



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input checked="" type="checkbox"/> To enhance corporate transition or identify the need for additional or</li> <li><input checked="" type="checkbox"/> To engage investor ESG disclosure</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in internal staff</li> </ul>	<p><b>Type of engagement</b></p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input checked="" type="checkbox"/> To enhance corporate transition or identify the need for additional or</li> <li><input checked="" type="checkbox"/> To engage investor ESG disclosure</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input type="checkbox"/> To enhance corporate transition or identify the need for additional or</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in service providers</li> </ul>

# RI TRANSPARENCY REPORT

## 2017

Varma Mutual Pension Insurance Company

## About this report

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

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	✓	Public							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04		✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Public	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 16	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 17	Innovative features of approach to RI	✓	Public							✓
SG End	Module confirmation page	✓	-							

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Role of investment consultants/fiduciary managers	✓	Public				✓			
SAM 02	RI factors in selection, appointment and monitoring across asset classes	✓	Public	✓						
SAM 03	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public							✓
SAM 04	ESG incorporation strategies	✓	Public	✓	✓					
SAM 05	Selection processes (LE and FI)	✓	Public	✓						
SAM 06	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	🔒	n/a		✓					
SAM 07.1	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 07.2-5	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 08	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 09	Monitoring on active ownership (listed equity/fixed income)	🔒	n/a	✓						
SAM 10	Percentage of (proxy) votes	🔒	n/a		✓					
SAM 11	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						
SAM 12	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓						✓
SAM 13	Disclosure of RI considerations	✓	Public							✓
SAM End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public							✓
LEI 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 10	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 11	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 12	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 13	ESG issues in index construction	🔒	n/a	✓						
LEI 14	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 15	Measurement of financial and ESG outcomes of ESG incorporation	✓	Public	✓						
LEI 16	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
LEI 17	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagement methods	✓	Public		✓					
LEA 13	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 15	Examples of ESG engagements	-	n/a		✓					
LEA 16	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 20	Confirmation of votes	✓	Public		✓					
LEA 21	Securities lending programme	✓	Public		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Public		✓					
LEA 26	Examples of (proxy) voting activities	-	n/a		✓					
LEA 27	Disclosing voting activities	✓	Public		✓				✓	
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive,active strategies	✓	Public							✓
FI 02	Option to report on <10% assets	🔒	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Public							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Public	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	✓	Public	✓						
FI 08	Negative screening - overview and rationale	✓	Public	✓						
FI 09	Examples of ESG factors in screening process	-	n/a	✓						
FI 10	Screening - ensuring criteria are met	✓	Public	✓						
FI 11	Thematic investing - overview	🔒	n/a	✓						
FI 12	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 13	Thematic investing - assessing impact	🔒	n/a	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	-	n/a	✓						
FI 18	Engagement overview and coverage	✓	Public		✓					
FI 19	Engagement method	✓	Public	✓	✓					
FI 20	Engagement policy disclosure	✓	Public	✓	✓					
FI 21	Financial/ESG performance	✓	Public							✓
FI 22	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI 23	Communications	✓	Public		✓				✓	
FI End	Module confirmation page	✓	-							



Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Breakdown of investments	✓	Public							✓
PR 02	Breakdown of assets by management	✓	Public							✓
PR 03	Largest property types	✓	Public							✓
PR 04	Responsible Property Investment (RPI) policy	✓	Public	✓						✓
PR 05	Fund placement documents and RI	🔒	n/a	✓			✓			✓
PR 06	Formal commitments to RI	🔒	n/a				✓			
PR 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 08	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PR 09	ESG issues impact in selection process	✓	Public	✓						
PR 10	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 11	ESG issues in post-investment activities	✓	Public		✓					
PR 12	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 13	Certification schemes, ratings and benchmarks	✓	Public		✓					
PR 14	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 15	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 16	Proportion of green leases or MOUs referencing ESG issues	✓	Public		✓					
PR 17	Proportion of assets engaged with on community issues	-	n/a		✓					
PR 18	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PR 19	Examples of ESG issues that affected your property investments	✓	Public	✓		✓				
PR 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PR End	Module confirmation page	✓	-							

# Varma Mutual Pension Insurance Company

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01	Mandatory	Public	Gateway/Peering	General
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OO 01.1 Select the type that best describes your organisation or the services you provide.

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

OO 02	Mandatory	Public	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Finland

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

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

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

FTE

538

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Public	Gateway/Peering	General
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**OO 04.1** Indicate the year end date for your reporting year.

31/12/2016

**OO 04.2** Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		42	852	800	000
Currency	EUR				
Assets in USD		45	861	216	930

**OO 06** **Mandatory** **Public** **Descriptive** **General**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**OO 06.1** How you would like to disclose your asset class mix.

- as percentage breakdown
- as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	10-50%
Fixed income	10-50%	<10%
Private equity	<10%	<10%
Property	<10%	<10%
Infrastructure	0	<10%
Commodities	0	0
Hedge funds	0	10-50%
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0

Other (1), specify	<10%	0
Other (2), specify	0	0

	'Other (1)' specified
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Loan receivables

<b>OO 06.2</b>	Publish our asset class mix as per attached image [Optional].
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<b>OO 07</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 07.1</b>	Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.
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<b>Internally managed</b>	SSA	54
	Corporate (financial)	18
	Corporate (non-financial)	28
	Securitised	0
	Total	100%
<b>Externally managed</b>	SSA	36
	Corporate (financial)	15
	Corporate (non-financial)	49
	Securitised	0
	Total	100%

<b>OO 08</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Peering</b>	<b>General</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>OO 08.1</b>	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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Asset class breakdown	Segregated mandate(s)	Pooled fund(s)
[a] Listed equity	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %
[b] Fixed income - SSA	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[c] Fixed income – Corporate (financial)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[d] Fixed income – Corporate (non-financial)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[e] Fixed income – Securitised	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[f] Private equity	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %
[g] Property	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[h] Infrastructure	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[j] Hedge funds	<input type="radio"/> 0% <input type="radio"/> <10%	<input type="radio"/> 0% <input type="radio"/> <10%

	<input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Total externally managed assets	<i>Please ensure the entire table (both columns combined) totals to 100%</i>	

OO 09	Mandatory to Report Voluntary to Disclose	Public	Peering	General
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**OO 09.1** Indicate the breakdown of your organisation's AUM by market.

Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total</i>	<i>100%</i>

**Gateway asset class implementation indicators**

OO 10	Mandatory	Public	Gateway	General
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**OO 10.1** Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.

- We incorporate ESG in our investment decisions on our internally managed assets
- We address ESG incorporation in our external manager selection, appointment and/or monitoring processes
- We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

**OO 10.2** Select the direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.

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



<b>OO 10.3</b>	Select the direct or indirect voting activities your organisation implemented for listed equity in the reporting year
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- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

<b>OO 11</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 11.1</b>	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
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- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Private equity
- Property
- Cash
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]
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Loan receivables

<b>OO 11.2</b>	Select the externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)
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- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Private equity
- Property
- Infrastructure
- Hedge funds
- None of the above

<b>OO 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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**You will need to make a selection in OO 12.1 only if you have any voluntary modules that you can choose to report on.**

<b>OO 12.1</b>	Select from below any additional applicable modules or sections you would like to report on voluntarily. You are only required to report on asset classes that represent 10% or more of your AUM.
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## Core modules

- Organisational Overview
- Strategy and Governance

## RI implementation directly or via service providers

### Direct - Listed Equity incorporation

- Listed Equity incorporation

### Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

### Direct - Fixed Income

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

### Direct - Other asset classes with dedicated modules

- Property

## RI implementation via external managers

### Indirect - Selection, Appointment and Monitoring of External Managers

- Listed Equities
- Private Equity
- Property

## Closing module

- Closing module

# Varma Mutual Pension Insurance Company

## Reported Information

### Public version

### Strategy and Governance

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## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) <b>Ethical exclusions</b> <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Processes / approaches to incorporating ESG
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4** Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

**SG 01.5** Describe your organisation’s investment principles, and overall investment strategy, and how they consider ESG factors and real economy impact.

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

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

Real economy impact is challenging to define and measure. In our direct investments we measure and report annually the carbon footprint for listed equities, corporate bonds and property. Our climate policy's main objective is incorporate the 2-degree target into our investment processes and investments .This is a longer term objective which may have real impact through our engagement with our investees and reweighting of investments. As for external assets, currently our best way to impact the real world is to encourage integration of ESG by the asset managers.

No

SG 02	Mandatory	Public	Core Assessed	PRI 6
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1** Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

	URL/Attachment
--	----------------

- URL

URL

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varman-vastuullisen-sijoittamisen-periaatteet-eng.pdf>

- Attachment (will be made public)
- Asset class-specific RI guidelines

URL/Attachment

- URL

URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

- Attachment (will be made public)
- Screening / exclusions policy

URL/Attachment

- URL

URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

- Attachment (will be made public)
- Engagement policy

URL/Attachment

- URL

URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

- Attachment (will be made public)
- (Proxy) voting policy

URL/Attachment

- URL

URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

- Attachment (will be made public)
- Other, specify (1)
- We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varman-vastuullisen-sijoittamisen-periaatteet-eng.pdf>

- Attachment
- Processes / approaches to incorporating ESG

URL/Attachment

- URL

URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

- Attachment
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches

URL/Attachment

- URL

URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

Attachment

Active ownership approaches

URL/Attachment

URL

URL

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/omistajaohjaus-eng.pdf>

Attachment

Reporting

We do not publicly disclose any investment policy components

**SG 02.3** Indicate if your organisation's investment principles, and overall investment strategy is publicly available

Yes

No

<b>SG 03</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>General</b>
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**SG 03.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

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

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

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

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

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

No

<b>SG 04</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 04.1</b>	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.
----------------	---

- Yes
- No

<b>SG 04.2</b>	Describe your process on managing incidents
----------------	---

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

## Objectives and strategies

<b>SG 05</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway/Core Assessed</b>	<b>General</b>
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<b>SG 05.1</b>	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
----------------	---

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

<b>SG 06</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 06.1</b>	List the main responsible investment objectives that your organisation set for the reporting year.
----------------	--

	Responsible investment processes
--	----------------------------------

- Provide training on ESG incorporation

	Key performance indicator
--	---------------------------

Delivery of training

	Progress achieved
--	-------------------

2 events arranged on the topic of climate change. One covered the scientific basis of climate change. The other event was about climate change impact in investments: how carbon footprint is measured, how and which companies report on climate and the idea and theory behind the term carbon bubble.

- Provide training on ESG engagement

Key performance indicator

Delivery of training

Progress achieved

Training arranged on engagement based on our norm based screening.

- Improved communication of ESG activities within the organisation

Key performance indicator

More visibility for RI in investments.

Progress achieved

Varma's CSR program was published in the beginning of 2016. The program includes goals for investments. Varma had two Studia Generalia events during the year where a representant of the investment department presented Varma's RI work.

- Improved engagement to encourage change with regards to management of ESG issues
- Improved ESG incorporation into investment decision making processes

Key performance indicator

% of assets analysed for ESG issues

Progress achieved

The work is still ongoing. The percentage is steadily rising but there are differences between asset classes. This is, however, part of our regular meetings on RI issues and systematically followed.

- Other, specify (1)

Climate policy for Varma's investments

Key performance indicator

Climate policy published

Progress achieved

Varma's climate policy was published in May 2016. We published also carbon footprints for listed equities and corporate bonds as well as direct property. The policy covers both direct and indirect investments.

- Other, specify (2)
- Other, specify (3)

Financial performance of investments

- Increase portfolio performance by consideration of ESG factors

Key performance indicator

% of assets analysed for ESG issues

Progress achieved

The same as above.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics

Key performance indicator

% of assets analysed for ESG issues

Progress achieved

Same as above

- Improve ESG ratings of portfolio
- Setting carbon reduction targets for portfolio

Key performance indicator

Setting of targets

Progress achieved

We set targets for carbon reduction in our Climate Policy for Investments.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

Other activities

- Joining and/or participation in RI initiatives
- Encouraging others to join a RI initiative

	Key performance indicator
--	---------------------------

% of assets managed by managers who are either signatories to PRI or have their own RI guidelines

	Progress achieved
--	-------------------

The percentage is on a high level.

- Documentation of best practice case studies
- Using case studies to demonstrate engagement and ESG incorporation to clients
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

## Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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<b>SG 07.1</b>	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
----------------	---

	Roles present in your organisation
--	------------------------------------

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify  
**Directors for asset classes**

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)
- Other role, specify (2)

<b>SG 07.2</b>	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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Varma's Board of Directors has approved Varma's Responsible Investment Principles. Varma's CIO is responsible for the oversight and general implementation of the Principles. The directors for asset classes are responsible for the asset class specific policies and implementation of the policies. Portfolio managers have the responsibility for integrating ESG issues into the investment decision-making. Varma has one full time employee for responsible investment who co-ordinates and develops RI within Varma.

<b>SG 07.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
----------------	--

Number
--------

1

<b>SG 08</b>	Voluntary	Public	Additional Assessed	General
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<b>SG 08.1</b>	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
----------------	---

**Board members/Board of trustees**

- Responsible investment included in personal development and/or training plan
- None of the above

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Other C-level staff or head of department**

**Directors for asset classes**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Portfolio managers**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Dedicated responsible investment staff**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Promoting responsible investment**

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
---------	---

**Select all that apply**

- Principles for Responsible Investment

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

- Basic
- Moderate
- Advanced

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

Varma's Head of Hedge Fund Investments has been a member of PRI's Hedge Fund Steering Committee since 2014.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

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

- Basic
- Moderate
- Advanced
  
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
FINSIF, Finlands sustainable investment forum



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

- Basic
- Moderate
- Advanced
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

<b>SG 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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<b>SG 10.1</b>	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

<b>SG 10.2</b>	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

<b>SG 11</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 4,5,6</b>
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<b>SG 11.1</b>	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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Yes

No

**Implementation not in other modules**

SG 12	Mandatory	Public	Descriptive	PRI 1
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 12.1</b>	Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.
----------------	--

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

<b>SG 12.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
----------------	---

- We do the following
- We do not consider ESG issues in strategic asset allocation

SG 13	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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<b>SG 13.1</b>	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you act on.
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- Changing demographics
- Climate change

<b>SG 13.2</b>	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
----------------	--

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

	other description
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- Scenario analysis for listed equity investments in specific carbon intensive sectors
- None of the above

**SG 13.3** | Indicate which of the following tools you use to manage emissions risks and opportunities

- Carbon footprinting
- Scenario testing
- Disclosure on emissions risk to clients/trustees/management/beneficiaries

**SG 13.4** | If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

We published our carbon footprint for listed equities, corporate bonds and direct property investments.

- Target setting for emissions risk reduction
- Encourage internal and/or external portfolio managers to monitor emissions risk
- Emissions risk monitoring and reporting are formalised into contracts when appointing managers
- Other, specify
- None of the above
- Resource scarcity
- Technology developments
- Other, specify(1)
- Other, specify(2)
- None of the above

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 14.1** | Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes

**SG 14.2** | Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

<b>Area</b>
-------------

- Clean technology (including renewable energy)

Asset class invested
----------------------

- Listed equity
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property
- Hedge funds

% of AUM
----------

1

Brief description of investment
---------------------------------

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

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

No

SG 16	Mandatory	Public	Descriptive	General
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SG 16.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
---------	--

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Hedge funds	Varma has a hedge fund specific responsible investment policy in place. As well, there is a specific ESG questionnaire related to the policy. Hedge fund managers need to fill in our ESG questionnaire before investment decision will be made by Varma. Thus, ESG aspects are part of investment considerations and due diligence. Varma engages with managers on RI topics.

## Innovation

SG 17

Voluntary

Public

Descriptive

General

SG 17.1

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

Yes

SG 17.2

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

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

No

# Varma Mutual Pension Insurance Company

## Reported Information

### Public version

### Indirect – Manager Selection, Appointment and Monitoring

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

<b>SAM 01</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SAM 01.1** Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- Yes, we use investment consultants
- Yes, we use a fiduciary manager that delegates management of some or all of our assets to third-party managers.
- No, we do not use investment consultants or fiduciary managers.

<b>SAM 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 1</b>
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**SAM 02.1** Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**SAM 02.2** Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

Varma's external investments include listed equity funds, private equity funds, hedge funds and property funds.

### Active equity funds

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

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

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

We score the managers in selection and monitoring phase based on the answers to our RI questionnaire, managers' published RI material and discussions with the manager, especially with the portfolio manager. ESG issues are part of the discussions in fund meetings. In addition we screen all our active equity funds biannually for companies with breaches of international norms and conventions.

### Private Equity

Varma Private Equity Team manages PE and infrastructure funds and also makes coinvestments. Evaluation and assessment of the fund managers' RI principles has been incorporated into our investment and portfolio management processes.

Varma requires its PE managers to have RI principles either as a separate policy or part of other policies. Varma actively encourages our current PE managers to sign up to PRI. We also require managers to report on ESG issues, preferably as a part of regular fund reporting.

As a large investor, Varma has often the opportunity to be represented in the Advisory Board or Investor Committees of the funds. We use this channel actively to promote ESG issues.

### Real Estate Funds

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

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

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

## Listed Equity and Fixed Income Strategies

<b>SAM 03</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>SAM 03.1</b>	Provide a breakdown of your externally managed listed equities and fixed income by passive, active quant and, active fundamental and other active strategies.
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Listed equity (LE)	Passive	80
	Active - quantitative (quant)	0
	Active - fundamental and active - other	20
	100%	

<b>SAM 04</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 1,2</b>
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<b>SAM 04.1</b>	Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf:
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Active investment strategies

Active investment strategies	Listed Equity				
Screening	<input checked="" type="checkbox"/>				
Thematic	<input type="checkbox"/>				
Integration	<input checked="" type="checkbox"/>				
None of the above	<input type="checkbox"/>				

Passive investment strategies

Passive investment strategies	Listed Equity				
Screening	<input type="checkbox"/>				
Thematic	<input type="checkbox"/>				
Integration	<input type="checkbox"/>				
None of the above	<input checked="" type="checkbox"/>				

**SAM 04.2**

Explain how you integrate ESG factors in the selection, appointment and monitoring of your passive funds

We have not included ESG criteria in our general selection and monitoring of passive funds, however, equity ETFs are included in our carbon footprint reporting.

**SAM 04.3**

Additional information. [Optional]

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

We require that the manager for a active equity fund has a responsible investment policy and practices which we review and score. Exceptions can be made depending on the profile of the fund and 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. We prefer the integration strategy where ESG is fully integrated into the investment decision process. Screening can be used to support this strategy.

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.

**Selection**

**SAM 05**

**Mandatory**

**Public**

**Core Assessed**

**PRI 1**

**SAM 05.1**

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

	LE						Private equity	Property
Investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG incorporation requirements	<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
No RI information covered in the RFPs	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>

**SAM 05.2**

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

**Strategy**

	LE						Private equity	Property
Assess the time horizon of the investment manager’s investment strategy	<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the investment approach and how ESG objectives are implemented in the investment process (asset class specific)	<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the ESG definitions to be used	<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>

**ESG people/oversight**

	LE					Private equity	Property	
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review the ownership of the ESG implementation	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	

Process/portfolio construction/investment valuation

	LE					Private equity	Property	
Review the process ensuring the quality of the ESG data used	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
Review and agree the investment decision making process (and ESG data use in it)	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
Review and agree the ESG incorporation strategy impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
Review and agree how the manager is targeting returns and ESG objectives	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review and agree how the manager identifies, measures and manages ESG risk	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review and agree return and risk in combination at a portfolio level (portfolio construction) and ESG objectives	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
Review how ESG materiality is evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other, specify	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	

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

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

**SAM 05.3** Describe the selection process

- Review responses to RfP, RfI, DDQ etc.
- Review Limited Partners' Responsible Investment Due Diligence Questionnaire (PE DDQ)
- Review publicly available information
- Review assurance process
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers
- Site visits to potential managers offices
- Other, specify

**SAM 05.4** When selecting external managers does your organisation set any of the following:

	LE					Private equity	Property	
ESG score	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
ESG weight	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
Real world economy targets	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>					<input checked="" type="checkbox"/>	<input type="checkbox"/>	

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

Varma launched climate change policy in May 2016. We encourage managers to develop a climate change policy. In active equity funds we require at least regular carbon footprint reporting.

**Appointment**

**SAM 07.1**

**Mandatory**

**Public**

**Core Assessed**

**PRI 1**

**SAM 07.1**

Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment

- Sets standard or ESG benchmarks
- Defines ESG objectives
- Sets incentives and controls linked to the objectives
- Requires reporting on these objectives
- None of the above
- None of the above, we invest only in pooled funds and have a thorough selection process

**SAM 07.2-5****Mandatory****Public****Core Assessed****PRI 1****SAM 07.2**

Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

Asset class

- Listed equity (LE)

Benchmark

- We do not set benchmarks

Objectives

- We do not define ESG objectives

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- We do not require the reporting on ESG objectives

- Private equity

Benchmark

- We do not set benchmarks

Objectives

- We do not define ESG objectives

Incentives and controls

- We do not set incentives and controls

Reporting requirements

We do not require the reporting on ESG objectives

Property

Benchmark

We do not set benchmarks

Objectives

We do not define ESG objectives

Incentives and controls

We do not set incentives and controls

Reporting requirements

We do not require the reporting on ESG objectives

**SAM 07.5** Provide additional information relevant to your organisation's appointment processes of external managers. [OPTIONAL]

In equities we only invest in pooled equity funds and have a thorough selection process. In real estate funds we prefer funds with high scores by GRESB. In private equity we benchmark managers against each other and best practices on qualitative basis.

Monitoring

<b>SAM 08</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**SAM 08.1** When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates from the investment manager in meetings/calls

	LE					Private equity	Property	
ESG objectives linked to investment strategy	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG incorporation objectives (with examples)	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ESG portfolio characteristics	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input type="checkbox"/>	
How ESG materiality has been evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Information on any ESG incidents	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Metrics on the real economy influence of the investments	<input type="checkbox"/>					<input type="checkbox"/>	<input checked="" type="checkbox"/>	
PRI Transparency Reports	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
PRI Assessment Reports	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
Other general RI considerations in investment management agreements; specify	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	

**SAM 08.2**

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

	LE					Private equity	Property	
ESG score	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
ESG weight	<input checked="" type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
Real world economy targets	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	

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

Varma launched a climate change policy in May 2016. We reviewed and scored our existing active equity managers' climate change policies and approaches in Autumn 2016. We require active equity funds to report their carbon footprint annually from 2017 on (or at least equivalent reporting). We monitor actively the development in climate change theme reporting in the coming years.

## Outputs and outcomes

<b>SAM 11</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SAM 11.1**

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

%

43

**SAM 11.2**

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

- Encourage improved RI practices with existing investment managers

Measures

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

- Move assets over to investment managers with better RI practices

Measures

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

- Other, specify
- None of the above

<b>SAM 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,6</b>
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**SAM 12.1**

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

- Add Example 1



Topic or issue	Selecting a new active fund
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Private equity <input type="checkbox"/> Property
Scope and process	We were selecting a new active fund into our equity fund portfolio. One short listed manager had beside a good and transparent general investment process and strong track record, a strong focus on ESG. After a comprehensive DD process and discussions with the investment team and ESG specialist, we came to a conclusion that they have thoroughly incorporated ESG in their investment process and have high RI standards. The manager scored high in our ESG and general fund ranking.
Outcomes	We decided to invest in the fund.

Add Example 2

Topic or issue	Climate change review of existing funds
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Private equity <input type="checkbox"/> Property
Scope and process	We launched a climate change policy in May 2016 and sent out questionnaires to our existing active equity managers for reviewing if they have a climate change policy and how they approach to it. We scored the managers according to their answers and reports for getting a better picture on how they perform in climate change space.
Outcomes	Managers seemed to be in very different development stages and we will monitor their development process on climate change in the future as well as ask them to report on their carbon footprint annually. We will also include climate change specific questions in our general RI questionnaire that we send out to managers in the selection process.

Add Example 3

Topic or issue	ESG review of existing funds
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Private equity <input type="checkbox"/> Property
Scope and process	We have evaluated our active equity managers' ESG policy and practices at the selection process for some years. In 2016 we did a comprehensive review and scoring for all our active fund managers.
Outcomes	Reviewing and scoring gave us a good picture on how our managers perform compared to each other. We will monitor and give feedback on especially to the managers that we think that can significantly improve their ESG practices.

Add Example 4

Topic or issue	ESG review of existing funds
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input checked="" type="checkbox"/> Private equity <input type="checkbox"/> Property
Scope and process	In private equity we have mapped ESG frameworks, practices, and reporting of all core managers during 2016 and set internal score for each.
Outcomes	We will deepen the evaluation during 2017 and establish further guidelines on how the assessment should guide allocation to managers.

Add Example 5

We are not able to provide examples

## Communication

<b>SAM 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**SAM 13.1**

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

- Yes, we disclose information publicly

provide URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

**SAM 13.2**

Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

- Yes

**SAM 13.3**

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
- Details of the responsible investment activities carried out by managers on your behalf
- E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
- Other, specify

- No

- Yes, we disclose information to clients/beneficiaries only
- We do not proactively disclose information to the public and/or clients/beneficiaries

**SAM 13.4**

Additional information. [Optional]

We disclose information about our responsible investment practices in indirect investments in our PRI Report which is available on our website. The PRI Reporting for 2016 will be published during the first half of 2017 on Varma's website.

# Varma Mutual Pension Insurance Company

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

LEI 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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**LEI 01.1** Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

### Percentage of internally managed listed equities

	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
	Total	100%

## ESG incorporation in actively managed listed equities

### Implementation processes

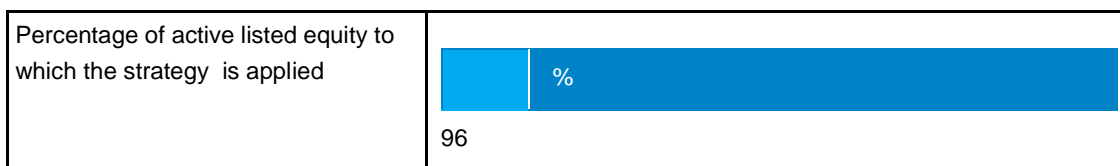
LEI 03	Mandatory	Public	Gateway	PRI 1
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

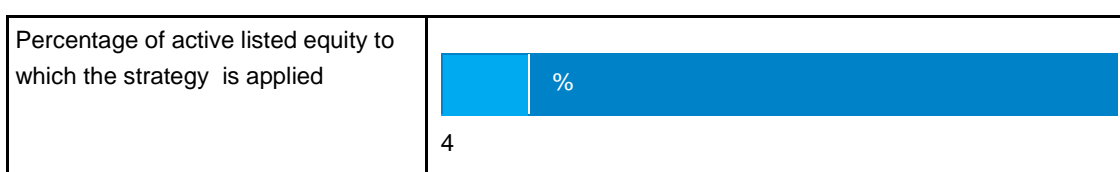
**LEI 03.1** Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening and Integration strategies



- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined



- We do not apply incorporation strategies



100%

<b>LEI 03.2</b>	<b>Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.</b>
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We expect our listed investee companies to comply with international norms and conventions for corporate responsibility. We screen our portfolios biannually based on norms to ensure that our investees fulfill the minimum level of corporate conduct. We engage with companies with severe and long term norm breaches and exclude the companies in cases where our engagement is not successful within a preset timeframe.

We have excluded tobacco companies and nuclear weapon manufacturers from our direct investments for ethical reasons. We also exclude utility companies with more than 33% of their power production from thermal coal. Exclusion of tobacco and nuclear weapons and utility companies with more than 33% of their power production from thermal coal also applies to all our direct listed investments.

The companies which fulfill the criteria above are analysed for ESG issues on a company or sector level. Our aim is to integrate financially material ESG criteria into our investment process to improve the risk-return rate of our investments. The analysis is done by portfolio managers with help of external ESG research and applies to all active equity investments.

In addition, Varma established in 2016 a thematic sustainability portfolio. The sustainability portfolio concentrates its investments in sectors and companies which are well placed to benefit from sustainability issues and trends. This includes companies which benefit from mitigating climate change, are not too exposed to the risks of that or have themselves set carbon reduction targets. All of the investments are in developed markets. The size of the portfolio was appr. 400m euros in the year end.

<b>LEI 04</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 04.1</b>	<b>Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.</b>
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**Type of ESG information**

- Raw ESG company data
- Company-related analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Sector-related analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Country-related analysis or ratings
- Screened stock list

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- ESG issue-specific analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Other, specify

**LEI 04.2**

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

ESG information is mainly sourced from companies themselves by our portfolio managers and from ESG research providers. Sell-side is another important source of information for company, sector and thematic ESG reports. ESG issue-specific analysis consisted in 2016 mainly of climate issues.

**LEI 04.3**

Indicate if you incentivise brokers to provide ESG research.

- Yes

**LEI 04.4** Describe how you incentivise brokers.

Brokers who provide us with high quality ESG research are compensated with higher commissions.

No

**LEI 05** Voluntary Public Additional Assessed PRI 1

**LEI 05.1** Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

Engagement

- We have a systematic process to ensure the information is made available.
- We occasionally make this information available.
- We do not make this information available.

(Proxy) voting

- We have a systematic process to ensure the information is made available.
- We occasionally make this information available.
- We do not make this information available.

**LEI 05.2** Additional information. [Optional]

The information about engagement and voting is available to the relevant portfolio managers.

## (A) Implementation: Screening

**LEI 06** Mandatory Public Descriptive PRI 1

**LEI 06.1** Indicate and describe the type of screening you apply to your internally managed active listed equities.

### Type of screening

Negative/exclusionary screening

#### Screened by

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



Description
-------------

Our exclusions apply to our direct investments. We exclude tobacco and nuclear weapons companies. In addition, we exclude utility companies with more than 33% of their power production from thermal coal.

- Positive/best-in-class screening
- Norms-based screening

**Screened by**

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

Description
-------------

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

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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In our norm based screening the screening criteria are based on a list of relevant norms and conventions based on conventions and guidelines by OECD and the UN, among others. We have discussed the relevant criteria internally and decided to use a detailed list provided by our external service provider. In 2016 our external service provider was Swedish GES who provides us both screening and engagement services.

The criteria are reviewed when needed.

LEI 07	Mandatory	Public	Core Assessed	PRI 1
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LEI 07.1

Indicate which processes your organisation uses to ensure screening is based on robust analysis.

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

LEI 08

Voluntary

Public

Additional Assessed

PRI 1

LEI 08.1

Indicate which processes your organisation uses to ensure fund criteria are not breached

- Systematic checks are performed to ensure that stocks meet the funds' screening criteria.
- Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- Audits of fund holdings are undertaken regularly by internal audit function
- Other, specify  
Portfolio managers participate in biannual meetings about screening and engagement. This guarantees up to date information.
- None of the above

LEI 08.2

If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.

We discuss the reasons for the breach to determine how to improve our processes and avoid further breaches. The shares are sold within a short period of time.

Our ethical exclusions criteria have been implemented several years ago and all our investment staff are aware of the criteria. We have not had breaches for a long time.

## (B) Implementation: Thematic

LEI 09

Mandatory

Public

Descriptive

PRI 1

LEI 09.1

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

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

## (C) Implementation: Integration of ESG issues

LEI 10	Mandatory	Public	Core Assessed	PRI 1
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**LEI 10.1** Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues	
Environmental	<table border="1"> <tr> <td style="background-color: #0070C0; color: white;">Environmental</td> </tr> </table> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly</li> <li><input type="radio"/> We do not review environmental issues</li> </ul>	Environmental
Environmental		
Social	<table border="1"> <tr> <td style="background-color: #0070C0; color: white;">Social</td> </tr> </table> <ul style="list-style-type: none"> <li><input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly</li> <li><input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly</li> <li><input type="radio"/> We do not review social issues</li> </ul>	Social
Social		
Corporate Governance	<table border="1"> <tr> <td style="background-color: #0070C0; color: white;">Corporate Governance</td> </tr> </table> <ul style="list-style-type: none"> <li><input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly</li> <li><input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly</li> <li><input type="radio"/> We do not review corporate governance issues</li> </ul>	Corporate Governance
Corporate Governance		

**LEI 10.2** Additional information. [Optional]

Varma published its climate policy for investments in 2016. We did in 2016 also a climate change impact assessment and a systematic review of climate change issues within sectors. We reported the carbon footprint for listed equities based on year end 2015 and followed up on the calculations during the year.

As for other ESG issues, the process to further integrate ESG into investment decisions was developed during the year 2016. For most of sectors under active coverage we did a systematic ESG review to identify relevant issues.

LEI 11	Voluntary	Public	Additional Assessed	PRI 1
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**LEI 11.1**

Indicate which processes your organisation uses to ensure ESG integration is based on a robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Company information and/or ratings on ESG are updated regularly
- A periodic review of the quality of the research undertaken or provided is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Other, specify

Our portfolio managers assess relevant ESG issues on sector, Company or portfolio basis. This is followed up in different ways.

- None of the above

**LEI 11.2**

Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

**LEI 12****Mandatory to Report Voluntary to Disclose****Public****Core Assessed****PRI 1**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEI 12.1**

Indicate which aspects of investment analysis you integrate ESG information into.

- Economic analysis
  - Systematically
  - Occasionally
- Industry analysis
  - Systematically
  - Occasionally
- Quality of management
  - Systematically
  - Occasionally
- Analysis of company strategy
  - Systematically
  - Occasionally
- Portfolio construction
- Fair value/fundamental analysis
  - Systematically
  - Occasionally

**LEI 12.2b**

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.

- Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- Adjustments to valuation tools (discount rates, terminal value)
- Other adjustments to fair value projections, specify

**LEI 12.4b**

Describe the methods you have used to adjust the income forecast / valuation tool

ESG issues may impact forecasts for company sales through reduced demand for example fossil fuel based electricity or ICE cars.

ESG issues may impact the discount rate and lower terminal value used in valuation through a higher risk premium for example for oil & gas companies. The long term viability of the companies' business model is questionable.

- Other, specify

**LEI 12.5**

Additional information.

We integrate ESG analysis into several aspects of analysis . The relevance of ESG issues varies by sector/country/company, however, and thus the amount of analysis needed varies as well.

**Outputs and outcomes**

<b>LEI 14</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**LEI 14.1**

Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.

Screening

Describe any reduction in your starting investment universe or other effects.

We have excluded tobacco and nuclear weapon companies from our direct investments. In addition we have excluded some companies based on continuous and severe breaches against international norms and conventions. We also exclude utility companies with over 33% of power production from thermal coal.

The exclusions do not have a significant effect on our investment universe.

Specify the percentage reduction (+/- 5%)

%

5

Thematic

Integration of ESG issues

Select which of these effects followed your ESG integration:

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level
- Overweight/underweight at stock level
- Buy/sell decisions
- Other, specify
- None of the above

**LEI 15**

**Voluntary**

**Public**

**Additional Assessed**

**PRI 1**

**LEI 15.1**

Indicate whether your organisation measures how your approach to ESG issues in listed equity investments has affected financial and/or ESG performance.

We measure whether our approach to ESG issues impacts funds' reputation

a) Funds' reputation

Describe the impact on:	Describe the impact	Which strategies were analysed?
<b>Funds' reputation</b>	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<div style="border: 1px solid black; background-color: #cccccc; padding: 2px;">Which strategies were analysed?</div> <input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input checked="" type="checkbox"/> Thematic

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

Describe the impact on:	Describe the impact	Which strategies were analysed?
<b>Funds' ESG performance</b>	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Thematic

- None of the above

**LEI 15.2** Describe how you are able to determine these outcomes.

**Impact on reputation**

Our norm-based screening ensures we either engage with or do not invest in companies with severe breaches of corporate responsibility norms. This makes sure we do not get any unpleasant surprises and always have the most recent information easily available.

Integration of ESG benefits our reputation similarly as we systematically cover a wider range of issues and risks. Our climate policy is a good example of this.

**Direct equities' ESG performance**

We did a thorough climate impact analysis and calculated carbon footprints for equity investment. The results are published on our website and show that our carbon footprint is at a lower level than our benchmark index.

**Communication**

<b>LEI 17</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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**LEI 17.1** Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

Provide URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

**LEI 17.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**LEI 17.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**LEI 17.4**

Indicate how frequently you typically report this information.

- Quarterly or more frequently
  - Biannually
  - Annually
  - Less frequently than annually
  - Ad-hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 17.7**

Additional information. [Optional]

We disclose information about our responsible investment practices in listed equity in our PRI report which is available on our website. The PRI Report 2017 will be published during the first half of 2017.



# Varma Mutual Pension Insurance Company

## Reported Information

### Public version

### Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Engagement

### Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 01.1

Indicate whether your organisation has a formal engagement policy.

Yes

LEA 01.2

Indicate what your engagement policy covers:

- Conflicts of interest
- Prioritisation of engagements
- Transparency
- Environmental factors
- Social factors
- Governance factors
- Engagements following on from decisions
- Other, describe
- None of the above

LEA 01.3

Attach or provide a URL to your engagement policy. [Optional]

URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

LEA 01.4

Provide a brief overview of your organization's approach to engagement

Varma's goal with engagement is to improve corporate ESG performance. We meet companies regularly and bring ESG items on the meeting agenda if needed. Corporate governance issues are often on agenda but we take up also environmental and social issues.

Shareholders' nomination committees form a significant part of our engagements. E.g. diversity is among the criteria we consider when participating in the committee's work. Varma participated in 20 shareholder nomination committees (listed on Varma's website) in the 2016 AGM season.

We engage with companies regularly on the basis of the results of our norm based screening. Our goal is to engage with companies with severe and long term violations of international norms and conventions. We discuss with the companies in question directly if we are a significant and long term shareholder. In case our ownership stake is small the discussions are usually carried out by an external service provider. Varma will consider selling its holdings in the company if the engagement process is not successful in longer term.

We engage also with companies not in our portfolio. Usually this includes companies with severe breaches of international norms and our aim is to improve the companies' management of the issues.

No

LEA 02	Mandatory	Public	Gateway	PRI 1,2,3
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LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
----------	--

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

LEA 02.2	Additional information. [Optional]
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Varma's process with engagement depends on the type of engagement and on the size of our holdings. We engage directly with companies where we are a significant shareholder.

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

We have not participated in collaborative engagements in 2016. We are quite willing to participate in collaborative engagements in the future if and when suitable opportunities arise. We have been mapping collaborative engagements related e.g. to carbon disclosure in 2016.

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

## Process

### Process for engagements run internally

LEA 03	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
----------	---

Yes

LEA 03.2	Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.
----------	--

- Geography/market of the companies targeted
- Materiality of ESG factors
- Systemic risks to global portfolios
- Exposure (holdings)
- In reaction to ESG impacts which has already taken place
- As a response to divestment pressure
- As a follow-up from a voting decision
- Client request
- Other, describe

No

LEA 03.3	Additional information. [Optional]
----------	------------------------------------

We prioritise engagements with companies where there are significant ESG issues and we are significant shareholders.

We published our Climate Policy for investments in 2016 which will form a part of our engagement in the future.

We engage with companies in reaction to ESG impacts typically when an investee company has breached international norms and conventions.

We also engage with companies in cases where we have voted against the proposal on agenda. Our policy is to inform the companies before the AGM in these cases.

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 04.1	Indicate if you define specific objectives for your engagement activities.
----------	--

Yes

- Yes, for all engagement activities
- Yes, for the majority of engagement activities
- Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out by internal staff.

**LEA 04.2** Indicate if you monitor the actions that companies take following your engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out by internal staff.

**LEA 04.3** Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.

- Yes

**LEA 04.4** Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities carried out by internal staff.

- Define timelines for milestones and goals
  - Tracking, monitoring progress against defined milestones and goals
  - Establish a process for when the goals are not met
  - Revisit and, if necessary revise goals on continuous basis
  - Other, please specify
- No

### Process for engagements conducted with/on your behalf by service providers

**LEA 07**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2,4**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 07.1** Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- Yes

**LEA 07.2**

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

- Discuss the topic (or ESG issue(s)) of engagement
- Discuss the rationale for engagement
- Discuss the objectives of the engagement
- Select the companies to be engaged with
- Discuss the frequency/intensity of interactions with companies
- Discuss progress towards the engagement objectives
- Monitor and review outcomes that have been achieved from the engagement
- Discuss next steps for engagement activity
- Participate directly in certain engagements with your service provider
- Ad hoc monitoring and review of engagement processes.
- Other, specify

No

**LEA 07.3**

Additional information. [Optional]

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

The rationale and objective of the engagement cases are quite clear. The goal is for the companies to change their behaviour and comply with the relevant norms. We choose the companies to be engaged with and follow up with the cases when needed and at least twice a year.

**LEA 08****Mandatory****Public****Core Assessed****PRI 2,6****LEA 08.1**

Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

**LEA 08.2** Additional information. [Optional]

We discuss the engagement cases and decide on next steps twice a year in an internal meeting with the listed securities team. The portfolio managers are responsible for presenting the cases and suggesting next steps for the companies within their investment universe. Varma's Director for Listed Securities makes the final decisions.

**General processes for all three groups of engagers**

<b>LEA 09</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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**LEA 09.1** Indicate if insights gained from your engagements are shared with your internal or external investment managers.

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

<b>LEA 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 2</b>
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**LEA 10.1** Indicate if you track the number of engagements your organisation participates in.

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

**Outputs and outcomes**

<b>LEA 11</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 11.1** Indicate the amount of your listed equities portfolio with which your organisation engaged during the reporting year.

	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)	<b>Proportion (to the nearest 5%)</b>	<b>Specify the basis on which this percentage is calculated</b>
Individual / Internal staff engagements	<div style="border: 1px solid black; padding: 2px;">Number of companies engaged</div> 22	<div style="border: 1px solid black; padding: 2px;">Proportion (to the nearest 5%)</div> 5	<div style="border: 1px solid black; padding: 2px;">Specify the basis on which this percentage is calculated</div> <input checked="" type="radio"/> of the total number of companies you hold <input type="radio"/> of the total value of your listed equity holdings
Service provider engagements	6	<div style="border: 1px solid black; padding: 2px;">Proportion (to the nearest 5%)</div> 0	<div style="border: 1px solid black; padding: 2px;">Specify the basis on which this percentage is calculated</div> <input checked="" type="radio"/> of the total number of companies you hold <input type="radio"/> of the total value of your listed equity holdings

**LEA 11.2** Indicate the proportion of engagements that involved multiple, substantive and detailed discussions or interactions with a company during the reporting year relating to ESG issue.

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Service provider engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

**LEA 11.4** Indicate the percentage of your service provider engagements that you were highly involved in during the reporting year.



Type of engagement	% High involvement
Service provider engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

LEA 12	Voluntary	Public	Additional Assessed	PRI 2
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**LEA 12.1** Indicate which of the following your engagement involved.

- Letters to outline the engagement and the objectives
  - In some cases
  - In majority cases
  - In all cases
- Meetings and/or calls with the appropriate team
  - In some cases
  - In majority cases
  - In all cases
- Visits to operations
- Roadshows
- ESG research
  - In some cases
  - In majority cases
  - In all cases
- Other, specify

LEA 13	Voluntary	Public	Additional Assessed	PRI 2
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**LEA 13.1** Indicate if your engagements in the reporting year covered E, S and/or G issues, providing an estimation of the breakdown.

Individual / Internal staff engagements

% Environmental only

0

% Social only

0

% Corporate Governance only

100

% Overlapping ESG issues

0

Total

100%

Service provider engagements

% Environmental only

33

% Social only

33

% Corporate Governance only

0

% Overlapping ESG issues

34

Total

100%

<b>LEA 14</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 14.1** Indicate whether you track the number of cases during the reporting year where a company changed its practices, or made a formal commitment to do so, following your organisation's and/or your service provider's engagement activities.

Yes

**LEA 14.2** Indicate the number of companies that changed or committed to change in the reporting year following your organisation's and/or your service provider's engagement activities.

	Number of company changes or commitments to change
Individual / Internal staff engagements	22
Service provider engagements	1

No

## Communication

LEA 16	Mandatory	Public	Core Assessed	PRI 2,6
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**LEA 16.1** Indicate whether your organisation proactively discloses information on its engagements.

We disclose it publicly

provide URL

<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

**LEA 16.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**LEA 16.3** Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

**LEA 16.4**

Indicate how frequently you report engagements information.

- Disclosed continuously (prior to and post engagements)
- Disclosed quarterly or more frequently
- Disclosed biannually
- Disclosed annually
- Disclosed less frequently than annually
- Ad hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

**LEA 16.8**

Additional information. [Optional]

We disclose information about our engagement practices in listed equity in our PRI report which is available on our website. The PRI Report 2017 will be published during the first half of 2017.

**(Proxy) voting and shareholder resolutions****Overview****LEA 17****Mandatory****Public****Gateway****PRI 1,2,3**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 17.1**

Indicate whether your organisation has a formal voting policy.

- Yes

**LEA 17.2**

Indicate what your voting policy covers:

- Conflicts of interest
- Prioritisation of voting activities
- Transparency
- Decision making processes
- Environmental factors
- Social factors
- Governance factors
- Filing/co-filing resolutions
- Extraordinary meetings
- Share blocking
- Regional voting practices
- Record keeping
- Company dialogue pre/post vote
- Securities lending process
- Other, describe
- None of the above

**LEA 17.3**

Attach or provide a URL to your voting policy. [Optional]

URL

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/omistajaohjaus-eng.pdf>

**LEA 17.4**

Provide a brief overview of your organization's approach to (proxy) voting.

Varma's share ownership principles focus on governance. The topics covered include the exercise of voting rights, appointment of the nomination committee and election of the Board of Directors; composition of the Board of Directors, remuneration system for key personnel, capital structure and transparency. The policy covers Finnish listed companies. Outside of Finland Varma supports compliance with local governance codes and best practices.

We vote both by attending the AGMs and by proxy. In Finland a representant of Varma usually attends the companies' general meetings. Outside of Finland we typically vote by proxy. We also attend AGMs outside Finland in companies where our ownership stake is close to five per cent or we are among the ten largest owners.

In most cases we discuss controversial agenda items with the company before voting against management proposals.

**LEA 17.5**

Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made (if applicable).

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

No

**Process****LEA 18****Mandatory****Public****Descriptive****PRI 2****LEA 18.1**

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

**Approach**

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

**Based on**

our own voting policy

our clients' requests or policy

other, explain

We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.

We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

We hire service provider(s) that make voting decisions on our behalf.

**LEA 20****Voluntary****Public****Descriptive****PRI 2**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 20.1**

Describe your involvement in any projects to improve the voting trail and/or to obtain vote confirmation .

We vote in almost all cases by attending the general meetings which guarantees voting confirmation.

**LEA 21****Voluntary****Public****Additional Assessed****PRI 2**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 21.1**

Indicate if your organisation has a securities lending programme.

Yes

**LEA 21.2**

Indicate how voting is addressed in your securities lending programme.

- We recall all securities for voting on all ballot items
- We systematically recall some securities to vote on their ballot items
- We recall some securities to vote on their ballot items on an ad hoc basis
- Our securities lending agent is free to decide when and which securities to recall for voting purposes.
- We communicate our voting instructions to the borrowing entity.
- We do not recall our shares for voting purposes.
- Others

We do not lend securities we vote on during the AGM period.

No

**LEA 22****Mandatory****Public****Core Assessed****PRI 2**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 22.1**

Indicate whether you or the service providers acting on your behalf raise any concerns with companies ahead of voting

- Yes, in most cases
- Sometimes, in the following cases:
  - Votes for selected markets
  - Votes relating to certain ESG issues
  - Votes for significant shareholdings
  - Votes for companies we are engaging with
  - On request by clients
  - Other
- Neither we nor our service provider raise concerns with companies ahead of voting

**LEA 22.2**

Indicate whether you and/or the service provider(s) acting on your behalf, communicate the rationale to companies, when , you abstain or vote against management recommendations.

- Yes, in most cases
- Sometimes, in the following cases.
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

**Outputs and outcomes****LEA 23****Mandatory****Public****Core Assessed****PRI 2**

<b>LEA 23.1</b>	For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information
- We do not track or collect this information

<b>LEA 24</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>LEA 24.1</b>	Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.
-----------------	---

- Yes, we track this information
- No, we do not track this information

<b>LEA 24.4</b>	Additional information. [Optional]
-----------------	------------------------------------

We vote mainly by attending the AGMs in which cases there is no need for tracking. In the few cases we have vote by proxy the proxy has been given to our representant in the meeting we have not tracked the votes.

<b>LEA 25</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>LEA 25.1</b>	Indicate if your organisation directly or via a service provider filed or co-filed any ESG shareholder resolutions during the reporting year.
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- Yes
- No

<b>LEA 25.6</b>	Additional information. [Optional]
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We have during 2016 voted mainly in Finland where there are no ESG shareholder resolutions.

## Communication

<b>LEA 27</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEA 27.1</b>	Indicate if your organisation proactively discloses information on your voting activities.
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- We disclose it publicly
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries



**LEA 27.8**

Additional information. [Optional]

We disclose information about our voting activities in the PRI report on our website. We have, however, not disclosed our voting decisions.

The PRI Reporting for 2016 will be published during the first half of 2017 on Varma's website.

# Varma Mutual Pension Insurance Company

## Reported Information

Public version

Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

FI 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies
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<b>Corporate (financial)</b>	Passive	14
	Active - quantitative (quant)	0
	Active - fundamental and active - other	86
	Total	100%
<b>Corporate (non-financial)</b>	Passive	23
	Active - quantitative (quant)	0
	Active - fundamental and active - other	77
	Total	100%

FI 03	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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FI 03.2	Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.
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<b>Corporate (financial)</b>	High-yield	15
	Investment grade	85
	Total	100%
<b>Corporate (non-financial)</b>	High-yield	46
	Investment grade	54
	Total	100%

**ESG incorporation in actively managed fixed income**

**Implementation processes**

<b>FI 04</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>PRI 1</b>
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<b>FI 04.1</b>	Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.
----------------	---

Corporate (financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	100
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0 100%
Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	100

	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
		100%

**FI 04.2** Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

Our aim is to integrate financially relevant ESG criteria into our investment process to improve the risk-return ratio of our active investments. Our goal with norm based screening is to ensure that our investee companies fulfil our minimum criteria for corporate conduct.

<b>FI 05</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**FI 05.1** Indicate which ESG factors you systematically research as part of your analysis on issuers.

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
Environmental data	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Social data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Governance data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

**FI 05.2** Indicate what format your ESG information comes in and where you typically source it

- Raw ESG company data
- ESG factor specific analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify
- Issuer-level ESG analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify
- Sector-level ESG analysis

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify
- Country-level ESG analysis

<b>FI 05.3</b>	Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.
----------------	---

We use mainly investment banks' credit research and complement it with external research provider services.

<b>FI 06</b>	<b>Mandatory</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>FI 06.1</b>	Indicate how you ensure that your ESG research process is robust:
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- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits of ESG research are undertaken in a systematic way
- ESG analysis is benchmarked for quality against other providers
- Other, specify
- None of the above

**FI 06.2** Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is a standard item on all individual issuer summaries, ‘tear sheets’, ‘dashboards’ or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

**(A) Implementation: Screening**

**FI 07** **Mandatory** **Public** **Gateway** **PRI 1**

**FI 07.1** Indicate the type of screening you conduct.

Select all that apply

	<b>Corporate (financial)</b>	<b>Corporate (non-financial)</b>	
Negative/exclusionary screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Positive/best-in-class screening	<input type="checkbox"/>	<input type="checkbox"/>	
Norms-based screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

**FI 07.2** Describe your approach to screening for internally managed active fixed income

In our norm based screening the screening criteria are based on a list of relevant norms and conventions based on conventions and guidelines by OECD and the UN, among others. We have discussed the relevant criteria internally and decided to use a detailed list provided by our external service provider. Our external service provider is Swedish GES who provides us with both screening and engagement services .

The criteria are reviewed when needed.

**FI 08** **Mandatory** **Public** **Descriptive** **PRI 1**

**Corporate (financial)**

**Corporate (fin)**

- For legal reasons
- For non-legal reasons



**Corporate (non-financial)**

Corporate (non-fin)

- For legal reasons
- For non-legal reasons

**FI 08.2** Describe your approach to ESG-based negative screening of issuers from your investable universe.

We exclude tobacco and nuclear weapons companies from our active investments. In addition we do norms based screening which may result in exclusion of a company from our investable universe.

**FI 10** **Mandatory** **Public** **Core Assessed** **PRI 1**

**FI 10.1** Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.

Type of screening	Checks
<b>Negative/exclusionary screening?</b>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria</li> <li><input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years</li> <li><input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria</li> <li><input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions</li> <li><input type="checkbox"/> Other, specify</li> <li><input type="checkbox"/> None of the above</li> </ul>
<b>Norms-based screening</b>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria</li> <li><input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years</li> <li><input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria</li> <li><input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions</li> <li><input checked="" type="checkbox"/> Other, specify</li> </ul> <div style="background-color: #0070C0; color: white; padding: 2px; margin-top: 5px;">other description</div> <p>Listed securities team goes through the results of the screening biannually. This guarantees uptodate information and ensures that the portfolio managers follow screening criteria.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> None of the above</li> </ul>

**(C) Implementation: Integration**

FI 14	Mandatory	Public	Descriptive	PRI 1
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FI 14.1	Describe your approach to integrating ESG into traditional financial analysis.
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Our aim is to take ESG issues into account when analysing the risks of potential investee, i.e. the corporate issuing bonds. For a credit investor assessing the default risk of a company including the potential risks of ESG issues is crucial. Portfolio managers assess the ESG related risks in the future cashflows of the companies when they make the investment decisions and follow the development of the ESG issues.

Corporate (financial)
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In financials corporates, the focus is mainly on corporate governance issues. For example how potential litigation costs can affect the financial position and the reputation of the institution analyzed.

Corporate (non-financial)
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In non-financial corporates the analysis depends on the sector. For example, in the mining and utilities sectors, environmental issues are at focus whereas in the healthcare sector social issues are more important.

FI 15	Mandatory	Public	Core Assessed	PRI 1
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FI 15.1	Indicate how ESG information is typically used as part of your investment process.
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Select all that apply

	Corporate (financial)	Corporate (non-financial)	
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is integrated into security weighting decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is integrated into portfolio construction decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is a standard part of internal credit ratings or assessment	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis for issuers is a standard agenda item at investment committee meetings	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is regularly featured in internal research notes or similar	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is a standard feature of ongoing portfolio monitoring	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis features in all internal issuer summaries or similar documents	<input type="checkbox"/>	<input type="checkbox"/>	
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	

FI 16	Mandatory	Public	Additional Assessed	PRI 1
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**FI 16.1** Indicate the extent to which ESG issues are reviewed in your integration process.

	Environment	Social	Governance
Corporate (financial)	<div style="background-color: #0072bc; color: white; padding: 2px;">Environmental</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Social</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Governance</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<div style="background-color: #0072bc; color: white; padding: 2px;">Environmental</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Social</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div style="background-color: #0072bc; color: white; padding: 2px;">Governance</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all

### Corporate (financial)

We are in the process of making the review of ESG factors more systematic. This year we will go through and evaluate the companies in the credit portfolio for a better understanding of ESG issues facing each of them. For new investments we will also focus on ESG specific research. The coverage of available ESG research can still be a problem, especially when it comes to smaller Scandinavian companies.

### Corporate (non-financial)

We are in the process of making the review of ESG factors more systematic. This year we will go through and evaluate the companies in the credit portfolio for a better understanding of ESG issues facing each of them. For new investments we will also focus on ESG specific research. The coverage of available ESG research can still be a problem, especially when it comes to smaller Scandinavian companies.

## Fixed income - Engagement

FI 18	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
FI 18.1	Indicate if you engage on your fixed income assets. Please exclude any engagements carried out solely in your capacity as a shareholder.			

Category	Proportion of assets
Corporate (financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% <input checked="" type="radio"/> We do not engage
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input checked="" type="radio"/> More than 0%, less than 5%  <div style="background-color: #0070C0; color: white; padding: 2px;"> <span style="background-color: white; color: #0070C0; padding: 2px;">FI 18.2</span> Indicate your motivations for conducting engagement.         </div> <input type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input checked="" type="checkbox"/> Other, specify  <div style="background-color: #0070C0; color: white; padding: 2px;"> <span style="background-color: white; color: #0070C0; padding: 2px;"></span> other description         </div> <p>We engage with companies on the basis of norm based screening with the help of our service provider.</p> <input type="radio"/> We do not engage

FI 19	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

FI 19.1	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)
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Select all that apply

Type of engagement		Corporate (non-financial)	
Individual/Internal staff engagements		<input type="checkbox"/>	
Collaborative engagements		<input type="checkbox"/>	
Service provider engagements		<input checked="" type="checkbox"/>	
We do not engage with issuers as a fixed income investor or as both a fixed income and listed equity investor		<input type="checkbox"/>	

**FI 19.2**

Indicate how your organisation prioritises engagements with issuers

Select all that apply

		Corporate (non-financial)	
Based on potential materiality of ESG factors		<input type="checkbox"/>	
Based on systemic risks to global portfolios		<input type="checkbox"/>	
Based on our exposure (holdings) to ESG risks		<input type="checkbox"/>	
Other		<input checked="" type="checkbox"/>	
We do not prioritise engagements with issuers		<input type="checkbox"/>	

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

We engage with companies on the basis of norm based screening with the help of our service provider.

**FI 19.3**

Indicate when your organisation conducts engagements with issuers.

Select all that apply

			Corporate (non-financial)
Engagements are conducted pre-investment			<input type="checkbox"/>
Engagements are conducted post-investment			<input type="checkbox"/>
Other, describe			<input checked="" type="checkbox"/>
We do not conduct engagements with issuers			<input type="checkbox"/>

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

We engage with companies on the basis of norm based screening with the help of our service provider.

**FI 19.4**

Indicate how your organisation conducts engagements with issuers.

Select all that apply

			Corporate (non-financial)
We systematically engage prior to ESG-related divestments			<input type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities			<input type="checkbox"/>
We engage in reaction to ESG issues which have already affected the issuer			<input checked="" type="checkbox"/>
Investment and ESG analysts systematically conduct ESG-related engagements together			<input type="checkbox"/>
Other, describe			<input checked="" type="checkbox"/>
We do not conduct engagements with issuers			<input type="checkbox"/>

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

We engage with companies on the basis of norm based screening with the help of our service provider.

**FI 19.5**

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

			Corporate (non-financial)
We conduct engagements with individual issuers			<input type="checkbox"/>
We conduct engagements across sectors and industries			<input type="checkbox"/>
We conduct engagements on specific ESG themes (e.g. human rights)			<input checked="" type="checkbox"/>
Other, describe			<input checked="" type="checkbox"/>
We do not conduct engagements with issuers			<input type="checkbox"/>

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

We engage with companies on the basis of norm based screening with the help of our service provider.

**FI 19.6**

Indicate how your organisation shares the outcomes of the engagements internally.

Select all that apply

			Corporate (non-financial)
We have a systematic process to ensure the outcomes of engagements are made available			<input checked="" type="checkbox"/>
We occasionally make the outcomes of engagements available			<input type="checkbox"/>
Other, describe			<input type="checkbox"/>
We do not make this information available			<input type="checkbox"/>
We do not share the outcomes of the engagements internally			<input type="checkbox"/>

**FI 20**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Additional Assessed**

**PRI 1,2**

**FI 20.1**

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

Yes

No



## Outputs and outcomes

FI 21	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	General
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**FI 21.1** Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance.

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
We measure whether incorporating ESG impacts funds' reputation	<input type="checkbox"/>	<input type="checkbox"/>	
We measure whether incorporating ESG impacts financial returns	<input type="checkbox"/>	<input type="checkbox"/>	
We measure whether incorporating ESG impacts risk	<input type="checkbox"/>	<input type="checkbox"/>	
We measure whether incorporating ESG impacts funds' ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

**FI 21.2** Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]

We have calculated carbon footprint for corporate bonds. The carbon footprint for our portfolio is compared to our benchmark. It was in the end of 2016 considerably lower than the benchmark and the carbon footprint for previous year.

FI 22	Voluntary	Public	Descriptive	PRI 1,2
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**FI 22.1** Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

Example 1

Type of fixed income
<input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
<p>Metals&amp;Mining company</p> <p>Environmental and human rights violations caused by dam collapse.</p>
RI strategy applied
<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds
Impact on investment decision or performance
<p>Position sold because continued uncertainty regarding the case, difficult business environment in the sector, risk/reward not good enough.</p> <p>In the short term, valuation/pricing in line with the market or slightly stronger for the issuer.</p>

Example 2

Type of fixed income
<input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
Metals&Mining company Association to illegal exploration of natural resources
RI strategy applied
<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds
Impact on investment decision or performance
Positions sold because not strong enough progress in the case, several environmental/social issues in the past, risk/reward not good enough.

Example 3

Type of fixed income
<input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
The utility company had a too carbon intensive energy generation process that was not in line with our climate policy.
RI strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds
Impact on investment decision or performance
Position was sold. In the short term didn't have a meaningful impact on performance.

- Example 4
- Example 5

## Communication

FI 23	Mandatory	Public	Core Assessed	PRI 2,6
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FI 23.1	Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.
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- We disclose it publicly

Provide URL	
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<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>

FI 23.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- Yes

**FI 23.3**

Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

**FI 23.4**

Indicate how frequently you typically report this information.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

# Varma Mutual Pension Insurance Company

## Reported Information

Public version

Direct - Property

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

PR 01	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

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

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

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

- >50%
- 10 – 50%
- <10%
- 0%

PR 02	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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**PR 02.1** Provide a breakdown of your organisation's property assets based on who manages the assets.

Property assets managed by	Breakdown of your property assets (by number)
Managed directly by your organisation	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed via third-party property managers appointed by you	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed by other investors or their property managers	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed by tenant(s) with operational control	<input type="radio"/> > 50% <input checked="" type="radio"/> 10-50% <input type="radio"/> < 10% <input type="radio"/> 0%
<b>Total</b>	<b>100%</b>

**PR 02.2**

Additional information. [Optional]

In commercial properties our internal property managers are responsible for letting of the properties. In addition, they keep close contact with third-party manager who takes care of technical management though in some of the properties the tenant is taking care of technical management. We consider commercial properties to be managed either directly by our own organisation or by tenant.

In residential properties our property manager keeps close contact with third-party manager, who takes care of technical management and letting. We consider residential properties to be managed via third-party property manager.

**PR 03**

Voluntary

Public

Descriptive

General

**PR 03.1**

Indicate up to three of your largest property types by AUM.



Types	Main property types (by AUM)
Largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input checked="" type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Second largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input type="radio"/> Office <input checked="" type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Third largest property type	<input type="radio"/> Industrial <input checked="" type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify

<b>PR 03.2</b>	Additional information.
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Varma's property portfolio includes also storage, light industrial, hotel and some mixed use properties and sites in addition to the ones mentioned above.

<b>PR 04</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1-6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>PR 04.1</b>	Indicate if your organisation has a Responsible Property Investment (RPI) policy.
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Yes

PR 04.2

Provide a URL or attach the document

URL

<https://www.varma.fi/globalassets/muut-sivut/yhtiotietoa/tulostiedot-ja-sijoitukset/varman-vastuullinen-sijoittaminen-kiinteistot-eng.pdf>

Attach Document

No

## Pre-investment (selection)

PR 07

Mandatory

Public

Gateway/Core Assessed

PRI 1

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

PR 07.1

Indicate if your organisation typically incorporates ESG issues when selecting property investments.

Yes

PR 07.2

Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.

The location of the property is one of most important criteria in our property selection. The property should be located so that it is easily reached even by public transportation and close to services. Good location has a positive effect on environment if the property is reached by public transportation but also lowers the risk of high vacancy of the building in the long run.

We conduct a due diligence process (DD) before buying a property. The DD includes technical, environmental, financial/tax and legal aspects. For example, in environmental DD we inspect the risk that the site might be contaminated. In technical DD we check the condition of the building and consider the risk of for example indoor air quality problems which might have harmful effects on occupiers.

No

PR 07.3

Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.

### ESG issues

Environmental

List up to three typical examples per E, S and G issue

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other

List up to three typical examples per E, S and G issue

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other

List up to three typical examples per E, S and G issue

- Climate change adaptation
  - Contamination
  - Energy efficiency
  - Energy supply
  - Flooding
  - GHG emissions
  - Indoor environmental quality
  - Natural hazards
  - Resilience
  - Transportation
  - Water efficiency
  - Waste management
  - Water supply
  - Other
  - Other
- Social

List up to three typical examples per E, S and G issue

- Building safety and materials
- Health, safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

List up to three typical examples per E, S and G issue

- Building safety and materials
- Health, Safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

List up to three typical examples per E, S and G issue

- Building safety and materials
- Health, Safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

Description [OPTIONAL]

If this is available

- Governance

List up to three typical examples per E, S and G issue

- Anti-bribery & corruption
- Board structure
- Conflicts of interest
- Governance structure
- Regulatory
- Shareholder structure & rights
- Supply chain governance
- Other
- Other
- Other

Description [OPTIONAL]

We check that property company has all the legal documents which are expected according to Finnish law.

List up to three typical examples per E, S and G issue

- Anti-bribery & corruption
- Board structure
- Conflicts of interest
- Governance structure
- Regulatory
- Shareholder structure & rights
- Supply chain governance
- Other
- Other
- Other

List up to three typical examples per E, S and G issue

- Anti-bribery & corruption
- Board structure
- Conflicts of interest
- Governance structure
- Regulatory
- Shareholder structure & rights
- Supply chain governance
- Other
- Other
- Other

<b>PR 08</b>	<b>Voluntary</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1,3</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**PR 08.1** Indicate what type of ESG information your organisation typically considers during your property investment selection process.

- Raw data from the target property asset/company
- Appraisals/audits
- Benchmarks/ratings against similar property asset
- Country level data/benchmarks
- Data aligned with established property reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Data from engagements with stakeholders (e.g. tenants and local community surveys)
- Information from external advisers
- Other, specify
- We do not track this information

<b>PR 08.2</b>	Provide a brief description of how this ESG information was incorporated into your investment selection process.
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We use external environmental reports as well as reports of the condition of the building if needed. We benchmark the maintenance costs and check the energy efficiency rate of the property. We check the satisfaction of the tenant (if possible) and the basic information of the tenant's financial background.

<b>PR 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>PR 09.1</b>	Indicate if ESG issues impacted your property investment selection process during the reporting year.
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- ESG issues helped identify risks and/or opportunities for value creation
- ESG issues led to the abandonment of potential investments
- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

<b>PR 09.2</b>	Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.
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- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

### Selection, appointment and monitoring third-party property managers

<b>PR 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>PR 10.1</b>	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.
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- Yes

**PR 10.2**

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

- Selection process of property managers incorporated ESG issues

**Types of actions**

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

**Coverage**

- 75-100%
- 50-75%
- 25 – 50%
- 0 – 25%

- Contractual requirements when appointing property managers includes ESG issues

**Types of actions**

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

**Coverage**

- 75-100%
- 50-75%
- 25 – 50%
- 0 – 25%

- Monitoring of property managers covers ESG responsibilities and implementation



Types of actions

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

Coverage

- 75-100%
  - 50-75%
  - 25 – 50%
  - 0 – 25%
- No

**PR 10.3** Provide a brief description of your organisations selection, appointment and monitoring of third party property managers and how they contribute to the management of ESG issues for your property investments.

We choose property managers either via tendering process or through negotiation. We favour candidates which are well known and reputable companies. Both invitation for tenders and signed contracts include ESG themes, such as:

- Special knowledge in energy efficiency matters, e.g., references in energy saving projects.
- Targets and indicators for tenant satisfaction and energy efficiency.
- Environment, safety and quality control systems' scope and certifications are documented.

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

Post-investment (monitoring and active ownership)

Overview

PR 11	Mandatory	Public	Gateway	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**PR 11.1** Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

- Yes

**PR 11.2** Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

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

**PR 11.3** Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets.

Our practices are explained more in detail in our responsible investment policy for real estate and in Varma's climate policy for investments. Our climate policy was published in May 2016 and the practices in 2014.

We participate in the energy efficiency agreement for the Finnish property sector. The program had as target to reduce the energy consumption by six per cent from 2011 to 2016. The new program runs from 2017 to 2025. About 60 of our commercial properties participate the program. Progress of the program is monitored on an annual basis. Third-party technical managers and a consultant support us in implementing the program. The consultant suggests actions to reduce the properties' energy consumption, follows up and reports the results. We keep close contact with the third party consultant and technical managers and we have several meetings during the year to keep us updated on the progress.

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

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

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

No

**Property monitoring and management**

PR 12	Mandatory	Public	Core Assessed	PRI 2,3
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**PR 12.1** Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

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

(in terms of number of property assets)

**PR 12.2** Indicate which ESG targets your organisation and/or property managers typically set and monitor

- Environmental

Target/KPI	Progress Achieved
Reduction of carbon footprint Reduction of water, electricity and heating consumption / residential properties Reduction of energy consumption / commercial	Varma targets a 15% reduction of properties' carbon footprint by year 2020 and 20% by 2025. Reduction of 8 % was achieved during year 2016.  Reduction was achieved in electricity and heating consumption.  Target was to reduce energy consumption of commercial properties by 6 % during years 2011-16. Reduction of 7,9 % was achieved during that time period.

- Social

Target/KPI	Progress Achieved
Tenant satisfaction benchmark / commercial and residential properties	The target Varma had set to tenant satisfaction was achieved.

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

**PR 12.3** Additional information. [Optional]

The property technical managers monitor the consumption of water, heating and electricity monthly. The property managers' responsibility is to react on increased consumption. We have also set a target to third party manager who manages residential properties to reduce consumption level of water, heating and electricity. The carbon footprint reduction target has been set as well as the energy consumption reduction target.

<b>PR 13</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**PR 13.1** Indicate whether your property assets are assessed against certification schemes, ratings and/or benchmarks

- Yes

**PR 13.2** List the certification schemes, ratings and/or benchmarks your property assets are assessed against and what proportion of your property assets they apply to.

Add certification scheme, rating and benchmark 1

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

Add certification scheme, rating and benchmark 2

Add certification scheme, rating and benchmark 3

No

**PR 13.3** Additional information.

13 Varma's properties was BREEAM (In-Use) -certified during year 2016. Asset Performance was assessed. All properties got grade Good or Very Good.

**Property developments and major renovations**

<b>PR 14</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**PR 14.1** Indicate the proportion of active property developments and major renovations where ESG issues have been considered.

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

(by number of active property developments and refurbishments)

<b>PR 14.2</b>	Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.
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- Environmental site selection requirements
- Environmental site development requirements
- Sustainable construction materials
- Water efficiency requirements
- Energy efficiency requirements
- Energy generation from on-site renewable sources
- Waste management plans at sites
- Health and safety management systems at sites
- Construction contractors comply with sustainability guidelines
- Resilient building design and orientation
- Other, specify

<b>PR 14.3</b>	Additional information. [Optional]
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When we do property developments and refurbishments we consider for example the following issues concerning the construction work and site:

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

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

## Occupier engagement

<b>PR 15</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>PR 15.1</b>	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
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- >90% of occupiers
- 51-90% of occupiers
- 10-50% of occupiers
- <10% of occupiers

(in terms of number of occupiers)

<b>PR 15.2</b>	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
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- Distribute a sustainability guide to occupiers
- Organise occupier events focused on increasing sustainability awareness
- Deliver training on energy and water efficiency
- Deliver training on waste minimisation
- Provide feedback on energy and water consumption and/or waste generation
- Provide feedback on waste generation
- Carry out occupier satisfaction surveys
- Offer green leases
- Other, specify

<b>PR 15.3</b>	Additional information. [Optional]
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Tenant satisfaction survey is done annually to both residential and commercial tenants. Survey is part of tenant satisfaction benchmark and we have possibility to compare our results to the results of similar property investors. Both the survey and benchmark are carried out by the consultant.

Some news about Varma's recent responsibility activities have been send to tenants of commercial properties via email.

<b>PR 16</b>	Voluntary	Public	Additional Assessed	PRI 2
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<b>PR 16.1</b>	Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.
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- >90% of leases or MoUs
- 51-90% of leases or MoUs
- 10-50% of leases or MoUs
- <10% of leases or MoUs
- 0% of leases or MoUs
- N/A, no leases or MoUs were signed during the reporting year

(in terms of number of leases or MoUs)

<b>Outputs and outcomes</b>				
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<b>PR 18</b>	Voluntary	Public	Additional Assessed	PRI 1,2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>PR 18.1</b>	Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.
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- We measure whether our approach to ESG issues impacts funds' financial performance
- We measure whether our approach to ESG issues impacts funds' ESG performance

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

None of the above

<b>PR 18.3</b>	Describe how you are able to determine these outcomes.
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Water, heating and electricity consumption of the properties is measured and followed by third party manager who also calculates the changes in energy consumption. The level of carbon footprint is also calculated and followed. These results are reported to us on yearly basis.

<b>PR 19</b>	Voluntary	Public	Descriptive	PRI 1,3
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<b>PR 19.1</b>	Provide examples of ESG issues that affected your property investments during the reporting year.
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Add Example 1

ESG issue	CO2 emissions
Types of properties affected	Commercial properties
Impact (or potential impact) on investment	Financial and environmental
Activities undertaken to influence the investment and the outcomes	Varma started to investigate the possibility to use solar panels and solar energy in properties. Solar panels were installed to two of Varma's properties during year 2016.

Add Example 2

ESG issue	Energy consumption
Types of properties affected	Commercial and residential properties
Impact (or potential impact) on investment	Financial and energy savings
Activities undertaken to influence the investment and the outcomes	When renewing the lightning of the property energy-efficiency have been taken into account. Also some adjustments to lightning conditions have been made in order to reduce the electricity consumption.

Add Example 3

ESG issue	Energy consumption
Types of properties affected	Commercial properties
Impact (or potential impact) on investment	Financial and energy savings
Activities undertaken to influence the investment and the outcomes	Decided to use energy-efficient solutions when repairing and renewing the building automation systems.

Add Example 4

Add Example 5

<b>PR 19.2</b>	Additional information. [Optional]
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Varma arranged a responsible investment day for our internal real estate team and our third-party managers. The agenda included introduction of our new responsibility and climate targets a well as lectures by a representant of a university on latest studies about responsibility and real estate.

## Communication

<b>PR 20</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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<b>PR 20.1</b>	Indicate if your organisation proactively discloses ESG information on your property investments.
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Disclose publicly

	provide URL
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<https://www.varma.fi/en/other/about-varma/financial-information-and-investments/>



**PR 20.2**

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

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

**PR 20.3**

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

- Yes

**PR 20.4**

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

- ESG information on how you select property investments
- ESG information on how you monitor and manage property investments
- Information on your property investments' ESG performance
- Other, specify

**PR 20.5**

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.

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

**PR 20.6**

Describe the ESG information and how your organisation proactively discloses it to the public and/or clients/beneficiaries. [Optional]

We disclose information about our annual responsible investment practices for property investments in our PRI report which is available on our website. The PRI Report 2017 will be published during the first half of 2017.

- No
- Disclose to clients/beneficiaries only
- No proactive disclosure to the public or to clients/beneficiaries