




The image shows two overlapping forms from the PRI LEA (Local Engagement Assessment) toolkit. The top form is LEA 02, titled 'Discretionary', and the bottom form is LEA 03, titled 'Mandatory'. Both forms are designed for assessing engagement with companies and service providers. LEA 02 includes sections for 'Type of engagement' (Individual/Internal staff, Collaborative, Service provider) and 'Reason for interaction' (To support investment decision-making, To enhance corporate transparency, To enhance corporate practice, To enhance corporate ESG disclosure, To enhance corporate practice for identifying the need to influence corporate behavior, To enhance corporate practice for identifying the need to influence corporate behavior, To enhance corporate practice for identifying the need to influence corporate behavior). LEA 03 includes sections for 'Type of engagement' (Individual/Internal staff, Collaborative, Service provider) and 'Reason for interaction' (To support investment decision-making, To enhance corporate transparency, To enhance corporate practice, To enhance corporate ESG disclosure, To enhance corporate practice for identifying the need to influence corporate behavior, To enhance corporate practice for identifying the need to influence corporate behavior, To enhance corporate practice for identifying the need to influence corporate behavior).

RI TRANSPARENCY REPORT

2014/15

LocalTapiola Asset Management



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

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 2014-15 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	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	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							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	-	n/a				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	-	n/a	✓						
OA 14	Allocation of assets to environmental and social themed areas	-	n/a	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Public							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓					✓	
SAM 07	Appointment considerations (listed assets)	🔒	n/a				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	🔒	n/a				✓			
SAM 12	Monitoring processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

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	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	⚡	n/a	✓						
LEI 07	Processes to ensure screening is based on robust analysis	⚡	n/a	✓						
LEI 08	Processes to ensure fund criteria are not breached	⚡	n/a	✓						
LEI 09	Types of sustainability thematic funds/mandates	⚡	n/a	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	⚡	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

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 engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	⚡	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	⚡	n/a		✓				✓	
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	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	⚡	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	🔒	n/a	✓						
FI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
FI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Public	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	✓	Public		✓					

LocalTapiola Asset Management

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1	Select the services you offer.
---------	--------------------------------

☒ Fund management

	% of assets under management (AUM) in ranges
--	--

- ☐ <10%
☐ 10-50%
☒ >50%

☒ Fund of funds, manager of managers, sub-advised products

	% of assets under management (AUM) in ranges
--	--

- ☐ <10%
☒ 10-50%
☐ >50%

☐ Other, specify

☐ Execution and advisory services

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

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
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- ☒ 1
☐ 2-5
☐ 6-10
☐ >10

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

	FTE
--	-----

48

OO 03	Mandatory	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

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		9	078	000	000
Currency	EUR				
Assets in USD		11	905	716	892

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- ☐ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
☒ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	<10%
Fixed income – corporate	10-50%	<10%
Fixed income – government	10-50%	<10%
Fixed income – other	<10%	0
Private debt	0	0
Private equity	0	0

Property	0	<10%
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 07	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 07.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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	% of externally managed assets
Segregated mandate(s)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	100%

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1

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

Market breakdown	% of AUM
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 type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %

OO 09
Voluntary
Descriptive
General
OO 09.1

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

LocalTapiola Asset Management is part of LocalTapiola Group and follows the Group's values and corporate responsibility policies. LocalTapiola Group is a mutually owned financial services group. Thereby the company mission is to provide benefits and solutions for sustainable development and success to its clients. LocalTapiola has offices nationwide and is actively promoting safety and well-being in the communities all around the country. LocalTapiola also has participated in many initiatives coordinated by for example Finnish Red Cross and The Finnish Association for Nature Conservation. The responsibility policies of the whole Group have been approved by the Board of Directors since 2006. LocalTapiola Group is committed to International Chamber of Commerce's (ICC) Business Charter for Sustainable Development and responsible investing. LocalTapiola Group reports on its sustainability activities on annual basis. The sustainability report is part of annual reporting and is therefore verified by an external party. The reporting can be found in the Group's Sustainability section of our website in Finnish <http://www.lahitapiola.fi/tietoa-lahitapiolasta/vastuullisuus/yhteiskuntavastuu-lahitapiolassa/vastuullisuus-lahitapiolassa> . LocalTapiola Asset Management also publishes annually a separate RI report in reference to our ESG activities.

LocalTapiola Asset Management is an asset manager that takes a strong active own view of the markets. We do not follow market indices in our investment decisions. In direct equity and fixed income investments, decisions are based on our own analysis and picking individual stocks or bonds. Therefore, we do not overweight or underweight any components of indices when making investment decisions.

Our main objective is to maximize our clients' return at the risk level chosen by the clients. In our view, integrating Responsible Investment analysis to our investment decisions enhances an investment's good risk-reward relationship. Every asset class has its own specific attributes, which are taken into consideration in the ESG analysis. The Responsible Investment analysis is utilized and executed according to our own Responsible Investment guidelines.

Gateway asset class implementation indicators
OO 10
Mandatory
Gateway
General

OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☒ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- ☐ None of the above

OO 10.3	Additional information. [Optional]
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LocalTapiola Asset Management incorporates ESG issues into internally managed assets and into the external manager selection process. Since the ESG analysis is fully integrated into our investment decisions on equity and credit investments, our staff engages and discusses ESG issues with companies directly during company meetings. In meetings with external managers, relevant ESG policies are also discussed.

OO 11	Mandatory	Gateway	General
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OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
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- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☐ Fixed Income – other
- ☐ Cash
- ☐ None of the above

OO 11.2	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.
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- ☒ Fixed income – corporate
- ☐ Fixed income – government
- ☐ Property
- ☐ None of the above

OO 11.3	Additional information. [Optional]
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LocalTapiola Asset Management's direct sovereign investment universe mainly covers euro denominated instruments issued predominately by EU member countries.

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below.
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This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may

report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Listed Equity incorporation
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- ☒ Listed Equity incorporation

	Direct - Listed Equity active ownership
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- ☒ Engagements
- ☒ (Proxy) voting

	Direct - Fixed Income
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- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

RI implementation via external managers

	Indirect - Selection, Appointment and Monitoring of External Managers
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- ☒ Listed Equities
- ☒ Fixed Income - Corporate

Closing module

- ☒ Closing module

LocalTapiola Asset Management

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1	Indicate if you have a responsible investment policy.
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- ☒ Yes
☐ No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
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- ☒ Yes
☐ No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
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LocalTapiola Asset Management is an active investment manager that makes investment decisions solely based on own analysis. Responsible investment policies are therefore entirely integrated to investment decision making processes and we do not prefer to outsource any aspects of our responsible investment practices.

LocalTapiola Asset Management's responsible investment guidelines do not directly exclude any sectors or industries in our equity or credit investment universe. We aim to find the best investments from risk and reward point of view while taking into consideration all aspects of company, including ESG factors. In order to manage risk in our portfolios and ensure sufficient diversification, our investment universe is not focused on RI best in class companies.

In listed equity and credit investments we do our own ESG analysis, simultaneously with the overall company analysis. Based on this analysis all companies are given a score for their ESG factors. The evaluation of the investments ESG factors is a continues process that is reviewed on a regular basis.

In direct fixed income sovereign investments our overarching principle is to invest in bonds that are issued by countries that have ratified most common international human rights and environmental agreements or are thriving to fulfill such principles. In practice our direct investment universe is limited to euro denominated instrument issued by EU member countries. We do not attempt to engage with governments or public entities.

When we choose external managers and service providers, we adhere to our responsible investment policy. Each external manager is given a score based on their responsible investment policies and practices. This process is also reviewed on a regular basis.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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- ☒ Yes

OA 02.2	Provide a URL to your responsible investment policy.
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	URL
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<http://www.lahitapiola.fi/ri>

☐ No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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☒ Yes

☐ Yes, all

☒ Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Active ownership policy	http://www.lahitapiola.fi/ri

☐ No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
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LocalTapiola Asset Management may use passive ETF-funds as part of client portfolios and actively managed fund of funds. We review and evaluate the ETF providers' responsible investment policy.

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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LocalTapiola Asset Management's portfolio managers do not take own positions for our own accounts. Hence we only make investment decisions in order to benefit our clients. We have a written policy that determines the equal treatment of clients.

At companies' annual meetings, we may vote on behalf of clients if requested to do so. However, if our client wants to raise an issue that is contrary to our point of view, we ask the client to proceed in the matter on their own accord.

Local Asset Management's operations are conducted separately from the rest of the insurance group. Our company's board is aware of and oversees any board memberships by the staff. In case of conflicts of interest, a person in question will recuse him or herself regarding the company in question.

☐ No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
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☒ Yes

OA 05.2	Indicate how frequently your organisation sets or revises objectives for responsible investment.
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☒ At least once per year

☐ Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☐ Quarterly
☐ Biannually
☒ Annually
☐ Every two years or less
☐ It is not reviewed
☐ No

OA 05.4

Additional information. [Optional]

LocalTapiola Asset Management sets annually goals for what type of issues will be addressed with companies in relation to ESG issues. We also want to raise the awareness both internally and externally about our responsible investment policies. Additional objectives of improvement may be added throughout the year.

Governance and human resources

OA 07**Voluntary****Descriptive****General****OA 07.1**

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

LocalTapiola Asset Management has a number of professionals working to implement and continuously improve the company's responsible investment policy. Responsible investing policies and activities are reviewed annually by the executive board. Any ESG matters rising during the year are also discussed at the following executive board meeting.

Our Head of equities and fixed income, who also is a member of the executive board, is responsible for the oversight and the development of our responsible investing practices. Under her supervision, the teams of equity and credit portfolio managers integrate ESG analysis to the overall analysis of the company. Senior member of our asset management team is in charge of analyzing our external managers and their products.

☐ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08**Mandatory****Gateway/Core Assessed****General****OA 08.1**

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
- ☒ 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
 - Head of Equity and FI**
 - ☒ 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
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Dedicated responsible investment staff
- ☒ External managers or service providers
 - ☐ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☒ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify
- ☐ Other role, specify

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
OA 10.1	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
- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

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]

Became a signatory during 2014.

- ☒ CDP Forests

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]

Became a signatory during 2014.

- ☒ CDP Water

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]

Became a signatory during 2014.

- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ 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)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

FINSIF

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]

We are a founding member of FINSIF and a board member since 2014. LocalTapiola Asset Management also participated in a FINSIF working group and various member events.

- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify

Global Investor Statement on Climate Change

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

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

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

We signed the Statement in September 2014

- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify
- ☐ Other collaborative organisation/initiative, specify

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
---------	--

☒ Yes

OA 11.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
---------	--

- ☐ 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
- ☐ Other, specify

☐ No

Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
---------	--

☒ Yes

OA 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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For direct equity and credit investments, all portfolio managers give a score to each company based on each company's ESG factors. The company is evaluated on the scale from excellent to passable. On the mutual funds' monthly fact sheet, we provide a distribution of these ESG scores..

☐ No

LocalTapiola Asset Management

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

SAM 01	Voluntary	Descriptive	PRI 1-6
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SAM 01.1 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

LocalTapiola Asset Management has a formalized process when selecting new investment managers. In addition to direct equity and fixed income investments, around 20% of our AUM is invested through externally managed funds.

In externally managed funds the ESG analysis is performed based on our RI and ESG policies, when an external investment manager is chosen. Based on this analysis a score is given to each manager. This score is reviewed on a regular basis. As we do not have an open architecture we choose carefully a handful of external fund managers with whom we do business. We aim to maintain a long-term relationship with all our external fund managers and therefore get to know how they do business. We also meet regularly with external manager representatives and include ESG issues into the dialog. The RI reporting done by the external managers is also assessed.

We prefer external fund managers who are signatories to the UN PRI.

SAM 02	Mandatory	Core Assessed	PRI 4
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SAM 02.1 Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

- ☐ Yes
☒ No

SAM 02.4 Additional information. [Optional]

According to LocalTapiola Asset Management's RI policy, we have integrated ESG considerations into our processes and therefore prefer not to utilize the services of consultants in the selection, appointment and/or monitoring of external managers.

SAM 03	Mandatory	Gateway	General
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SAM 03.1 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 type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - corporate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

Overview

SAM 04	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	General
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SAM 04.1

Provide a breakdown of your externally managed listed equities, corporate fixed income and government fixed income by passive, active quant, active fundamental and other active strategies.

Listed equity (LE)

Type of strategy	As % of externally managed listed equity
Passive	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

Fixed income - corporate (FIC)

Type of strategy	As % of externally managed corporate fixed income
Passive	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

SAM 05	Mandatory	Gateway	PRI 1,2
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SAM 05.1	Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:
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	Active investment strategies
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Active investment strategies	LE	FIC	
Screening	<input type="checkbox"/>	<input type="checkbox"/>	
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

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

SAM 05.2

Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

	LE	FIC
We engage directly or via service providers on our externally managed assets	<input type="checkbox"/>	<input type="checkbox"/>
We require our external managers to engage on our behalf	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 05.3

Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

	LE
We cast our (proxy) votes directly or via service providers on our externally managed assets	<input type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>

SAM 05.4

Additional information. [Optional]

LocalTapiola Asset Management does not require external managers to take action in ESG matters specifically on our behalf. However, we prefer managers that have integrated RI policy into their investment processes.

Selection

SAM 06

Mandatory

Core Assessed

PRI 1-6

SAM 06.1

Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:

General

	LE	FIC	
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Meet staff with responsible investment responsibilities to assess their skills and competence	<input type="checkbox"/>	<input type="checkbox"/>	
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>	<input type="checkbox"/>	
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss the type of ESG reporting you expect	<input type="checkbox"/>	<input type="checkbox"/>	
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>	<input type="checkbox"/>	
Other general aspects in your selection process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation

	LE	FIC	
Evaluate the quality and coverage of ESG research used by managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Assess how the manager incentivises brokers to provide ESG research	<input type="checkbox"/>	n/a	
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other ESG incorporation issues in your selection process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

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

In externally managed funds the ESG analysis is performed when an external investment manager is chosen. Based on this analysis a score is given to each manager. This score is reviewed on a regular basis.

Monitoring

SAM 08	Mandatory	Core Assessed	PRI 1
SAM 08.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:		
	General		

	LE	FIC	
Include responsible investment as a standard agenda item at performance review meetings	<input type="checkbox"/>	<input type="checkbox"/>	
Highlight examples of good responsible investment practice by other managers	<input type="checkbox"/>	<input type="checkbox"/>	
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input type="checkbox"/>	<input type="checkbox"/>	
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input type="checkbox"/>	<input type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted risk or volatility	<input type="checkbox"/>	<input type="checkbox"/>	
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation

	LE	FIC	
Request information on ESG incorporation in specific investment decisions	<input type="checkbox"/>	<input type="checkbox"/>	
Other ways you monitor ESG incorporation, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

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

We manage some discretionary client portfolios where clients have exclusions based on ESG. For those portfolios we review external manager portfolios on constituent level from time to time or require a statement from the external manager that their portfolio does not include excluded investments.

SAM 08.2	Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]
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LocalTapiola Asset Management has maintained a business relationship for years with most of our external managers. Many of them have similar investment philosophy to LocalTapiola where responsible investments are integrated and are highly value. We meet regularly their representatives and discuss their developments on ESG matters. We also attend seminars they organize for their clients on ESG and investment solutions.

Outputs and outcomes

SAM 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6
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SAM 14.1	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.
-----------------	--

	%
--	---

85

SAM 14.2	Additional information. [Optional]
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PRI signatory status is not a prerequisite. Our chosen external managers have often similar investment philosophy to LocalTapiola Asset Management, so they are mostly signatories to PRI. Some smaller managers may also have their parent company as a signatory but have not yet signed themselves.

SAM 15	Voluntary	Descriptive	PRI 2
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SAM 15.1	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.
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☒ Add Example 1

Topic or issue	Corporate bonds in emerging markets
Conducted by	<input type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input checked="" type="checkbox"/> Fixed income – corporate bonds
Scope and process	Our clients have interests in emerging market debt exposures. It has been difficult to find fund based solutions where ESG issues are covered convincingly especially on corporate debt side. Our existing long time external manager introduced us to their solution, where they have a reputable outsourced partner doing ESG screening for the universe. The results of this screening are then utilized in the selection of corporate bonds for manager's EMD fund.
Outcomes	LocalTapiola Asset Management has invested in the external manager's fund. We have regularly been updated on fund performance and investment decisions. And as we are long term business partners, LocalTapiola Asset Management has also access to the portfolio manager to discuss more in detail.

- ☐ Add Example 2
- ☐ Add Example 3
- ☐ Add Example 4
- ☐ Add Example 5

Communication

SAM 16	Mandatory	Core Assessed	PRI 6
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SAM 16.1

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

- ☐ Yes, we disclose information publicly
- ☒ Yes, we disclose information to clients/beneficiaries only

SAM 16.3

Indicate what type of information your organisation proactively discloses to 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
- ☐ We do not proactively disclose information to the public and/or clients/beneficiaries

LocalTapiola Asset Management

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	Gateway/Peering	PRI 1
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LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active – fundamental and other active strategies

	% of internally managed listed equities
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input checked="" type="radio"/>	>50%

LEI 02	Voluntary	Descriptive	PRI 1
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LEI 02.1

Provide a brief overview of how you incorporate ESG issues into listed equity investments.

ESG analysis is an integrated part of the investment analysis that our portfolio managers perform on each corporation prior to the investment decision. We do not exclude any sectors or companies from our investment universe based on ESG criteria, because we believe that all corporate action leaves its footprint in environment and society. Our ESG analysis leads to a company specific score that will be reviewed regularly and the distribution of scores for each mutual fund is published monthly.

According to our investment process we meet with all companies that we invest in. Relevant company specific ESG issues are addressed during the meetings.

Our aim is to not only invest in the best-in-class companies. When we look at a company, we identify the strenghts and opportunities that development of a company's ESG activities can offer to its financial performance.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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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.

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)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	<table> <tr> <td data-bbox="807 383 890 443"></td><td data-bbox="890 383 1391 443">%</td></tr> <tr> <td data-bbox="807 443 890 495">100</td><td data-bbox="890 443 1391 495"></td></tr> </table>		%	100	
	%				
100					

- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

	Total actively managed listed equities
--	--

100%

LEI 03.2 Describe your primary reasons for choosing a particular ESG incorporation strategy.

Our investment philosophy is based on pure stock picking and we base investment decisions on our inhouse analysis. Therefore it is logical for us to fully integrate ESG analysis into our company analysis and investment process.

LEI 05	Voluntary	Additional Assessed	PRI 1
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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.
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- ☒ 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.

(C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1
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LEI 10.1

Describe how you integrate ESG factors into investment decision making processes.

ESG analysis is fully integrated into the investment analysis and conducted simultaneously with the overall analysis, prior to the investment decision. All relevant ESG issues are taken into consideration when making the investment decision.

LEI 11**Mandatory****Core Assessed****PRI 1****LEI 11.1**

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	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 11.2

Additional information. [Optional]

We do the ESG analysis systematically, but in practice we have noticed that E and G part of the ESG analysis is typically better quantified and therefore easier to analyze and verify. Whereas Social factors tend to be more dependent on qualitative assessment and data may be difficult to obtain.

LEI 12**Voluntary****Additional Assessed****PRI 1**

LEI 12.1

Indicate which processes your organisation uses to ensure that 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
- ☐ Other, specify
- ☐ None of the above

LEI 12.2

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 13**Mandatory to Report Voluntary to Disclose****Core Assessed****PRI 1****LEI 13.1**

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

- ☐ (Macro) economic analysis
- ☒ Industry analysis
 - ☐ Systematically
 - ☒ Occasionally
- ☒ Analysis of company strategy and quality of management
 - ☒ Systematically
 - ☐ Occasionally
- ☐ Idea generation
- ☐ Portfolio construction
- ☒ Fair value/fundamental analysis
 - ☒ Systematically
 - ☐ Occasionally

LEI 13.2

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

- ☐ Adjustments to income forecasts (sales, earnings, cash flows)
- ☐ Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- ☒ Other adjustments to fair value projections, specify

We integrate ESG issues into the SWOT -analysis, and specifically assess risks and opportunities involved. We rarely adjust forecasts or rates.

☐ Other, specify

Outputs and outcomes

LEI 15	Voluntary	Descriptive	PRI 1
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LEI 15.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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☒ 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 15.2	Additional information.
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Due to our investment philosophy, ESG issues are not a sole factor in constructing investment portfolios. Most investment decisions are based on a blend of issues, both ESG related and financial.

LEI 16	Voluntary	Additional Assessed	PRI 1
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LEI 16.1	Indicate whether your organisation measures how your approach to ESG issues in Listed Equity investments has affected financial and/or ESG performance.
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☒ We measure whether our approach to ESG issues impacts funds' financial performance

Describe the impact on:	Impact	Strategies considered
Funds' financial performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<input checked="" type="checkbox"/> Integration

☒ We measure whether our approach to ESG issues impacts funds' risk or volatility

Describe the impact on:	Impact	Strategies considered
Funds' risk or volatility	<input checked="" type="radio"/> Reduced risk or volatility <input type="radio"/> Increased risk or volatility <input type="radio"/> No impact	<input checked="" type="checkbox"/> Integration

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

☐ None of the above

LEI 16.2

Describe how you are able to determine these outcomes.

A ESG Analysis is entirely integrated into the investment process and company analysis and we do not separate between performance attribution from ESG incorporation versus other factors. However, we have a long term proven track record of achieving good investment returns with lower than market risk levels. Our own ESG analysis is in a central role when mitigating risks and enhancing returns in the portfolios.

LEI 17

Voluntary

Descriptive

PRI 1

LEI 17.1

Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.

☒ ESG issue 1

	ESG issue and explanation
<p>Oil E&P Company that operates in East and West Africa. The company has announced that it has audited its code of conduct in Nigeria in order make sure it follows the requirements of UN Global Compact. In Summer 2014 the company reported on an inspection that had raised questions regarding unclear payments related to contracts in Nigeria. In further inspections it was found that a notable part of payments belonging to the company had been paid to the company management. The management team and some members of the middle management were part of this fraud. Fraud came into knowledge through company internal governance systems. However, it was a question of a remarkable fraud, that led to resignation of most members in the management team. Both company reputation and possibility to continue operating on a sustainable basis were at risk.</p>	
	ESG incorporation strategy applied
<p><input checked="" type="checkbox"/> Integration</p>	
	Impact on investment decision or performance
<p>We decided to sell our position in the stock.</p>	

☒ ESG issue 2

	ESG issue and explanation
<p>One of the largest producers of cement in Nigeria and Africa. Nearly 90 % of the London-listed company is owned by the richest man of Africa. At the beginning of 2014 the company merged two of its subsidiaries (with over 50 % ownership interest) into one in a way that raised questions regarding the position and interests of minority owners. Based on a meeting with company management the criteria we have on good corporate governance was not fulfilled.</p>	
	ESG incorporation strategy applied
<input checked="" type="checkbox"/> Integration	
	Impact on investment decision or performance
<p>We decided not to invest in the company.</p>	

- ☐ ESG issue 3
- ☐ ESG issue 4
- ☐ ESG issue 5

Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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- ☒ We disclose it publicly

	Provide URL
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<http://www.lahitapiola.fi/ri>

LEI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- ☒ Yes

LEI 18.3	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 18.4

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

LocalTapiola Asset Management

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	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 01.1 Provide a brief overview of your organisation's approach to engagement.

Typically our engagements are company-specific, arising from company information and our own analysis. Portfolio managers follow up how companies develop their processes and activities with regards to ESG at regular meetings with company management and also by actively following the publicly available company information on their efforts. Attention is given especially to development of KPIs and how successful a company is in meeting its targets. In addition we look at company's ability to set more specific targets and incorporating ESG issues into their strategy and throughout the company's entire value chain.

LEA 02	Mandatory	Gateway	PRI 1,2,3
--------	-----------	---------	-----------

LEA 02.1 Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

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

LEA 02.2	Additional information. [Optional]
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We are involved in Labour Standards in the Agricultural Supply Chain engagement, coordinated by PRI.

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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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 how you identify and prioritise engagements.
-----------------	---

Typically our engagements are company-specific, arising from company information and our own analysis. We prioritize cases where we see either significant risks or opportunities arising from ESG issues or where public information is limited (eg small companies)

☐ No

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

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

☐ No

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

LEA 04.3

Describe how you monitor and evaluate the progress of your engagement activities.

Records are kept of all company meetings and discussions. We follow up on issues raised in meetings and evaluate the progress in subsequent meetings.

☐ No

Process for engagements conducted via collaborations

LEA 05**Mandatory****Core Assessed****PRI 2****LEA 05.1**

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

☐ Yes

☒ No

LEA 05.3

Additional information.[Optional]

We do not have a formal process yet but we select such engagements that are relevant to our investment universe and ESG themes that we are focusing on currently.

LEA 06**Mandatory****Core Assessed****PRI 2****LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

☒ Yes

☒ Yes, for all collaborative engagement activities

☐ Yes, for the majority of collaborative engagement activities

☐ Yes, for a minority of collaborative engagement activities

☐ No

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

☒ Yes

☒ Yes, in all cases

☐ Yes, in the majority of cases

☐ Yes, in the minority of cases

LEA 06.3

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

At this stage of the engagement, the progress is evaluated within the engagement coordinated by PRI

☐ No

General processes for all three groups of engagers

LEA 09	Voluntary	Additional Assessed	PRI 1,2
--------	-----------	---------------------	---------

LEA 09.1 Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

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

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
--------	-----------	-----------------------	-------

LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
--------	---	---------------	-------

LEA 11.1 Indicate the number of companies with which your organisation engaged during the reporting year.

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	22
Collaborative engagements	34

LEA 11.2

Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

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

LEA 11.3

Indicate what percentage of your collaborative engagements you were a leading organisation on during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

LEA 14
Voluntary
Descriptive
PRI 2
LEA 14.1

Provide examples of the engagements that your organisation carried out during the reporting year.

☒ Add Example 1

Topic or ESG issue	The lack of proper processes for risk management and corporate conduct
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	An European bank has had issues with corporate responsibility. At their retail banking division the biggest problem has been wrongful sales to private clients. Complex products have been sold in packages for clients that did not need or understand them. Sales of the products has been encouraged with incentives. Mapping of client needs and reporting has also been on weak grounds. In corporate and investment banking the bank has been in headlines due to unfavorable currency trades for clients, breaking the rules of US regulators and manipulation of Libor-rates. Corporate culture especially regarding responsibility has been weak and there has been no decent reporting, control or guidelines. Our objective has been to encourage the bank to improve their risk management and corporate responsibility.
Scope and Process	We have discussed corporate responsibility issues at meetings with company management.
Outcomes	The risk management especially regarding client relationships and sales have been improved due to fear of court costs and regulatory obligations. Controlling and conducts have become satisfactory instead of weak. However, there has been no action to change the corporate culture or conduct. Company has not thought responsibility as a competitive advantage and proper codes of conduct are still lacking. We have not invested in the company because of badly run responsibility issues in sales and client relationships exposes the company to major risks regarding clients, regulation and business conduct. Also weak performance in responsibility at core operations is a sign of weak client, risk and reporting systems in place.

- ☐ Add Example 2
- ☐ Add Example 3
- ☐ Add Example 4
- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.		
<input checked="" type="radio"/> We disclose it publicly			

	provide URL
--	-------------

<http://www.lahitapiola.fi/ri>

LEA 15.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
-----------------	---

☒ Yes

LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.
-----------------	--

	Engagement information disclosed
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- ☐ 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 15.4	Indicate how frequently you typically report engagements information.
-----------------	---

- ☐ Disclosed continuously (prior to and post engagements)
- ☐ Disclosed quarterly
- ☒ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

Process

LEA 17	Mandatory	Descriptive	PRI 2
---------------	------------------	--------------------	--------------

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
-----------------	---

	Approach
--	----------

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

	Based primarily on
--	--------------------

☒ our own voting policy

☐ our clients requests or policy

☐ other, explain

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

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

LEA 17.2	Additional information.[Optional]
----------	-----------------------------------

As LocalTapiola Asset Management is a relatively small investor, we rarely have a major ownership stake in one specific company. However, when deemed necessary we attend companies' general meetings and cast votes on issues, which we find important. We typically take these actions when we see that it is beneficial to act on behalf of our clients. We do not actively use proxy voting services.

LEA 20	Voluntary	Additional Assessed	PRI 2
--------	-----------	---------------------	-------

LEA 20.1	Indicate if your organisation has a securities lending programme.
----------	---

☐ Yes

☒ No

LEA 21	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
----------	---

☒ Yes, in most cases

☐ Sometimes, in the following cases:

☐ No

☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes			
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LEA 22	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
-----------------	---

☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

0

	Specify the basis on which this percentage is calculated
--	--

- ☐ of the total number of ballot items on which you could have issued instructions
- ☒ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
-----------------	--

As LocalTapiola Asset Management is a relatively small investor, we rarely have a major ownership stake in one specific company. However, when deemed necessary we attend companies' general meetings and cast votes on issues, which we find important. We typically take these actions when we see that it is beneficial to act on behalf of our clients. We do not actively use proxy voting services.

During 2014 we attended 4 Annual General Meetings. At these meetings none of the issues required voting.

☐ We do not track or collect this information

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
-----------------	--

☒ We disclose it publicly

	provide URL
--	-------------

<http://www.lahitapiola.fi/ri>

LEA 26.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
-----------------	---

☒ Yes

LEA 26.3	Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.
-----------------	--

Indicate how much of your voting record you disclose

- ☐ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☒ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☒ No explanations provided

LEA 26.4

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LocalTapiola Asset Management

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

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Overview

FI 01	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	PRI 1
-------	---------------------	-----------------------	-----------------	-------

FI 01.1	Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.
----------------	--

	Fixed income – corporate
--	--------------------------

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active - fundamental and other active strategies

	Percentage of internally managed fixed income - corporate
--	---

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

	Fixed income – government
--	---------------------------

Strategies

- ☐ Passive
- ☐ Active – quantitative (quant)
- ☒ Active - fundamental and other active strategies

	Percentage of internally managed fixed income - government
--	--

- ☐ <10%
- ☐ 10-50%
- ☒ >50%

FI 02	Mandatory to Report	Voluntary to Disclose	Peering	General
-------	---------------------	-----------------------	---------	---------

FI 02.1	Provide a breakdown of your internally managed fixed income investments by credit quality.
----------------	--

Credit quality	Fixed Income - Corporate
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

Credit quality	Fixed Income - Government
Investment grade	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
High yield	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Distressed	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%

FI 02.2

Provide a breakdown of your fixed income investments between primary and secondary market.

Market	Fixed Income - Corporate
Primary market (new issues)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

Market	Fixed Income - Government
Primary market (new issues)	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Secondary market	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

ESG incorporation in actively managed fixed income

FI 03	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

FI 03.1	Provide a brief overview of how you incorporate ESG issues in fixed income investments.
---------	---

Fixed Income - Corporate

ESG analysis is an integrated part of the investment analysis that our portfolio manager does on each corporation. We don't exclude any sectors or companies from our investment universe based on ESG criteria, because we believe that all corporate action leaves its footprint in environment and society. Our ESG analysis leads to a company specific score that will be reviewed over time.

Relevant company specific ESG issues are addressed during the company meetings.

Our aim is not only to invest in the best-in-class companies but also to recognize the strengths and opportunities that a development of a company's ESG activities can offer to its financial performance.

Fixed Income - Government

Our investment universe consists of euro denominated government bonds. We do consider ESG aspects in our investment criteria, particularly when looking outside the euro area. We also discuss ESG themes with issuers when meeting them for instance during road shows.

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

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)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<table> <tr> <td></td><td>%</td></tr> <tr> <td>100</td><td></td></tr> </table>		%	100	
	%				
100					

- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

We don't exclude sectors or companies from our investment universe based on ESG criteria. We analyse all of the companies in house, therefore ESG analysis is fully integrated into the analysis process. Our opinion is, ESG analysis serves best our fixed income investments, when we get a full picture of risk factors for an issuer. In practice, in many cases, our ESG analysis has brought very important risk factors to the consideration of the total risk level of the issuers.

(C) Implementation: Integration of ESG factors

FI 10	Voluntary	Descriptive	PRI 1
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FI 10.1 Describe how you integrate ESG issues into investment decision-making processes.

ESG analysis is an integrated part of the investment analysis that our portfolio manager does on each corporation. When making investment decision on corporate bond investments, we assess a wide variety of factors, like the sector specific factors, the company credit quality and the company ESG score (internally obtained), and the different elements in the ESG analysis, together with the mitigating factors and compensation for the related risks. When there are several corporate bonds available from different issuers, we typically choose to invest in companies with better internal ESG scores and with more balanced overall risk profile from the universe of comparable investment opportunities.

FI 11	Mandatory	Core Assessed	PRI 1
-------	-----------	---------------	-------

FI 11.1 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	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 11.2 Additional information. [Optional]

We do the ESG analysis systematically, but we have noticed E and G part of the ESG analysis is typically better quantified. Social factors are more dependent on qualitative assessment, where data may be difficult to obtain.

FI 12	Voluntary	Descriptive	PRI 1
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FI 12.1	Indicate which processes your organisation uses to ensure that 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
- ☐ Other, specify
- ☐ None of the above

FI 12.2	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

Fixed income - Government

FI 13	Mandatory	Core Assessed	PRI 1
--------------	------------------	----------------------	--------------

FI 13.1	Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.
----------------	---

☒ Yes

FI 13.2	Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.
----------------	---

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

FI 13.3	Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.
----------------	--

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

Euro area government issuers are under constant scrutiny and we follow ESG issues both through relevant media and also through special reports from industry sources. When investing in a government new to us we are particularly thorough on matters like human rights, environmental issues. We engage issuers face to face when possible (road shows).

☐ No

Outputs and outcomes

FI 15	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

FI 15.1

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

Fixed Income - Corporate

- ☒ Narrow down or prioritise the investment universe
- ☒ Buy / sell / weight decisions
- ☐ Other, specify

FI 15.1

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

Fixed Income - Government

- ☒ Narrow down or prioritise the investment universe
- ☒ Buy / sell / weight decisions
- ☐ Other, specify

FI 16	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

FI 16.1	Indicate whether your organisation measures how your approach to ESG issues in Fixed Income investments has affected financial and/or ESG performance.
---------	--

- ☐ We measure whether our approach to ESG issues impacts funds' financial performance
- ☒ We measure whether our approach to ESG issues impacts funds' risk or volatility

Fixed Income - Corporate

Describe the impact on:	Impact	Strategies considered
Funds' risk or volatility	<input checked="" type="radio"/> Reduced risk or volatility <input type="radio"/> Increased risk or volatility <input type="radio"/> No impact <input type="radio"/> We do not measure the impact for this asset class	<input checked="" type="checkbox"/> Integration

Fixed Income - Government

Describe the impact on:	Impact	Strategies considered
Funds' risk or volatility	<input type="radio"/> Reduced risk or volatility <input type="radio"/> Increased risk or volatility <input type="radio"/> No impact <input checked="" type="radio"/> We do not measure the impact for this asset class	<input type="checkbox"/> ESG incorporation (actively managed funds)

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

Fixed Income - Corporate

Describe the impact on:	Impact	Strategies considered
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact <input type="radio"/> We do not measure the impact for this asset class	<input checked="" type="checkbox"/> Integration

Fixed Income - Government

Describe the impact on:	Impact	Strategies considered
Funds' ESG performance	<input type="radio"/> Positive <input type="radio"/> Negative <input checked="" type="radio"/> No impact	<input checked="" type="checkbox"/> ESG incorporation (actively managed funds)

☐ None of the above

FI 16.2

Describe how you are able to determine these outcomes.

We measure the volatility and diversification of our portfolios regularly. We have obtained indications, that ex ante risk level of the portfolios have been reduced when the ESG analysis has been developed further in our fixed income investments.

FI 17

Voluntary

Descriptive

PRI 1

FI 17.1

Provide examples of ESG issues that affected your fixed income investment view and/or performance during the reporting year.

☒ ESG issue 1

	Fixed Income - Corporate and/or Government
<input checked="" type="checkbox"/> Corporate <input type="checkbox"/> Government	
	ESG issue and explanation
<p>An European bank has consistently been working on to improve its actions in various areas of corporate responsibility. This bank has integrated ESG analysis to its investment activities. They have also developed their Environmental and Social Risk (ESR) reporting that is used to analyze the risk levels of their credit risk portfolio. This ESR-analysis tool has recently been applied to the approval process of new clients and transactions. The share of renewable energy projects in project finance portfolio has increased. In addition to this, the bank has taken into use a sustainable acquisitions process that targets to cover 90 % of their suppliers. Due to the overall consistency of the corporate responsibility we assess the bank as a pioneer in its sector. We also regard its risk level being at the lower end of the peer group. We increased our investment in the bank's corporate bonds.</p>	
	ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies	
	Impact on investment view or performance
<p>We assessed the risk level of the issuer being at the lower end of the peer group. We increased our investment in the bank's corporate bonds in one portfolio and initiated the bank's corporate bonds to another suitable portfolio, where this new investment contributed to reduce the volatility of the portfolio according to our analysis.</p>	

☒ ESG issue 2

	Fixed Income - Corporate and/or Government
<input checked="" type="checkbox"/> Corporate <input type="checkbox"/> Government	
	ESG issue and explanation
<p>European electricity producer corporation</p> <p>At a meeting with company representatives we discussed their growth projects in South America. Our concern has been on the employee rights - How company Human Resources policy especially regarding working conditions is applied in new areas. The company informed us that the standards are applied even at the South American companies to a distinct part and that they have been working on to improve the employee rights at their subsidiaries and partnerships. We have encouraged the company to produce more information to corporate bond investors and to improve their positive developments in the area.</p>	
	ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies	
	Impact on investment view or performance
<p>We have not observed improved information from the company yet. Still, we have maintained the investment in the portfolio. The contribution of the investment in the portfolio has been similar to the performance of the peer group.</p>	

- ☐ ESG issue 3
☐ ESG issue 4
☐ ESG issue 5

Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
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FI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.
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- ☒ We disclose it publicly

	Provide URL
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<http://www.lahitapiola.fi/ri>

FI 18.2

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

☒ Yes**FI 18.3**

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

FI 18.4

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Engagement in fixed income investments

Fixed Income - Corporate

FI 19

Voluntary

Descriptive

PRI 2

FI 19.1

Indicate if you engage with corporate issuers.

☒ Yes**FI 19.2**

Describe your organisation's approach to engagement in corporate fixed income.

We engage with companies' ESG issues in company meetings. The ESG engagements are always company specific. The questions arise from our own ESG analysis.

☐ No

Fixed Income - Government

FI 20

Voluntary

Descriptive

PRI 2

FI 20.1

Indicate if you engage with government issuers such as government departments (national or local), agencies and other entities in order to influence their approach to ESG issues that may affect creditworthiness.

☒ Yes

FI 20.2

Please describe your organisation's approach to engagement in government fixed income.

When relevant we discuss ESG matters when meeting with issuers on road show or seminars. Also we participate when issuers do online surveys on their investment base.

☐ No