020
(E1) Sustainability Outcome #5: (Target 1)	Companies that relied over 5% of their operations in coal was 1.6% of Varma's direct equity and etf portfolios
(E2) Sustainability Outcome #5: (Target 2)	Varma's exposure to oil exploration companies was 0.5% of listed equity and etf investments
(F1) Sustainability Outcome #6: (Target 1)	In 2020, Varma had two internal engagement process in place to to secure human rights.
(F2) Sustainability Outcome #6: (Target 2)	In 2020, Varma had two internal engagement process in place to to secure labor rights.
(G1) Sustainability Outcome #7: (Target 1)	100% of forest companies in the portfolio

(H1) Sustainability Outcome #8: (Target 1)	At the end of 2020, 19% of district heat and 23% of real estate electricity were emission free. In addition, in 2020, eight business premises owned by Varma switched to fossil-free district heating, i.e. recycled heat. Seven of these also use fossil-free real estate electricity generated using wind power or hydropower, i.e. they are carbon neutral in terms of energy and electricity consumption.
(H2) Sustainability Outcome #8: (Target 2)	Carbon intensity has been reduced in real estate investments by 47% respectively.
(I1) Sustainability Outcome #9: (Target 1)	In 2020, Varma had two internal engagement process in place to prevent corruption and unethical business manners.
(J2) Sustainability Outcome #10: (Target 2)	New investments that promote Varma's selected UN sustainable development goals (SDG) and assist Varma in reaching its own sustainable development targets were 250 million euros.

Investors' individual and collective actions shape outcomes

Investee engagement including voting

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 12	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

What is your organisation's approach to engaging with investees as a means to make progress on your sustainability outcomes? Please discuss the reasons why you have chosen any specific engagement tools to make progress on each of your sustainability outcomes. Please also explain how you combine different engagement tools to advance each sustainability outcome.

Please describe below:

(A) Sustainability Outcome #1:	Encouraging companies to adopt SBT and TCFD and setting emission reduction targets.
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(B) Sustainability Outcome #2:	Encouraging companies to adopt SBT and TCFD and setting emission reduction targets.
(C) Sustainability Outcome #3:	Encouraging companies to adopt SBT and TCFD and setting emission reduction targets.
(D) Sustainability Outcome #4:	Net-Zero Building Initiative as collaborative engagement tool
(E) Sustainability Outcome #5:	Due to limited amount of investments in the oil sector we have participated in to collaborative engagements like Climate Action 100+.
(F) Sustainability Outcome #6:	Contacting companies in order to get better understanding about the situation and then formalizing the engagement process.
(G) Sustainability Outcome #7:	Encouraging companies to identify risks as well as opportunities related to biodiversity and follow the global development of the framework of the Task Force on Nature-related Financial Disclosures (TNFD).
(H) Sustainability Outcome #8:	Net-Zero Building Initiative as collaborative engagement tool
(I) Sustainability Outcome #9:	Contacting companies in order to get better understanding about the situation and then formalizing the engagement process.
(J) Sustainability Outcome #10:	Publicly disclosing that we use SDGs as toolbox for analyzing both companies as well as government bonds.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 14	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2, 5

During the reporting year, in which collaborative initiatives focused on engaging with investees did your organisation or service providers/external investment managers acting on your behalf participate to make progress on your sustainability outcomes?

Please describe below:

(A) Sustainability Outcome #1:

Climate action 100+, Climate Leadership Coalition, Powering Past Coal Alliance, The Task Force on Climate-Related Financial Disclosures, Climate Investment Coalition, Net Zero Carbon Buildings Commitment, Vung Ang and CDP SBT Reporting Campaign.

(B) Sustainability Outcome #2:

Climate action 100+, Climate Leadership Coalition, Powering Past Coal Alliance, The Task Force on Climate-Related Financial Disclosures, Climate Investment Coalition, Net Zero Carbon Buildings Commitment, Vung Ang and CDP SBT Reporting Campaign.

(C) Sustainability Outcome #3:

Climate action 100+, Climate Leadership Coalition, Powering Past Coal Alliance, The Task Force on Climate-Related Financial Disclosures, Climate Investment Coalition, Net Zero Carbon Buildings Commitment, Vung Ang and CDP SBT Reporting Campaign.

(D) Sustainability Outcome #4:

Net Zero Carbon Buildings

(E) Sustainability Outcome #5:

Climate action 100+, Climate Leadership Coalition, Powering Past Coal Alliance, The Task Force on Climate-Related Financial Disclosures, Climate Investment Coalition, Net Zero Carbon Buildings Commitment, Vung Ang and CDP SBT Reporting Campaign.

(F) Sustainability Outcome #6:

4 of the 6 recognized violations in the direct equity and bond portfolio related to social issues, such as limitation of the freedom of association and human rights violations. These companies are located in North and South America. In addition to these internal engagement processes Varma has collaborative engagement regarding social issues in 53 cases

(H) Sustainability Outcome #8:

Net Zero Carbon Buildings

(I) Sustainability Outcome #9:

Access to Medicine, 2 of the 6 recognized violations in the direct equity and bond portfolio related to unethical business operations. These companies are located in Asia and Africa. In addition to these internal engagement processes Varma has collaborative engagement regarding governance issues in 6 cases

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 15	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

Which of the following best describes your organisation's default position regarding collaborative initiatives to engage with investees in order to make progress on your sustainability outcomes?

- (A) We recognise that progress on sustainability outcomes suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis

Systemic stewardship including policy engagement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 18	PLUS	SO 7	N/A	PUBLIC	Systemic stewardship including policy engagement	2, 5

Provide at least one example of how your organisation participated, either directly or via service providers or external investment managers acting on your behalf, in collaborative initiatives to engage policymakers in order to make progress on your sustainability outcomes.

Example:

(A) Sustainability Outcome #1:

Varma joined 2020 The Climate Investment Coalition (CIC). CIC took a first important step on its 2020 roadmap at the Nordic Council's Climate and Environment Ministers Meeting 2020, when the Danish Minister of Climate, Energy and Utilities chaired a Roundtable discussion between Nordic governments and institutional investors on climate investment mobilisation in the coming years. Focus for the discussion was not only on how to solve the climate crisis but also how institutional investors can contribute to the recovery of pandemic affected economies in a climate-friendly way. Climate Investment Coalition mobilises financial commitments from institutional investors towards green investments and shares best practice business models and enabling framework conditions to stimulate global climate action towards 2030.

(B) Sustainability Outcome #2:

Varma joined 2020 The Climate Investment Coalition (CIC). CIC took a first important step on its 2020 roadmap at the Nordic Council's Climate and Environment Ministers Meeting 2020, when the Danish Minister of Climate, Energy and Utilities chaired a Roundtable discussion between Nordic governments and institutional investors on climate investment mobilisation in the coming years. **(response continued in row below)**

Focus for the discussion was not only on how to solve the climate crisis but also how institutional investors can contribute to the recovery of pandemic affected economies in a climate-friendly way. Climate Investment Coalition mobilises financial commitments from institutional investors towards green investments and shares best practice business models and enabling framework conditions to stimulate global climate action towards 2030. In addition, Varma's President and CEO and Climate Leadership Coalition hosted a seminar with the Ownership Steering Department of the Prime Minister's Office discussing key changes in the international climate actions and investor views regarding the reporting policies of companies on climate risks and the related business operations..

(C) Sustainability Outcome #3:

Varma joined 2020 The Climate Investment Coalition (CIC). CIC took a first important step on its 2020 roadmap at the Nordic Council's Climate and Environment Ministers Meeting 2020, when the Danish Minister of Climate, Energy and Utilities chaired a Roundtable discussion between Nordic governments and institutional investors on climate investment mobilisation in the coming years. Focus for the discussion was not only on how to solve the climate crisis but also how institutional investors can contribute to the recovery of pandemic affected economies in a climate-friendly way. Climate Investment Coalition mobilises financial commitments from institutional investors towards green investments and shares best practice business models and enabling framework conditions to stimulate global climate action towards 2030.

(F) Sustainability Outcome #6:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 21	PLUS	SO 7	N/A	PUBLIC	Systemic stewardship including policy engagement	2, 5

Which of the following best describes your organisation's default position regarding collaborative initiatives to engage with policymakers in order to make progress on your sustainability outcomes?

- (A) We recognise that progress on sustainability outcomes suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis